



General Assembly

**Amendment**

February Session, 2014

LCO No. 5439

**\*SB0044705439SD0\***

Offered by:

SEN. FONFARA, 1<sup>st</sup> Dist.  
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To: Subst. Senate Bill No. 447

File No. 432

Cal. No. 281

**"AN ACT CONCERNING A PILOT PROGRAM TO PROVIDE  
PROPERTY TAX RELIEF FOR BUSINESSES AND  
HOMEOWNERSHIP INCENTIVE PROGRAMS."**

1 Strike everything after the enacting clause and substitute the  
2 following in lieu thereof:

3 "Section 1. (NEW) (*Effective July 1, 2014, and applicable to assessment*  
4 *years commencing on and after October 1, 2014*) (a) The Secretary of the  
5 Office of Policy and Management shall establish a pilot program for  
6 not more than five municipalities of varying sizes and in different  
7 regions of the state to allow for the assessment of a commercial  
8 property based on the net profits of the business or businesses  
9 occupying such property. Municipalities shall apply to said office in  
10 the manner and form directed by the secretary for inclusion in the pilot  
11 program.

12 (b) Notwithstanding any provision of the general statutes, any

13 municipal charter, any special act or any home rule ordinance, each  
14 municipality selected to participate in the pilot program shall, by  
15 ordinance, provide for the assessment of not more than three  
16 commercial properties based upon the net profits from the previous  
17 calendar year of the business or businesses occupying each commercial  
18 property or, if such commercial property was vacant, on the net profits  
19 anticipated by a new business tenant of such commercial property. A  
20 participating municipality shall include in the ordinance adopting  
21 such assessment method (1) a description of commercial properties  
22 that are eligible for such assessment method, (2) a requirement that all  
23 parties affected by the use of such assessment method, including the  
24 owner or owners of the commercial property, the business or  
25 businesses occupying such property and the municipality, agree to the  
26 use of such assessment method, (3) a description of how the rate of  
27 assessment for such commercial properties will be determined, based  
28 upon such net profits or anticipated net profits, (4) provision for an  
29 application process, including documentation required from the owner  
30 of a commercial property to demonstrate the benefits to the  
31 municipality and such commercial property of such assessment  
32 method, and (5) provision for the phase-out of such assessment  
33 method on individual commercial properties, so such properties may  
34 be returned to the assessment method otherwise required by chapter  
35 203 of the general statutes.

36 (c) The Secretary of the Office of Policy and Management shall, not  
37 later than January 1, 2015, and annually thereafter, report in  
38 accordance with the provisions of section 11-4a of the general statutes,  
39 to the joint standing committee of the General Assembly having  
40 cognizance of matters relating to finance, revenue and bonding,  
41 regarding the program established by this section. Such report shall  
42 include a description of (1) efforts made by the office to inform  
43 municipalities about the program, (2) the application process  
44 developed by the office, (3) inquiries and applications received from  
45 municipalities regarding participation in the program, and (4)  
46 legislative changes that may be considered to improve the program.

47       Sec. 2. (*Effective July 1, 2014*) The Office of Policy and Management  
48 shall provide information about the program established pursuant to  
49 section 1 of this act, and how a municipality may apply for inclusion in  
50 said program, to various state-wide organizations, including, but not  
51 limited to, the Connecticut Association of Assessing Officers, the  
52 Connecticut Economic Development Association and the Connecticut  
53 Tax Collectors Association, Inc.

54       Sec. 3. (NEW) (*Effective July 1, 2015*) (a) For purposes of this section:

55       (1) "Owner-occupied home" means a building containing three or  
56 fewer dwelling units, one of which units is occupied as a primary  
57 residence by the owner of the building or, with respect to a common  
58 interest community, as defined in section 47-202 of the general statutes,  
59 "owner-occupied home" means a dwelling unit occupied as a primary  
60 residence by the owner of the unit, within a common interest  
61 community containing three or fewer dwelling units; and

62       (2) "Eligible renter" means a person leasing and occupying a  
63 dwelling unit as a primary residence who graduated from a four-year  
64 college, provided such person graduated not earlier than two years  
65 prior to the date a lease is signed.

