

OFFICE OF FISCAL ANALYSIS

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SB-999

AN ACT INCREASING THE UNIFORM ASSESSMENT RATE FOR
PROPERTY TAX.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 24 \$	FY 25 \$
All Municipalities (Except Hartford)	Grand List Increase	None	Potential Significant
Various Municipalities	Cost	Potential	Potential

Explanation

The bill results in a Grand List increase in FY 25 associated with the increased assessment rate from 70 percent to 75 percent and a cost to various municipalities in FY 24 and FY 25 to issue assessment increase notices and compensate firms for software changes.

If this policy had been in place for FY 23, grand list year 21, the impact on grand lists would have been an increase of approximately \$27.6 billion across all municipalities. This estimate excludes Hartford as the Hartford assessment rate is set separately from the state. This grand list increase results in an average revenue gain of 8.6 percent to each municipality.

The bill also results in a cost to various municipalities for assessment increase notices to all owners of real property and potential costs for municipalities that have contracts with software vendors to update the valuation and administration software.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and changes in mill rates.

Assuming a constant mill rate for each municipality, the bill would also result in a cost to the Office of Policy and Management in the out years associated with an increased cost of the Tiered PILOT grant as the grant formula is based on assessed value. Using FY 23 data, grand list year 21, it is estimated that the additional cost of Tiered PILOT would have been approximately \$15.8 million in FY 24 if the policy would have affected Tiered PILOT immediately.