



CCM 2014 Testimony

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PLANNING & DEVELOPMENT COMMITTEE

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The Connecticut Conference of Municipalities (CCM) is Connecticut's statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent over 92% of Connecticut's population. We appreciate the opportunity to testify on bills of interest to towns and cities.

HB 5510, "An Act Providing A Limited Property Tax Exemption For Homes Under Construction"

CCM opposes HB 5510.

HB 5510 would impose a costly unfunded state mandate on towns and cities. This bill would prohibit municipalities from collecting property taxes on completed or partially-completed residential construction sites, until (1) a building permit is issued, (2) a certificate of occupancy is issued, or (3) the real estate is sold, whichever is later. This will result in the loss of millions of dollars in property taxes to every municipality.

HB 5510 is not a new issue, PA 12-157, which began in this committee, clarified the intent of the General Statutes and the common and accepted practice of assessing and taxing partially completed construction.

Currently, CGS 12-55 requires assessors to file an annual Grand List and add anything that needs to be added. CGS 12-63 states that all real estate assessments are to be based on "fair market value". For these reasons, assessors have always added new construction that is not 100% complete because, although not completed, its fair market value is certainly greater than that of a vacant building lot if something has been constructed on it.

Simply put, even partially constructed properties have some level of fair market value within their communities. In fact, Connecticut's property tax system functions on the core principle known as "ad valorem" (Latin for "according to value") – which ensures local taxing authorities (towns and cities) perform appraisals of the monetary values of local properties, which are then assessed in proportion to that value.

HB 5510 is an unfunded mandate, shifting the tax burden and asking residents and businesses owners to carry more than their fair share.

CCM urges the Committee to oppose HB 5510.



If you have any questions, please contact Randy Collins, Senior Legislative Associate for CCM, at rcollins@ccm-ct.org or (860) 707-6446.