



# House of Representatives

General Assembly

**File No. 422**

February Session, 2024

Substitute House Bill No. 5478

*House of Representatives, April 10, 2024*

The Committee on Planning and Development reported through REP. KAVROS DEGRAW of the 17th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT CONCERNING THE LAND VALUE TAXATION PILOT PROGRAM.***

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

1 Section 1. Section 12-63h of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2024*):

3 (a) The Secretary of the Office of Policy and Management shall  
4 establish a pilot program in up to [three] five municipalities whereby  
5 the selected municipalities shall develop a plan for implementation of  
6 land value taxation that (1) classifies real estate included in the taxable  
7 grand list as (A) land or land exclusive of buildings, or (B) buildings on  
8 land; and (2) establishes a different mill rate for property tax purposes  
9 for each class, provided the higher mill rate shall apply to land or land  
10 exclusive of buildings. The different mill rates for taxable real estate in  
11 each class shall not be applicable to any property for which a grant is  
12 payable under section 12-18b.

13 (b) The secretary shall establish an application procedure and any  
14 other criteria for the program and shall send a copy of such application  
15 procedure and any other criteria to the joint standing committee of the  
16 General Assembly having cognizance of matters relating to planning  
17 and development. The secretary shall not select a municipality for the  
18 pilot program unless the legislative body of the municipality has  
19 approved the application. The secretary shall send a notice of selection  
20 for the pilot program to the chief executive officer of the municipality  
21 and to the joint standing committee of the General Assembly having  
22 cognizance of matters relating to planning and development.

23 (c) After receipt of the notice of selection provided by the Secretary of  
24 the Office of Policy and Management pursuant to subsection (b) of this  
25 section, the chief elected official of such municipality shall appoint a  
26 committee consisting of (1) a representative of the legislative body of the  
27 municipality or where the legislative body is the town meeting, a  
28 representative of the board of selectmen; (2) a representative from the  
29 business community; (3) a land use attorney; and (4) relevant taxpayers  
30 and stakeholders. Such committee shall prepare a plan for  
31 implementation of land value taxation. Such plan shall (A) provide a  
32 process for implementation of differentiated tax rates; (B) designate  
33 geographic areas of the municipality where the differentiated rates shall  
34 be applied; and (C) identify legal and administrative issues affecting the  
35 implementation of the plan. The chief executive officer, the chief elected  
36 official, the assessor and the tax collector of the municipality shall have  
37 an opportunity to review and comment on the plan. On or before  
38 December 31, [2020] 2027, and upon approval of the plan by the  
39 legislative body, the plan shall be submitted to the joint standing  
40 committees of the General Assembly having cognizance of matters  
41 relating to planning and development, finance, revenue and bonding  
42 and commerce. Any municipality that has previously applied for and  
43 participated in the pilot program established pursuant to this section  
44 shall be ineligible for subsequent selection to participate in the pilot  
45 program.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>October 1, 2024</i>	12-63h
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**PD**      *Joint Favorable Subst.*

*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.*

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**OFA Fiscal Note****State Impact:** None**Municipal Impact:** See Below**Explanation**

The bill expands a land value taxation pilot program from three municipalities to five. The pilot program allows municipalities to assess land and buildings on that land separately and to establish separate mill rates for land and buildings. It is anticipated that municipalities would only choose to participate in the pilot program to the extent that doing so results in additional revenue.

**The Out Years****State Impact:** None**Municipal Impact:** None

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**OLR Bill Analysis**

**sHB 5478**

***AN ACT CONCERNING THE LAND VALUE TAXATION PILOT PROGRAM.***

**SUMMARY**

This bill increases, from three to five, the maximum number of municipalities that may develop a plan for taxing land at a higher rate than buildings (i.e., land value tax) under an Office of Policy and Management (OPM) pilot program. It also extends the deadline for municipalities to submit their plans to the legislature from December 31, 2020, to December 31, 2027. OPM previously approved two municipalities for this pilot program (Bridgeport in 2015 and New London in 2009).

By law, a municipality must apply to OPM to participate in the pilot program and may begin preparing its plan after OPM approves its application. The municipality's chief elected official must appoint a committee to prepare a plan that meets the law's criteria. Municipalities may participate in the program only once.

EFFECTIVE DATE: October 1, 2024

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable Substitute

Yea 16 Nay 4 (03/22/2024)