OLR Bill Analysis
sSB 870

AN ACT CONCERNING THE RECOMMENDATIONS OF THE OFFICE OF POLICY AND MANAGEMENT.

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Information on a related bill and background information on assessment appeals and veterans’ property tax exemptions

§ 1 — 100% DISABLED VETERANS’ TAX EXEMPTION
Expands eligibility, by changing how income is calculated, for a local option property tax exemption for 100% disabled veterans

Beginning in FY 23, the bill requires municipalities that opt to provide low-income 100% disabled veterans with three times the base state-mandated exemption (see BACKGROUND) to calculate income eligibility using only the veteran’s federal adjusted gross income (AGI), excluding veterans’ disability payments. Under current law, any other income not included in the veteran’s federal AGI, other than veterans’ disability payments, must be added to it for purposes of determining income eligibility. By not including other income, the bill generally expands eligibility for the exemption.

EFFECTIVE DATE: October 1, 2021, and applicable to assessment years beginning on or after that date.

§ 2 — VETERANS’ EXEMPTION PORTABILITY
Makes portable certain property tax exemptions for veterans if an eligible veteran moves within the state during the tax year

By law, most property tax exemptions for veterans are portable between municipalities. This means veterans who have established their entitlement to an exemption remain eligible for it if during the tax year they move to another municipality. (A mid-tax-year move might
cause a veteran to miss the application deadline in the municipality he or she moves to.) The bill adds to the list of portable tax exemptions the income-based and a local option veterans' property tax exemption (i.e., exemptions granted under CGS § 12-81g, see BACKGROUND).

EFFECTIVE DATE: October 1, 2021, and applicable to assessment years beginning on or after that date.

§§ 3 & 19 — RENTERS’ REBATE PROGRAM

Makes November 15 the deadline for requesting an application extension; makes OPM, not DOH, responsible for adjusting eligible income levels annually

By law, older adult or totally disabled individuals seeking a rebate under the Renters’ Rebate Program apply annually to local assessors or their agents between April 1 and October 1 for reimbursement for payments made in the preceding calendar year. The bill requires renters with extenuating health circumstances or other good cause as the Office of Policy and Management (OPM) secretary determines, to apply to OPM by November 15, rather than December 15, for an extension of the application deadline.

Additionally, the bill requires the OPM secretary, rather than the housing commissioner, to prepare annual Renters’ Rebate income eligibility adjustments for distribution to municipal tax assessors, conforming to current practice.

EFFECTIVE DATE: July 1, 2021

§ 4 — ADVISORY OPINIONS REGARDING STATE POCD

Limits the circumstances under which OPM is required to provide an advisory opinion on state agencies’ proposed actions’ compliance with the state POCD

By law, every five years, OPM must update the state plan of conservation and development (POCD), which provides guidance to state agencies on the state’s conservation and development priorities. Under current law, agencies must seek an advisory opinion from OPM to determine whether their proposed action complies with the plan, if they will use state or federal funds to:

1. acquire, develop, or improve real property at a cost of more
than $200,000;

2. acquire public transportation equipment or facilities at a cost of more than $200,000; or

3. authorize a state grant for an amount over $200,000 for the (a) acquisition, development, or improvement of real property or (b) acquisition of public transportation equipment or facilities.

The bill eliminates the requirement that agencies seek such advisory opinions, unless the action is subject to the Connecticut Environmental Policy Act’s early public scoping process. The early public scoping process is triggered if an action could significantly affect the environment, and this process takes place before an environmental impact evaluation is done. During the scoping process, an agency solicits comments from other agencies and the public about a proposed action’s environmental effects.

EFFECTIVE DATE: July 1, 2021

§ 5 — SPECIAL TAXING DISTRICTS

Changes the conditions under which special taxing districts must report to the host municipality’s town clerk and requires districts to report annually to OPM

The bill eliminates the requirement that the clerk of each special taxing district, whether established under the statutes or by a special act of the General Assembly, annually report to the town clerk of the host municipality. Instead, the bill requires district clerks to notify the town clerk whenever the district’s home rule charter or special act charter is amended. Currently, any revised charter must be included in the district’s annual report.

Beginning July 1, 2021, and annually thereafter, the bill requires each district’s tax collector to submit to OPM a statement of the district’s mill rate and tax levy for the preceding year. The OPM secretary must prescribe the form, which must require districts to provide “complete information.” (It is not clear what constitutes “complete information,” but presumably it includes the information OPM requires on the form.) Tax collectors who do not file true and
correct statements as required by the bill must forfeit $100 to the state.

EFFECTIVE DATE: July 1, 2021

§ 6 — NEGLECTED CEMETERIES

Expands municipal authority to maintain neglected cemeteries and burial grounds, thereby expanding the purposes for which municipalities can use Neglected Cemetery Account Grant Program funds

Under current law, municipalities can undertake certain maintenance of cemeteries and burial grounds that (1) have more than six places of interment; (2) are not under the control or management of a functioning cemetery association; and (3) show certain signs of neglect, including weeds or damage to fences. The bill allows municipalities to perform maintenance on neglected cemeteries regardless of whether they are overseen by a functioning cemetery association. It also expands the type of work that can be done on memorial stones to include repairing and restoring the stones (currently, municipalities may only straighten the stones).