66       (b) A municipality that has adopted the property tax system under  
67 section 12-62r of the general statutes, as amended by this act, shall  
68 institute a program to promote homeownership in certain areas of  
69 such municipality. Such program shall be applicable to two designated  
70 census blocks that have owner-occupied home rates of fifteen per cent  
71 or less, and shall abate property taxes for the owners of owner-  
72 occupied homes within such designated census blocks and provide an  
73 exemption from personal income taxes for the owners of owner-  
74 occupied homes and for eligible renters within such designated census  
75 blocks. For purposes of this subsection, "census block" means the  
76 smallest geographic unit used by the United States Census Bureau.

77       (c) A municipality required to proceed under this section shall

78 determine which of the census blocks within such municipality have a  
79 number of owner-occupied homes equaling fifteen per cent or less of  
80 the dwelling units in such census block, and shall designate two of  
81 such census blocks as a homeownership incentive block. The  
82 municipality shall abate one hundred per cent of the property taxes on  
83 any owner-occupied home within a homeownership incentive block.

84 (d) The Department of Revenue Services shall exempt each owner of  
85 an owner-occupied home and each eligible renter within a  
86 homeownership incentive block from the taxes due under chapter 229  
87 of the general statutes, other than the liability imposed by section 12-  
88 707 of the general statutes, provided such owner and eligible renter  
89 shall continue to be eligible for the credit under section 12-704e of the  
90 general statutes. Such tax exemption shall be available to each eligible  
91 renter who occupies a dwelling unit within a homeownership  
92 incentive block as a primary residence. The municipality shall provide  
93 the department with any information needed by the department to  
94 allow such exemption.

95 (e) The tax abatements and exemptions offered to owners of owner-  
96 occupied homes and eligible renters within a homeownership  
97 incentive block pursuant to this section shall continue until the number  
98 of owner-occupied homes within such block meets or exceeds forty-  
99 nine per cent of the dwelling units in such block. Upon reaching such  
100 percentage, the municipality shall notify such owners and eligible  
101 renters, and the abatement and exemptions allowed pursuant to this  
102 section shall phase out over a five-year period. (1) The municipality  
103 shall charge the owner of each owner-occupied home within such  
104 block twenty per cent of the property tax otherwise owing during the  
105 first assessment year commencing after the forty-nine-per-cent goal is  
106 reached, and an additional twenty per cent each year thereafter, until  
107 the owner is liable for all property tax owed on such owner-occupied  
108 home. (2) Owners of an owner-occupied home and eligible renters  
109 within such block shall be liable for twenty per cent of the income tax  
110 otherwise due, as described in subsection (d) of this section, in the first

111 taxable year commencing after the forty-nine-per-cent goal is reached,  
112 and shall be liable for an additional twenty per cent each year  
113 thereafter, until such owner and eligible renter is liable for all income  
114 taxes owed. The municipality shall provide the department with any  
115 information needed by the department to process such phase-out.

116 Sec. 4. Section 12-62r of the general statutes is repealed and the  
117 following is substituted in lieu thereof (*Effective October 1, 2014*):

118 (a) For the purposes of this section:

119 (1) "Apartment property" means a building containing four or more  
120 dwelling units used for human habitation, the parcel of land on which  
121 such building is situated, and any accessory buildings or other  
122 improvements located on such parcel;

123 (2) "Residential property" means (A) a building containing three or  
124 fewer dwelling units used for human habitation, the parcel of land on  
125 which such building is situated, and any accessory buildings or other  
126 improvements located on such parcel, (B) common interest  
127 communities, as defined in section 47-202, or (C) condominiums, as  
128 defined in section 47-68a, that are used for residential purposes;

129 (3) "Base year" means the assessment year commencing October 1,  
130 2010; [and]

131 (4) "Adjusted tax levy" means the total amount of taxes raised by  
132 taxation in a fiscal year by a municipality; [.] and

133 (5) "Owner-occupied residential property" means a dwelling unit in  
134 a residential property that is occupied as a primary residence by the  
135 owner of the property.

136 (b) Notwithstanding any provision of the general statutes or any  
137 special act, municipal charter or any home rule ordinance, any  
138 municipality in which the provisions of section 12-62n were effective  
139 for the assessment year commencing October 1, 2010, shall make

140 annual adjustments to the assessment rate charged to apartment and  
141 residential property in accordance with the provisions of this section,  
142 but in no event shall the assessment rate for any class of property be in  
143 excess of seventy per cent.

