



# House of Representatives

General Assembly

**File No. 565**

February Session, 2024

Substitute House Bill No. 5516

*House of Representatives, April 18, 2024*

The Committee on Finance, Revenue and Bonding reported through REP. HORN of the 64th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING A MUNICIPAL OPTION FOR A HOMESTEAD PROPERTY TAX EXEMPTION.***

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

- 1 Section 1. (NEW) (*Effective from passage*) Any municipality may, upon  
2 approval by its legislative body or, in a municipality where the  
3 legislative body is a town meeting, by vote of the board of selectmen,  
4 provide an exemption from property tax of not less than five per cent  
5 and not more than thirty-five per cent of the assessed value, for owner-  
6 occupied dwellings, including condominiums, as defined in section 47-  
7 68a of the general statutes, and units in a common interest community,  
8 as defined in section 47-202 of the general statutes, that are the primary  
9 residences of such owners and consist of not more than two units.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	New section
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**FIN** 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.

**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:**

Municipalities	Effect	FY 25 \$	FY 26 \$
All Municipalities	Grand List Reduction	None	Potential

**Explanation**

The bill allows municipalities to exempt between 5 and 35 percent of the assessed value for certain owner-occupied real property. This results in a grand list reduction beginning in FY 26 to the extent municipalities choose to provide this exemption.<sup>1</sup>

Any impact is dependent on what percentage of the assessed value municipalities choose to exempt and the number of qualifying properties within each municipality. There will be no impact to municipalities that choose not to provide this exemption.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, the percentage of assessed value that is exempted, and the number of qualifying properties.

<sup>1</sup> A grand list reduction results in a revenue loss given a constant mill rate. However, it is likely that a municipality will adjust its mill rate to offset any predicted revenue loss.

**OLR Bill Analysis**

**sHB 5516**

***AN ACT CONCERNING A MUNICIPAL OPTION FOR A HOMESTEAD PROPERTY TAX EXEMPTION.***

**SUMMARY**

This bill allows municipalities, by vote of their legislative bodies (or board of selectmen if the legislative body is a town meeting), to provide a partial property tax exemption for certain owner-occupied primary residences. Specifically, it allows them to exempt between 5% and 35% of the assessed value of owner-occupied single-family homes and duplexes (including condominiums and common interest community units).

EFFECTIVE DATE: Upon passage

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 51    Nay 0    (04/03/2024)