By expanding municipal authority to maintain neglected cemeteries and burial grounds, the bill also expands the purposes for which municipalities can use Neglected Cemetery Account Grant Program funds. By law, municipalities may use these OPM-distributed grants only to pay for maintenance that the neglected cemetery and burial ground law allows them to undertake (CGS § 19a-308b).

EFFECTIVE DATE: July 1, 2021

§ 7 — REGIONAL REVALUATIONS AND DATA SUBMISSION REQUIREMENT

Requires municipalities to conduct revaluations pursuant to an OPM-designated regional revaluation schedule and submit parcel data to OPM

Regional Revaluation Schedule

Under the bill, the OPM secretary must use the state’s nine planning region boundaries (i.e., councils of governments’ boundaries) to designate five revaluation zones. Municipalities in each zone will conduct their revaluations in the same year as other municipalities in the zone. Beginning with the October 1, 2022, assessment year,
municipalities must conduct their revaluations pursuant to this OPM-designated revaluation schedule. The bill requires certain municipalities that delayed implementing a revaluation during the 2003, 2004, or 2005 assessment year to implement future revaluations pursuant to OPM’s regional revaluation schedule.

As is the case under existing law, revaluations must be conducted every five years. The bill retains provisions in existing law governing revaluation methods, processes, and other requirements.

Existing law, unchanged by the bill, allows municipalities to enter into agreements to establish regional revaluation schedules, subject to OPM’s approval (CGS § 12-62q).

Submission of Parcel Data to OPM

The bill requires assessors to file with the OPM secretary parcel data from each implemented revaluation. The data must be filed on forms she creates, and she must provide the forms to assessors at least 30 days before they are due.

EFFECTIVE DATE: July 1, 2021, and applicable to assessment years beginning on or after October 1, 2022.

§§ 8, 15, 16 & 18 — OTHER MINOR PROPERTY TAX CHANGES

Makes several minor changes to the property tax statutes

The bill also makes minor changes concerning the property tax, including:

1. clarifying how calculations are rounded when property tax exemptions for veterans increase after a municipality implements a revaluation (§ 8);

2. explicitly authorizing tax collectors to refund motor vehicle tax payments when a vehicle was taxed in a municipality in which it was not taxable (§ 15);

3. explicitly allowing a real, personal, or motor vehicle tax overpayment to be applied to other delinquent taxes the
taxpayer owes in the same municipality (§ 16); and

4. (a) making assessors, rather than tax collectors, responsible for veterans’ tax benefit determinations in cases where a veteran was erroneously denied specified tax benefits and applies for a certificate of correction, and (b) specifying the modified process for seeking a refund from a municipality when a certificate of correction is issued (§ 18).

EFFECTIVE DATE: July 1, 2021, except the veterans’ exemption calculation change is effective October 1, 2021.

§ 9 — NOTICE OF ASSESSMENT INCREASE
Changes the information that must be included in an assessment increase notice

By law, when in a non-revaluation year a municipality increases an assessment (valuation) on property other than a motor vehicle, it must provide an assessment increase notice. Currently, it must only notify the property owner of the old and new valuation. The bill instead requires municipalities to provide information on the new and old gross valuation, exemptions, and net valuation. Presumably, municipalities are only responsible for providing information on exemptions for which a property owner has applied and has been deemed entitled to.

EFFECTIVE DATE: October 1, 2021

§ 10 — ASSESSORS’ DENIAL OF EXEMPTIONS
Requires assessors to notify taxpayers when they deny certain property tax exemptions

Existing law requires boards of assessors (i.e., assessors) to determine what portion of the property held by scientific, educational, literary, historical, charitable, agricultural, and cemetery organizations is exempt and assess any property they determine to be taxable. They must do so by inspecting the statements or applications the organizations must file to claim their property tax exemptions.

The bill requires assessors, upon denying a tax exemption application, to mail a written notice of the decision to the applicant’s last known address and include with it:
1. the gross assessed value of the property;
2. the amount of any exemption granted;
3. the net taxable property value; and
4. a statement that the assessor’s decision is appealable.

The notice must be mailed after the October 1 assessment date but no more than 10 calendar days after the grand list is signed.

EFFECTIVE DATE: October 1, 2021, and applicable to assessment years beginning on or after that date.

§§ 11 & 12 — EXPERT WITNESS COMPENSATION IN TAX APPEALS

Prohibits expert witnesses compensated on a contingency fee basis from testifying about the value of an appellant’s property in a Superior Court appeal.

The bill prohibits expert witnesses compensated on a contingency fee basis from testifying about the value of an appellant’s property in assessment appeals brought to the Superior Court.

