



GETTING UP TO SPEED ON PROPERTY REVALUATION

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Revaluation at a Glance...



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- Revaluation is the process municipalities use to periodically capture changes in the value of real property (e.g., homes and commercial property).
- Capturing these changes ensures that property owners pay their equitable share of taxes.
- State law specifies how and when municipalities must revalue property.
- Taxable property is assessed at 70% of its fair market value (i.e., the assessment).
- Property owners can appeal their assessments to the local board of assessment appeals.
- Municipalities multiply assessments by the mill rate to calculate property tax bills.
- Taxpayers often believe revaluations trigger tax increases.
- If an assessment increases after a revaluation, municipalities can take certain steps to ease this burden.

What Does the Property Tax Tax and What's the Connection to Revaluation?

The Short Answer:

The property tax taxes a property's fair market value, which is really its potential resale value.

Revaluation is the process for updating the estimated value.



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The property tax taxes a property's fair market value. A property's fair market value is the amount a buyer would likely be willing to pay if the property were sold on the open market. Because properties are often owned by the same party for many years, municipal tax assessors must, like a private appraiser, estimate a property's value.

A property's value depends on many factors, including its location, age, condition, and unique characteristics (e.g., historical significance).

The process for updating a property's estimated value is called "revaluation." Revaluations are conducted by municipal tax assessors, who are responsible for estimating existing properties' fair market value; identifying, recording and valuing newly-built taxable property; and granting tax exemptions, such as those for veterans, the elderly, and people with disabilities. Municipalities often hire private companies to perform some of this work.

Let's Look It Up!

[CGS § 12-62a](#) requires municipalities to assess all property at 70% of its fair market value and tax it at a uniform rate

[CGS § 12-63](#) requires assessors to determine a property's "present true and actual value," which it defines as the "fair market value" and "not its value at a forced or auction sale"

To Learn More, Read:

OLR Report [2014-R-0037](#), *Municipal Authorization to Tax Property*

OLR Report [2011-R-0064](#), *Origin of the Uniform Statewide Property Tax Assessment Ratio*

Why Do Municipalities Have to Revalue Property?

The Short Answer:

Municipalities have to periodically revalue property to capture changes in property values. Otherwise, some taxpayers would pay more or less than their equitable share of taxes.



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[CGS § 12-62\(b\)\(1\)](#) requires municipalities to revalue property at least once every five years

[CGS § 12-62\(d\)\(1\)](#) specifies that municipalities failing to conduct a timely revaluation risk forfeiting certain state formula grants

Municipalities revalue property because the value of real property (e.g., homes and commercial property) fluctuates over time, while the value of personal property (e.g., cars and office equipment) generally goes down. Consequently, the law requires them to revalue real property at least once every five years.

If a municipality skipped a scheduled revaluation, then property owners could wind up paying more or less than their equitable share of taxes, depending on whether property values went up or down since the last revaluation. Periodic revaluations ensure that this does not happen.

For example, suppose a home is assessed at \$210,000 in 2010 (i.e., 70% of its fair market value of \$300,000) and taxed at 35 mills. The owner's tax bill would be \$7,350. If by 2015 the home's fair market value had increased to \$350,000, but the municipality skipped the statutorily required five-year revaluation and didn't change its mill rate, then the owner would again pay taxes on a \$210,000 assessment, or \$7,350. This amount would be the equivalent of paying taxes on 60% of the property's value, instead of the statutorily-required 70% (i.e., \$210,000 is 60% of \$350,000).

To Learn More, Read:

OLR Report [2012-R-0098](#), *Property Tax Revaluation*

How Do Tax Assessors Determine Value?

The Short Answer:

Assessors determine property values based on recent sales of comparable property; the estimated cost of rebuilding the property; or, in the case of leased property, the income the property generates.



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[CGS § 12-62\(b\)\(2\) to \(4\)](#) specifies the techniques and processes assessors must use to value property

[CGS § 12-63b](#) establishes requirements for how assessors determine the value of rental property

When assessing real property during a revaluation year, assessors must view each property in its neighborhood setting and record any observed changes, such as an addition, in the municipal appraisal record.

At least once every 10 years, assessors must also (1) physically inspect each property or (2) survey the owners about the property. If assessors choose the latter approach, they must evaluate the quality of owners' responses and inspect those properties for which they received no response or an unsatisfactory one.

How assessors use the collected information to determine a property's value depends on the appraisal method they choose to use.

Assessors must use the information they collect through field reviews, surveys, and inspections to determine value based on "generally accepted mass appraisal methods." These valuation methods usually involve comparing the sale prices of recently sold comparable property, determining how much it would cost to replace the property, or calculating how much income the property generates.

To Learn More, Read:

OLR Report [2012-R-0098](#), *Property Tax Revaluation*

OLR Report [2011-R-0186](#), *Income and Expense Data for Assessing Rental Property*

OLR Report [2009-R-0133](#), *Revaluation Questions*

What if a Property Owner Disagrees with the Assessment?

The Short Answer:

The property owner can appeal the assessment to the municipality's board of assessment appeals, which has the authority to adjust assessments.

The property owner can appeal to his or her locally-elected board of assessment appeals, which has the power to adjust assessments. The deadline for filing an appeal is generally February 20, but a municipality may seek permission from the Office of Policy and Management to extend it until March 20.

