



House of Representatives

General Assembly

File No. 59

February Session, 2016

House Bill No. 5182

House of Representatives, March 21, 2016

The Committee on Planning and Development reported through REP. MILLER, P. of the 36th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT EXEMPTING LEASED MUNICIPAL PROPERTY FROM TAXATION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (4) of section 12-81 of the 2016 supplement to
2 the general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective October 1, 2016, and applicable to assessment years*
4 *commencing on and after October 1, 2016*):

5 (4) Except as otherwise provided by law, real and personal property
6 belonging to, or held in trust for, or leased to, a municipal corporation
7 of this state and used for a public purpose, including real and personal
8 property used for cemetery purposes;

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2016, and applicable to assessment years commencing on and after October 1, 2016</i>	12-81(4)
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PD *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 17 \$	FY 18 \$
Various Municipalities	Grand List Reduction/Savings	None	Potential

Explanation

The bill exempts property that is leased to a municipality from property taxes.

Generally, companies factor the cost of property taxes paid into the rent they charge to municipalities for leasing equipment. A municipality would experience no net fiscal impact as a result of this bill if it is currently paying rent to an in-town company that includes the exact amount of property taxes it collected from the company.

A municipality that leases equipment from an out-of-town company (and therefore receives no tax revenue from the company) may experience a savings if its lease is reduced to reflect the reduced property taxes paid by the company.

A municipality that hosts a company that leases equipment to other municipalities (but does not lease equipment from that company) would experience a grand list reduction, which results in a loss of tax revenue, given a constant mill rate.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to changes in taxes owed on property

leased by a municipality.

OLR Bill Analysis

HB 5182

AN ACT EXEMPTING LEASED MUNICIPAL PROPERTY FROM TAXATION.

SUMMARY:

This bill expands the local property tax exemption for municipal property to include property leased to a municipality that is used for a public purpose. Under current law, the exemption applies to property owned by or held in trust for a municipality that is used for public purposes, including cemetery purposes.

The bill also makes a technical change by specifying that the municipal property exemption applies to both real and personal property.

EFFECTIVE DATE: October 1, 2016 and applicable to assessment years beginning on and after that date.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable

Yea 20 Nay 0 (03/04/2016)