The bill’s provisions apply to appeals made by a taxpayer:

1. aggrieved by a decision of the board of tax review or assessment appeals;

2. following a board’s decision not to hear an appeal concerning commercial, industrial, utility, or apartment property assessed at over $1 million; or

3. alleging an illegal property tax (see BACKGROUND).

The bill takes effect July 1, 2021, but it is unclear whether it applies to appeals commenced, or contingency agreements entered into, before that date.

EFFECTIVE DATE: July 1, 2021

§§ 13, 14 & 17 — ADD-ON TAX BILLS FOLLOWING PROPERTY TRANSFER
Increases the amount of time tax collectors have to send out add-on bills

The bill gives tax collectors 30, instead of 10, days to send out add-on tax bills in situations where a change in property ownership affects a tax exemption or abatement. The bill applies the new 30-day timeframe to tax bills sent out following the transfer of property that is the subject of relief under:

1. the Freeze Tax Relief Program (§ 13),
2. the Circuit Breaker Program (§ 14), or
3. any other provision that made it tax-exempt or eligible for an abatement prior to the transfer (§ 17).

EFFECTIVE DATE: July 1, 2021

§ 20 — MUNICIPAL SPENDING CAP CERTIFICATION

Eliminates municipal reporting to OPM about the municipal spending cap in certain situations

Under current law, municipalities must annually certify to the OPM secretary whether they comply with the municipal spending cap law. The bill waives this requirement for any fiscal year in which the OPM secretary “publishes a list of payments made to municipalities by state agencies.” Since OPM routinely publishes lists of payments that state agencies make to municipalities, the certification requirement appears to be removed.

EFFECTIVE DATE: July 1, 2021

§ 21 — REPEALERS

Eliminates (1) an obsolete pilot program authorization and (2) requirements related to identifying fiscally distressed municipalities

The bill eliminates an obsolete pilot program enacted in 2014 under which assessors would have been able to value commercial property based on net profit, rather than income and expenses. The pilot program never commenced (CGS §§ 12-63i & 12-63j).

The bill also eliminates certain requirements related to fiscally distressed municipalities, to reflect other structures for identifying and
overseeing these municipalities (e.g., the Municipal Accountability Review Board, created in 2017). Specifically, the bill eliminates a requirement that the OPM secretary annually submit to the governor information on municipal fiscal disparities, including a list of municipalities with comparatively high mill rates and low per capita grand list values; information on low-income municipalities; and municipalities with a decreasing population. It also eliminates the required responses to the report (a gubernatorially convened meeting of municipal leaders and a report to the legislature) (CGS § 7-148dd).

EFFECTIVE DATE: July 1, 2021

BACKGROUND

Information on a related bill and background information on assessment appeals and veterans’ property tax exemptions

Related Bill

HB 5592 (File 255), favorably reported by the Veterans’ Affairs Committee, expands the general definition of “veteran” under state law to include those released with an other than honorable discharge based on specified qualifying conditions (e.g., military sexual trauma experience, a qualifying mental health condition, sexual orientation, or gender identity or expression), as determined under the bill. In doing so, it expands eligibility for any statutory programs or benefits that reference this definition.

Appealing Assessments

By law, property owners can appeal their assessments to a municipality’s board of tax review or assessment appeals. The appeals board must hold a hearing on each appeal, except for those for commercial, industrial, utility, or apartment properties assessed at over $1 million. A taxpayer aggrieved by an appeals board’s decision can appeal to Superior Court (CGS § 12-117a).

The law provides the following two circumstances under which a taxpayer can appeal directly to Superior Court:

1. when the appeals board declines to hear an appeal on commercial, industrial, utility, or apartment properties
assessed at over $1 million (CGS § 12-111) and

2. when the taxpayer alleges that the tax was illegal (i.e., assessed on property not taxable in the municipality or “computed on an assessment which, under all circumstances, was manifestly excessive and could not have been arrived at except by disregarding the provisions of the statutes for determining the valuation of such property”) (CGS § 12-119).

**Veterans’ Property Tax Exemptions**

By law, municipalities must exempt from taxation a base amount of $1,000 to $3,500 (adjusted each revaluation to reflect increases in a town’s taxable grand list) of the property owned by a veteran or his or her surviving spouse (CGS § 12-81(19) & (20)). (This is often called the basic exemption.) Veterans who receive this basic exemption are also eligible for the additional income-based exemption.

For a veteran whose income falls below a certain limit, the additional exemption is equal to 200% of the basic exemption (CGS § 12-81g(a)). For a veteran whose income exceeds the limit, the additional exemption is 50% of the basic exemption (CGS § 12-81g(d)). (This is often called the income-based exemption.)

Instead of the income-based exemption, municipalities may opt to provide 100% disabled veterans who meet specified income requirements with three times the amount provided under the basic exemption (CGS § 12-81g(b)). (This is a municipal option exemption.)

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable Substitute

Yea 17  Nay 9  (03/31/2021)