



**STATE OF CONNECTICUT**  
*OFFICE OF POLICY AND MANAGEMENT*  
*INTERGOVERNMENTAL POLICY AND PLANNING DIVISION*

February 3, 2021

Testimony of Martin Heft, Acting Undersecretary,  
Office of Policy and Management

**Senate Bill 695 AN ACT CONCERNING PENALTIES FOR FAILURE TO FILE  
CERTAIN PROPERTY TAX ASSESSMENT INFORMATION AND  
CONTINGENCY AGREEMENTS FOR EXPERT TESTIMONY IN CERTAIN  
TAX APPEALS**

Chairs Cassano and McCarthy Vahey, Vice Chairs Needleman and Goupil, Ranking Members Hwang and Zullo, and honorable members of the Planning and Development Committee:

Thank you for opportunity to submit written testimony on Senate Bill 695.

The Office of Policy and Management (OPM) supports Sections 2 and 3 regarding contingency agreements. Connecticut's cities and towns need critical reform to protect the integrity of the property appeals system which often relies upon representative using contingency based agreements.

Such agreements require no up-front payment by the property owner, who agrees to split any savings if their assessment gets reduced. The provisions will assist in curtailing the current situation in which companies approach profitable commercial entities to contest their valuations on a contingency basis and take questionable appeals to court in hopes that a settlement can be made. In many cases, such appeal representatives do not have an appraisal to support their claim. Courts often split the settlement. Municipalities often settle due to a lack of resources to defend the multiple appeals against well-resourced commercial interests. The result is the city is not able to successfully secure a more accurate grand list value, which leads to pressure to increase mill rates to cover City expenses which the residents rely on.

The Hartford Business Journal article "Property tax appeals are costing Hartford, other munis big buck. Now cities and town want to reform the system" (article attached) notes:

- Hartford saw 1,200 appeals filed in 2017 when they conducted their five-year revaluation which spiked many commercial-property assessments.
- Tax appeals have haunted Hartford and other municipalities for years, forcing some cities and towns to deal with hundreds or even thousands of legal challenges annually, creating financial uncertainty as cases drag out in court.

Some property owners, municipal assessors claim, show up to court with little evidence that their valuation is too high, yet often reach a favorable settlement that lowers their tax bill.

This change will help municipalities better defend their Grand Lists and ensure a fairer assessment system.

OPM notes that in section 1(c) line 35, the reference should be to section 12-117a of the CT General Statutes, not 12-117, which is for the extension of the Board of Assessment Appeals to complete their duties. The intent is for any assessment that is adjusted by 12-117a, any penalty issued under this section is not able to be reduced, removed or waived.

Section 1(d)ii refers to how the taxes will be collected. The tax collection provisions in lines 54 to 61 should be removed as they are already in statutes under Chapters 204 and 205.

Thank you for the opportunity to provide this testimony.

<https://www.hartfordbusiness.com/article/property-tax-appeals-are-costing-hartford-other-munis-big-bucks-now-cities-and-towns-want>

Updated: January 27, 2020

## Property tax appeals are costing Hartford, other munis big bucks. Now cities and towns want to reform the system.



PHOTO | HBJ FILE Hartford Mayor Luke Bronin helped

announce a new round of grants for small businesses in the city.

[By Matt Pilon](#)

Following its \$550-million debt bailout deal with the legislature in 2017, the city of Hartford started down a long, painful path to stabilize its finances by cutting expenses and limiting new borrowing.

Producing more tax revenue through modest annual grand-list growth is the crucial third leg of Mayor Luke Bronin's stabilization plan, but for the second year in a row, that leg is buckling.

After seeing the total value of its taxable property fall 1 percent last year to \$4.1 billion, Hartford's upcoming grand list, which will be finalized by month's end, is expected to slightly decrease again, according to Hartford City Assessor John Philip, creating additional budget pressures.

A key reason why this year's grand list won't hit Bronin's 1.5-percent growth target is because a significant number of commercial property owners successfully challenged their property valuations in court, leading to lower tax bills.

