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## OLR Bill Analysis

### sHB 5169

#### **AN ACT CONCERNING THE RECOMMENDATIONS OF THE INTERGOVERNMENTAL POLICY AND PLANNING DIVISION WITHIN THE OFFICE OF POLICY AND MANAGEMENT.**

#### TABLE OF CONTENTS:

##### [§ 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*

##### [§ 2 — VETERANS' EXEMPTION PORTABILITY](#)

*Makes portable certain property tax exemptions for veterans if an eligible veteran moves within the state during the tax year*

##### [§§ 3 & 4 — RENTERS' REBATE PROGRAM](#)

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

##### [§ 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*

##### [§ 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*

##### [§ 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*

##### [§§ 8, 14, 15 & 17 — OTHER MINOR PROPERTY TAX CHANGES](#)

*Makes several minor changes in the property tax statutes*

##### [§ 9 — NOTICE OF ASSESSMENT INCREASE](#)

*Changes the information that municipalities must include in an assessment increase notice*

##### [§ 10 — ASSESSORS' DENIAL OF EXEMPTIONS](#)

*Requires assessors to notify taxpayers when they deny certain property tax exemptions*

##### [§ 11 — MUNICIPAL SPENDING CAP CERTIFICATION](#)

*Eliminates municipal reporting to OPM about the municipal spending cap under specified circumstances*

§§ 12, 13 & 16 — ADD-ON TAX BILLS FOLLOWING PROPERTY TRANSFER

*Extends tax collectors' timeframe for sending out add-on bills*

§§ 18-19 & 22 — PAYMENTS IN LIEU OF TAXES (PILOT) PROGRAMS

*Makes minor and technical changes to the state, municipal, and tribal property and college and hospital property PILOT programs*

§ 20 — POSTING OF MUNICIPAL AFFORDABLE HOUSING PLANS

*Eliminates the requirement that OPM post these municipal plans on its website*

§ 21 — PA 490 PROGRAM

*Eliminates the requirement that OPM establish values for land classified as open space*

§ 22 — REPEALERS

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

BACKGROUND

**§ 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 24, the bill requires municipalities that opt to provide low-income, 100% disabled veterans with three times the base state-mandated property tax exemption (see BACKGROUND). to calculate income eligibility using only the veteran's federal adjusted gross income (AGI), excluding (1) veterans' disability payments and (2) any other income not included in AGI. 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, 2022, 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, 2022, and applicable to assessment years beginning on or after that date.

### **§§ 3 & 4 — 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 application deadline extension.

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, 2022

### **§ 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, 2022, 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" about the district's mill rate and tax levy. (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: Upon passage

## **§ 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 a functioning cemetery association oversees them. 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 to pay for maintenance that the neglected cemetery and burial ground law authorizes (CGS § 19a-308b).

EFFECTIVE DATE: July 1, 2022

## **§ 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 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, 2023, 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 under existing law, municipalities must conduct revaluations 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 he creates, and he must provide the forms to assessors at least 30 days before they are due.

EFFECTIVE DATE: July 1, 2022, and applicable to assessment years beginning on or after October 1, 2023.

### **§§ 8, 14, 15 & 17 — OTHER MINOR PROPERTY TAX CHANGES**

*Makes several minor changes in the property tax statutes*

The bill also makes the following minor property tax changes:

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

2. explicitly requiring a real, personal, or motor vehicle tax overpayment to be applied to other delinquent taxes the taxpayer owes in the same municipality (§ 14);
3. 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); 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 the veteran to apply to the tax collector for a refund from a municipality (§ 17).

EFFECTIVE DATE: July 1, 2022, except the veterans' exemption calculation change is effective October 1, 2022.

## **§ 9 — NOTICE OF ASSESSMENT INCREASE**

*Changes the information that municipalities must include in an assessment increase notice*

By law, a municipality must provide an assessment increase notice when it increases an assessment (valuation) on property other than a motor vehicle in a non-revaluation year. 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, 2022

## **§ 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, 2022, and applicable to assessment years beginning on or after that date.

#### **§ 11 — MUNICIPAL SPENDING CAP CERTIFICATION**

*Eliminates municipal reporting to OPM about the municipal spending cap under specified circumstances*

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 on its website.

EFFECTIVE DATE: July 1, 2022

#### **§§ 12, 13 & 16 — ADD-ON TAX BILLS FOLLOWING PROPERTY TRANSFER**

*Extends tax collectors' timeframe for sending 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 (§ 12),
2. the Circuit Breaker Program (§ 13), or

3. any other provision that made it tax-exempt or eligible for an abatement prior to the transfer (§ 16).

EFFECTIVE DATE: July 1, 2022

**§§ 18-19 & 22 — PAYMENTS IN LIEU OF TAXES (PILOT) PROGRAMS**

*Makes minor and technical changes to the state, municipal, and tribal property and college and hospital property PILOT programs*

The bill specifies that PILOT grants should be paid to municipalities and fire districts annually by May 30. It correspondingly eliminates the current process by which OPM certifies to the comptroller the amounts due, which are then paid by September 30 (§ 22).

Additionally, in conformity with current practice, the bill specifies that only fire districts, rather than all special taxing districts, are eligible for PILOT grants.

EFFECTIVE DATE: July 1, 2022

**§ 20 — POSTING OF MUNICIPAL AFFORDABLE HOUSING PLANS**

*Eliminates the requirement that OPM post these municipal plans on its website*

The bill eliminates the requirement that OPM post municipalities' submitted affordable housing plans on its agency website.

Existing law requires every municipality, at least once every five years, to prepare or amend and adopt an affordable housing plan specifying how the municipality will increase the number of affordable housing developments in its jurisdiction. By law and unchanged by the bill, municipalities must post their plans on their websites.

EFFECTIVE DATE: Upon passage

**§ 21 — PA 490 PROGRAM**

*Eliminates the requirement that OPM establish values for land classified as open space*

The bill eliminates a provision that requires the OPM secretary, in consultation with the agriculture commissioner, to develop a schedule of unit prices for property classified as open space under the PA 490 Program.



Connecticut's PA 490 Program allows four classifications of land – farm, forest, open space, and maritime heritage – to be assessed at their current use value, rather than their fair market value.

EFFECTIVE DATE: July 1, 2022

## **§ 22 — 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 (e.g., the Municipal Accountability Review Board, created in 2017) for identifying and overseeing these municipalities. 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 OPM report (i.e., a gubernatorially convened meeting of municipal leaders and a report to the legislature) (CGS § 7-148dd).

EFFECTIVE DATE: July 1, 2022

## **BACKGROUND**

### ***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 25 Nay 1 (03/04/2022)