



FIXED PROPERTY TAX ASSESSMENTS

By: Rute Pinho, Principal Analyst

WHAT IS A FIXED ASSESSMENT?

A fixed assessment is a type of property tax break.

A property's assessment is the portion of its value subject to taxation (70% in Connecticut). When the property is improved, its value increases, as does the portion subject to the tax. Fixing the assessment freezes the property's taxable value for a set period, thus allowing its owner to improve the property without paying taxes on the improvement's value.

ISSUE

Summarize [CGS § 12-65b](#), which allows municipalities to fix real property tax assessments for a range of development projects.

FIXED PROPERTY TAX ASSESSMENTS UNDER [CGS § 12-65B](#)

[CGS § 12-65b](#) allows municipalities to fix the real property tax assessment for various types of real estate development projects if the municipality's legislative body approves. Specifically, it allows municipalities to fix the assessment increase resulting from improvements made to real property used for specified purposes, and, in doing so, exempt the value of the improvements from property taxes.

The statute bases the period for fixing the assessment on the value of the improvements:

1. up to 100% of the increased assessment for up to seven years for projects over \$3 million,
2. up to 100% of the increased assessment for up to two years for projects over \$500,000, and
3. up to 50% of the increased assessment for up to three years for projects over \$10,000.

The following types of projects qualify for the fixed assessments: office; retail; permanent residential; transient residential; manufacturing; warehouse, storage, or distribution; structured multilevel parking connected to a mass transit system; information technology; recreation and transportation facilities; and mixed-use development.

[PA 14-174 \(§ 5\)](#) gives municipalities an additional option. It allows them to pass an ordinance (1) designating an area where it can fix the assessment on improved retail property and (2) specifying the number of years for fixing these assessments.

To fix the assessments as the law allows, a municipality must enter into an agreement with the party liable for taxes on the property and have it approved by its legislative body. The agreement may be with a party that (1) owns or proposes to acquire an interest in real property or air space in the municipality or (2) leases or proposes to lease air space in the municipality.

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