



PLANNING AND DEVELOPMENT COMMITTEE BILLS REFERRED TO THE FINANCE, REVENUE AND BONDING COMMITTEE

By: Rute Pinho, Associate Analyst

QUESTION

Provide brief summaries of the bills the Planning and Development Committee favorably reported to the Finance Committee.

SB 39 – AN ACT AUTHORIZING MUNICIPALITIES TO COLLECT THE MARIJUANA AND CONTROLLED SUBSTANCES TAX

This bill allows a municipality with a population under 75,000 to collect and retain unpaid state taxes on illegal marijuana and controlled substances seized during an arrest or found during a search. Currently, taxes on marijuana and controlled substances are collected by the Department of Revenue Services (DRS). By law, the tax is:

1. \$3.50 per gram, or portion thereof, of marijuana (1 pound is 454 grams);
2. \$200 per gram, or portion thereof, of a controlled substance sold by weight; and
3. \$2,000 per 50 dosage units, or portion thereof, of a controlled substance not sold by weight.

The bill requires municipalities opting to collect the tax to appoint hearing officers and establish, by ordinance, a hearing process. It gives these municipalities the authority to examine dealers' records, marijuana, and controlled substances to determine whether taxes have been paid.

Under the bill, unpaid taxes owed to a municipality constitute a lien on any real property the dealer has in the municipality. These liens are treated similarly to property tax liens.

EFFECTIVE DATE: October 1, 2014

SB 114 – AN ACT ESTABLISHING A PROPERTY TAX PROGRAM TO ENCOURAGE THE PRESERVATION OF HISTORIC AGRICULTURAL STRUCTURES

This bill authorizes municipalities to establish, by ordinance, a property tax incentive program to encourage the preservation of certain historic agricultural structures (e.g., barns and stone walls). Under the program, a property owner agrees to convey to a municipality a preservation easement for up to 10 years in exchange for a property tax abatement. The owner must maintain the structure in keeping with its historic integrity and character. The bill allows municipalities to penalize property owners who fail to do so.

EFFECTIVE DATE: Upon passage

SB 116 – AN ACT CONCERNING PERSONAL PROPERTY TAX RELIEF FOR BUSINESSES AFFECTED BY MAJOR CONSTRUCTION ACTIVITIES

This bill authorizes municipalities to abate the personal property taxes of any business whose operations are disrupted because of certain construction projects for at least six months. It applies to (1) sewer projects and (2) water supply system or road improvement, construction, or repair projects.

Under the bill, the abatement applies for the tax year following the calendar year in which the disruption occurred. To offer the abatement, a municipality's legislative body (or if the legislative body is a town meeting, its board of selectmen) must approve it.

EFFECTIVE DATE: October 1, 2014, and applicable to assessment years starting on or after that date.

SB 266 – AN ACT CONCERNING PROPERTY TAX RELIEF FOR MEMBERS OF THE ARMED FORCES ON ACTIVE DUTY OUTSIDE OF THE UNITED STATES

This bill (1) expands the existing waiver of property tax interest for certain U.S. armed forces members to include those called to active service for military action anywhere, not just in Iraq or Afghanistan, and (2) makes the waiver permanent, rather than for one year. As under current law, the waiver applies to any state resident who is (1) a member of the armed forces of the United States, a state, or

the reserves; (2) called to active service for military operations that the President authorizes; and (3) serving outside the United States on the final day the property tax payment is due.

EFFECTIVE DATE: October 1, 2014, and applicable to assessment years starting on or after that date.

HB 5057 – AN ACT CONCERNING THE ASSESSMENT OF HORSES AND PONIES AND FARM MACHINERY AND THE TRANSFER OF LAND CLASSIFIED AS FARM LAND, OPEN SPACE LAND, FOREST LAND, AND MARINE HERITAGE LAND

This bill makes changes to the “490 program,” in which eligible farm, forest, open space, and maritime heritage land is assessed for property tax purposes based on its current use, rather than its full market value. Generally, it:

1. eliminates a conflicting provision concerning the application deadline for forest land classification;
2. modifies notice and filing requirements for transfers of 490 property that are exempt from a conveyance tax;
3. specifies, with one exception, that these exempt transfers do not affect the 10-year period for purposes of determining a landowner’s obligation for the tax;
4. requires landowners to file a new, rather than revised, program application with the town assessor whenever land in the program is sold; and
5. extends the date by which an assessor must file certain information with the town clerk for 490 program property in a revaluation year.

The bill also (1) allows municipalities to exempt horses and ponies from local property taxes, regardless of their use; (2) expands the mandatory property tax exemption for farm machinery; and (3) extends the application deadline for property tax exemptions for farm machinery, horses, and buildings for farmers granted an extension to submit their personal property tax declarations.

EFFECTIVE DATE: October 1, 2014, and applicable to assessment years starting on or after that date.

HB 5140 – AN ACT CONCERNING PROPERTY TAX RELIEF ON CERTAIN REAL PROPERTY HELD IN TRUST

Existing law authorizes municipalities to provide property tax relief to homeowners who have been taxpayers in the town for at least a year and are (1) at least age 65 or (2) permanently and totally disabled. This bill allows municipalities to offer the tax relief to qualifying homeowners if they occupy as their principal residence a property held in trust for them. Current law authorizes such relief only when the eligible resident owns and occupies the property.

EFFECTIVE DATE: October 1, 2014, and applicable to assessment years starting on or after that date.

RP:am