Property owners can appeal their assessments as soon as they receive notice of their new assessment. By law, assessors notify property owners of their assessments no earlier than the uniform assessment date for all municipalities, which is October 1, and no later than 10 days after signing the grand list. The grand list is the list of all taxable property and it must be signed by January 31.

The board of assessment appeals has until March 1 (or April 1 in the case of extended filing deadlines) to inform taxpayers about the date, time, and place of appeals hearings. It must hold the hearings in March (or April in the case of extended filing deadlines) and decide all appeals by the last business day of that month. It can meet as often as it wants, but not on Sundays.

A taxpayer who has made a timely appeal to the board can appeal the board's decision to the Superior Court within two months after the date the decision is mailed. Under limited circumstances, a property owner can appeal an assessment directly to the Superior Court.

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[CGS 12-62\(f\)](#) specifies when municipalities must mail assessment notices to taxpayers

[CGS § 12-110](#) sets the deadline for hearing assessment appeals

[CGS § 12-111](#) sets the deadline for bringing assessment appeals

[CGS § 12-113](#) authorizes boards to reduce assessments

[CGS § 12-117a](#) establishes the procedure for appealing a board's decision

[CGS § 12-119](#) specifies the circumstances when a property owner can appeal directly to Superior Court

To Learn More, Read:

OLR Report [2010-R-0118](#), *Deadline for Property Tax Assessment Appeal*

OLR Report [2009-R-0133](#), *Revaluation Questions*

OLR Report [2009-R-0335](#), *Appealing Property Tax Assessments*

Do Taxes Automatically Go Up When Assessments Go Up?

The Short Answer:

Tax bills could rise, fall, or stay the same, depending on the mill rate the municipality sets.

Tax bills are calculated by multiplying the assessment (70% of the property's fair market value) by the mill rate (revenue to be raised through property taxes divided by the grand list, quotient multiplied by 1,000) and dividing the product by 1,000. Written as formulas:

$$\frac{\text{revenue to be raised}}{\text{grand list}} \times 1,000 = \text{mill rate}$$

$$\frac{\text{assessment} \times \text{mill rate}}{1,000} = \text{property tax}$$



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No, when assessments increase, tax bills could rise, fall, or stay the same, depending on the mill rate the municipality sets.

Let's look at what could happen to the property taxes for a home assessed at \$350,000 during the most recent revaluation and \$300,000 during the prior revaluation.

- If the municipality does not change its mill rate of 20 mills following the revaluation, the property taxes would increase from \$6,000 to \$7,000.
- If the municipality is not seeking to increase revenues, it can lower its mill rate to about 17 mills and taxes remain steady at \$6,000.

Now let's suppose the opposite happens: after a revaluation, the home's assessed value drops to \$300,000 from \$350,000.

- If the municipality does not change its mill rate of 20 mills following the revaluation, the property taxes would decrease from \$7,000 to \$6,000.
- If the municipality wants to raise as much revenue as it did in the year before the revaluation, it must increase the mill rate to about 23 mills in order to collect \$7,000 from the property owners.

To Learn More, Read:

OLR Report [2010-R-0471](#), *OLR Backgrounder: the Municipal Fiscal Calendar*

OLR Report [2007-R-0517](#), *Uniform Fiscal Year*

OLR Report [2006-R-0608](#), *The Misperceptions About Property Revaluation*

OLR Report [2005-R-0751](#), *Property Tax Revaluation*

Can Municipalities Delay Implementing a Revaluation?

The Short Answer:

Municipalities can delay implementing a revaluation when they need more time to complete it. They can also phase-in increases in assessed values.



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[CGS § 12-62\(d\)\(2\)](#) specifies when the state can waive penalties for failing to implement a revaluation

[CGS § 12-62c](#) establishes authorized methods for phasing-in assessment increases

[CGS § 12-117](#) specifies the conditions under which municipalities can postpone a revaluation

[PA 14-19](#) authorizes municipalities to delay a revaluation scheduled to be implemented in the 2013 or 2014 assessment year until, at the latest, the 2015 assessment year. It allows a similar delay for municipalities phasing in assessment increases from an earlier revaluation.

The Office of Policy and Management can authorize municipalities to postpone the implementation of a revaluation by one year (non-consecutively) if a municipality's board of assessment appeals cannot meet the statutory deadlines for hearing and deciding appeals. Additionally, it can waive the penalties for a municipality that fails to implement a required revaluation if any of the following events occur:

1. an extraordinary circumstance or an act of God;
2. the revaluation company fails to complete its contractual duties, provided the municipality imposes any sanctions provided for in its contract with the company;
3. the assessor dies or is incapacitated during a revaluation, delaying its implementation; or
4. the Superior Court postpones the revaluation, or there is potential for such an order because a case is pending.

Additionally, Connecticut law allows municipalities to phase-in post-revaluation assessment increases in property values over a period of up to five years, for example by phasing-in the (1) dollar increase in a property's assessed value after revaluation or (2) rate (i.e., percentage) at which the property's assessment increases after a revaluation. Phase-ins give taxpayers time to adjust to assessment increases following a revaluation.

To Learn More, Read:

OLR Report [2012-R-0098](#), *Property Tax Revaluation*

OLR Report [2012-R-0115](#), *Options for Implementing Revaluation*

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