



**Testimony
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SB-187, AN ACT CONCERNING PROPERTY TAX RELIEF

Phase-in of Property Taxes after a Natural Disaster

The Connecticut Council of Small Towns (COST) has serious concerns regarding SB-187. The bill calls for property tax relief measures, including phasing in increases associated with residential reconstruction after a natural disaster. The bill does not define “natural disaster” but even if it is defined narrowly, we are concerned that this bill would impose a considerable burden on municipalities.

Municipalities assess property taxes on residential reconstruction consistent with current law which requires all real estate assessments to be based on “fair market value”. Under the bill, towns would have the complicated burden of determining whether residential reconstruction was done in response to a natural disaster, which may be subject to considerable interpretation.

In addition, if homeowners decide to make other improvements to their home during the reconstruction, as many do, it would be difficult to determine what percentage of increase is attributed to the reconstruction and what percentage is attributed to other improvements and to what extent these increases needed to be phased-in.

Moreover, by requiring the phase- in of any increases in property taxes associated with reconstruction, the bill sets a difficult precedent that may force other changes in policies relative to construction and reconstruction that undermine the existing assessment process.

Under existing law, anyone aggrieved by a property tax assessor's actions can appeal those actions to the town's board of assessment appeals (CGS § 12-111). If a property was heavily damaged due to a natural disaster or other incident, the homeowner would certainly have

grounds to appeal an assessment. This process provides appropriate relief to homeowners affected by a natural disaster without undermining the existing assessment framework.

Waiver of Interest on Delinquent Property Taxes

SB-187 also authorizes municipalities to waive interest on delinquent property taxes. Interest charges compensate municipalities for the revenue loss that occurs when revenue is not paid in a timely manner. We are concerned that the language in this bill put towns in a difficult position regarding whether to waive interest for some homeowners and not others. The existing appeals process provides a fair process for awarding relief to property taxpayers.

Property Tax Exemption for Elderly

Given the ongoing fiscal challenges facing municipalities, lawmakers must refrain from mandating property tax exemptions that undermine the ability of towns to provide critical programs and services to residents without shifting more of the burden onto the backs of other property taxpayers.

COST urges lawmakers to carefully consider the impact of SB-187 on local revenues and the delivery of education, public health and safety services, particularly in light of continued state and local fiscal constraints.