144 (c) For the assessment year commencing October 1, 2011, in any  
145 municipality that adopts the property tax system under this section,  
146 apartment property shall be assessed at a rate of fifty per cent. For  
147 assessment years commencing on and after October 1, 2012, the  
148 assessor shall determine a rate of assessment for apartment property  
149 that will have the effect of phasing in proportionate increases in the  
150 rate so that, by the assessment year commencing October 1, 2015, the  
151 assessment rate for apartment property shall be seventy per cent.

152 (d) In any municipality that adopts the property tax system under  
153 this section, for the assessment year commencing October 1, 2011, and  
154 only for said assessment year, the assessor shall determine a rate of  
155 assessment for residential property that will have the effect of  
156 increasing the average property tax for residential property as a result  
157 of revaluation by three and one-half per cent over the property tax for  
158 such property class in the base year, but in no event shall the  
159 assessment rate be less than twenty-three per cent. For assessment  
160 years commencing on and after October 1, 2011, the assessor shall then  
161 calculate an adjustment to the rate of assessment for residential  
162 property in accordance with subsection (e) of this section.

163 (e) Not later than January thirty-first or the completion of the grand  
164 list, whichever is later, the assessor shall annually calculate the  
165 [difference in the adjusted tax levy by such municipality in the current  
166 fiscal year and the prior fiscal year. The assessor shall then adjust the  
167 adjusted tax levy for the current fiscal year in accordance with any  
168 change in the consumer price index for all urban consumers in the  
169 northeast region in the preceding fiscal year] residential assessment  
170 ratio. The assessor shall first adjust the adjusted tax levy for the  
171 preceding fiscal year in accordance with any change in the consumer  
172 price index for all urban consumers in the northeast region in the

173 preceding fiscal year, as reported generally in February for the year-  
174 over-year January index. If, after such adjustment, (1) the adjusted tax  
175 levy in the current fiscal year exceeds the adjusted tax levy in the prior  
176 fiscal year by more than one hundred per cent of the rate of inflation,  
177 as determined in accordance with such consumer price index, the  
178 assessor, in his or her calculation of the assessment ratios for the next  
179 grand list, shall increase the rate of assessment for residential  
180 properties from the prior grand list year by five per cent; (2) the  
181 adjusted tax levy in the current fiscal year exceeds the adjusted tax  
182 levy in the prior fiscal year by more than fifty per cent, but not more  
183 than one hundred per cent, of such rate of inflation, the assessor shall  
184 increase such rate of assessment by three and one-half per cent; (3) the  
185 adjusted tax levy in the current fiscal year exceeds the adjusted tax  
186 levy in the prior fiscal year by not more than fifty per cent of such rate  
187 of inflation, the assessor shall increase such rate of assessment by two  
188 and one-half per cent; (4) the adjusted tax levy in the current fiscal year  
189 is equal to the adjusted tax levy in the prior fiscal year, or is less than  
190 one-half per cent less than the adjusted tax levy in the prior fiscal year,  
191 the assessor shall increase such rate of assessment by one and one-half  
192 per cent; and (5) the adjusted tax levy in the current fiscal year is less  
193 than the adjusted tax levy in the prior fiscal year by at least one-half  
194 per cent, the assessor shall make no change in such rate of assessment.

195 (f) For assessment years commencing on and after October 1, 2016,  
196 any municipality that adopts the property tax system under this  
197 section may, by vote of its legislative body, enact an ordinance to  
198 establish a program to encourage homeownership by adjusting the  
199 annual assessment rate for nonowner-occupied residential properties  
200 so that, while the annual assessment rate for owner-occupied  
201 residential properties shall be calculated at all times in accordance with  
202 subsection (e) of this section, the annual assessment rate for nonowner-  
203 occupied residential properties shall be calculated at a rate that shall  
204 keep the annual assessment rate for owner-occupied residential  
205 properties lower than that of nonowner-occupied residential  
206 properties. Any ordinance enacted pursuant to this subsection may be

207 amended only in a year in which such municipality conducts a  
208 reevaluation of real property pursuant to section 12-62.

209 [(f)] (g) Not later than June fifteenth in any year in which the  
210 adjusted tax levy in the current fiscal year increases by more than two  
211 and six-tenths per cent over the adjusted tax levy in the prior fiscal  
212 year, one per cent of the total number of electors of such municipality  
213 may petition in writing for a referendum on the budget establishing  
214 such increase. Any such referendum shall be held not more than ten  
215 days after receipt of such petition by the town clerk and shall be  
216 conducted in accordance with the provisions of chapter 90. Such  
217 budget shall not become effective unless a majority of the electors  
218 voting in such referendum vote in favor thereof. Only one referendum  
219 may be held, and, if the vote is against the budget, such municipality  
220 shall so adjust the budget as to limit any increase to be equal to or less  
221 than two and six-tenths per cent.