"Our long-term plan counts on grand-list growth, and despite the amount of [new] development we have in the city, those tax appeals have taken a real toll, and will take a toll on our revenue in the years ahead," Bronin said in an interview.

Tax appeals have haunted Hartford and other municipalities for years, forcing some cities and towns to deal with hundreds or even thousands of legal challenges annually, creating financial uncertainty as cases drag out in court. Some property owners, municipal assessors claim, show up to court with little evidence that their valuation is too high, yet often reach a favorable settlement that lowers their tax bill.

Now, Bronin and his fellow municipal leaders are planning to push the legislature to do something about it.

Cities and towns, through the Connecticut Conference of Municipalities (CCM), will lobby for several tax-appeal reforms this year, including:

- A ban on contingency-based agreements between appealing property owners and their attorneys or other representatives. Such agreements require no up-front payment by the property owner, who agrees to split any savings if their assessment gets reduced.
- A requirement that anyone representing a property owner in an appeal be an attorney, certified public accountant, or licensed real estate appraiser. The proposal takes aim at "tax representatives," which are companies, sometimes based out of state, that tend to be high-volume appeals filers and refer a case to attorneys if it gets to court.
- A mandate requiring property owners to provide an appraisal if their case gets to court.

John Chaponis, assessor for the towns of Windham and Colchester and a longtime legislative committee member of the Connecticut Association of Assessing Officers, said the sheer number of appeals puts pressure on the court system to resolve them, “and taking every single one of them to trial is not a viable option [for municipalities].”

As a result, municipalities, which often have limited budgets to defend appeals, can get “left shorthanded and backed into a corner, leaving only an unfavorable settlement as an option,” he said.

(Property tax appeals are first heard at the local level, but if they can’t get settled there, they move to New Britain Superior Court, to be weighed by a judge trial referee.)

The proposed reforms, Chaponis argues, would help municipalities better defend their grand lists (or “gold chests,” as he sometimes calls them) and ensure a fairer system.

“Every assessment reduction for one property is a tax increase to every other remaining property in town,” he said.

Chaponis said New Jersey, where he previously worked as an assessor, dismisses appeals that don’t have appraisals.

## **The opposition**

Connecticut cities and towns have unsuccessfully pushed for reforms before, and have run into opposition from law firms, large commercial property owners and other interest groups that argue requiring an appraisal would be overly costly and give an unfair advantage to municipalities.



Greg Servodidio, Chair, Property Tax and Valuation Department, Pullman Comley

“All these proposals would make it more expensive for businesses to vindicate their rights under the property tax system,” said Gregory Servodidio, chair of law firm Pullman Comley’s property tax and valuation department.

Eric Gjede, a lobbyist for the Connecticut Business & Industry Association, said appraisals can be costly, and that a ban on contingency agreements would amount to unfair and burdensome regulation.

“You’re going to run into cases where business owners simply can’t afford to bring a good appeal in any other way, and you’re going to essentially deny those people an opportunity to have their day in court simply because this is an unbudgeted expense,” Gjede said of CCM’s proposed reforms.



HBJ Photo | Joe Cooper

Hartford City Hall at 550 Main St.

## Hartford exemplifies frustrations

The city of Hartford is the poster child for the property tax appeal issue. The city's high property tax rate — 74.29 mills — makes it more likely property owners will challenge their assessments.

The city saw approximately 1,200 appeals filed in 2017, the year the city's five-year revaluation led to a spike in many commercial-property assessments. In 2018, there were more than 300 property tax appeals.

In Bronin's five-year stabilization plan, he projected grand-list growth of 0.1 percent in fiscal year 2019, and 1.5 percent in fiscal years 2020, 2021 and 2022.

The fiscal 2020 target was missed when the grand list shrank by 1 percent last year, and the 2021 target is expected to fall short, too.

The targets aren't just set for fun. Every percentage point amounts to roughly \$3 million in city revenue, so the stakes are high.

Meanwhile, Bronin is counting on 2-percent growth from the city's next revaluation, which he said will be key to maintaining Hartford's financial stability.

Reforms are needed, he argues, "particularly because we have so much riding on the reval that is coming in 2021 and will show up in our budget in fiscal year 2023."