222 Sec. 5. Section 12-65b of the 2014 supplement to the general statutes  
223 is repealed and the following is substituted in lieu thereof (*Effective*  
224 *October 1, 2014*):

225 (a) Any municipality may, by affirmative vote of its legislative body,  
226 enter into a written agreement with any party owning or proposing to  
227 acquire an interest in real property in such municipality, or with any  
228 party owning or proposing to acquire an interest in air space in such  
229 municipality, or with any party who is the lessee of, or who proposes  
230 to be the lessee of, air space in such municipality in such a manner that  
231 the air space leased or proposed to be leased shall be assessed to the  
232 lessee pursuant to section 12-64, fixing the assessment of the real  
233 property or air space which is the subject of the agreement, and all  
234 improvements thereon or therein and to be constructed thereon or  
235 therein, subject to the provisions of subsection (b) of this section, (1) for  
236 a period of not more than seven years, provided the cost of such  
237 improvements to be constructed is not less than three million dollars,  
238 (2) for a period of not more than two years, provided the cost of such  
239 improvements to be constructed is not less than five hundred

240 thousand dollars, [or] (3) to the extent of not more than fifty per cent of  
241 such increased assessment, for a period of not more than three years,  
242 provided the cost of such improvements to be constructed is not less  
243 than ten thousand dollars, or (4) for a period of years specified in an  
244 ordinance, for improvements to be constructed on land used or to be  
245 used for any retail business in an area designated in such ordinance.  
246 For purposes of this section, "improvements to be constructed"  
247 includes the rehabilitation of existing structures for retail business use.

248 (b) The provisions of subsection (a) of this section shall only apply if  
249 the improvements are for at least one of the following: (1) Office use;  
250 (2) retail use; (3) permanent residential use; (4) transient residential  
251 use; (5) manufacturing use; (6) warehouse, storage or distribution use;  
252 (7) structured multilevel parking use necessary in connection with a  
253 mass transit system; (8) information technology; (9) recreation  
254 facilities; (10) transportation facilities; or (11) mixed-use development,  
255 as defined in section 8-13m.

256 Sec. 6. Section 12-65h of the general statutes is repealed and the  
257 following is substituted in lieu thereof (*Effective October 1, 2014*):

258 Any municipality may, by affirmative vote of its legislative body,  
259 enter into a written agreement with any party owning or proposing to  
260 acquire an interest in real property in such municipality, or with any  
261 party owning or proposing to acquire an interest in air space in such  
262 municipality, or with any party who is the lessee of, or who proposes  
263 to be the lessee of, air space in such municipality in such a manner that  
264 the air space leased or proposed to be leased shall be assessed to the  
265 lessee pursuant to section 12-64, upon which is located or proposed to  
266 be located a manufacturing facility, as defined in subdivision (72) of  
267 section 12-81, or a wholesale and retail business, as defined in  
268 subdivision (54) of section 12-81, fixing the assessment of the personal  
269 property located in the facility [which] that is the subject of the  
270 agreement, (1) for a period of not more than seven years, provided the  
271 increase in the assessed value of such personal property in such facility  
272 or wholesale and retail business is not less than three million dollars,

273 (2) for a period of not more than two years, provided the increase in  
 274 the assessed value of such personal property in such facility or  
 275 wholesale and retail business is not less than five hundred thousand  
 276 dollars, or (3) to the extent of not more than fifty per cent of such  
 277 increased assessment, for a period of not more than three years,  
 278 provided the increase in the assessed value of such personal property  
 279 in such facility or wholesale and retail business is not less than twenty-  
 280 five thousand dollars."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2014, and applicable to assessment years commencing on and after October 1, 2014</i>	New section
Sec. 2	<i>July 1, 2014</i>	New section
Sec. 3	<i>July 1, 2015</i>	New section
Sec. 4	<i>October 1, 2014</i>	12-62r
Sec. 5	<i>October 1, 2014</i>	12-65b
Sec. 6	<i>October 1, 2014</i>	12-65h