



Senate

General Assembly

File No. 600

February Session, 2024

Senate Bill No. 452

Senate, April 22, 2024

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

***AN ACT CONCERNING THE PROPERTY TAX APPEALS PROCESS
AND THE PENALTY RELATED TO THE SUBMISSION OF INCOME
AND EXPENSES INFORMATION FOR RENTAL PROPERTIES.***

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

1 Section 1. Section 12-111 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2024*):

3 (a) (1) Any person, including any lessee of real property whose lease
4 has been recorded as provided in section 47-19 and who is bound under
5 the terms of a lease to pay real property taxes and any person to whom
6 title to such property has been transferred since the assessment date,
7 claiming to be aggrieved by the doings of the [assessors] assessor of such
8 town may appeal therefrom to the board of assessment appeals. Such
9 appeal shall be filed in writing or by electronic mail in a manner
10 prescribed by such board on or before February twentieth. The appeal
11 shall include, but is not limited to, the property owner's name, the name
12 and position of the signer, a description of the property [which] that is
13 the subject of the appeal, the name, mailing address and electronic mail

14 address of the party to be sent all correspondence by the board of
15 assessment appeals, the reason for the appeal, the appellant's estimate
16 of value, the signature of the property owner [,] or the duly authorized
17 agent of the property owner [,] and the date of signature. The board shall
18 notify each aggrieved taxpayer who filed an appeal in the proper form
19 and in a timely manner, no later than March first immediately following
20 the assessment date, of the date, time and place of the appeal hearing.
21 Such notice shall be sent no later than [seven calendar] ten days
22 preceding the hearing date. [except that the board may elect not to
23 conduct an appeal hearing for any commercial, industrial, utility or
24 apartment property with an assessed value greater than one million
25 dollars.

26 (2) The board shall, not later than March first, notify the appellant
27 that the board has elected not to conduct an appeal hearing. An
28 appellant whose appeal will not be heard by the board may appeal
29 directly to the Superior Court pursuant to section 12-117a.]

30 (2) For an appeal concerning the valuation of real property, the
31 assessor shall provide to the person who filed the appeal and to the
32 board, at least seven days before the appeal hearing and free of charge,
33 the assessment record cards for the property that is the subject of the
34 appeal, including the cost and income valuation approaches used and
35 the sales analysis for the neighborhood or property type of the property
36 that is the subject of the appeal. If the assessor has not provided the
37 required information to such person prior to the appeal hearing, the
38 assessor shall provide the information at such hearing and the person
39 who filed the appeal may request that the hearing be rescheduled for a
40 date that is at least fourteen days after the current hearing date and the
41 board shall grant such request. Such extension shall not be considered
42 an extension of time subject to the provisions of section 12-117.

43 (3) The board shall consider all information provided by the person
44 who filed the appeal and by the assessor pursuant to subdivisions (1)
45 and (2) of this subsection, determine all appeals [for which the board
46 conducts an appeal hearing] and send written notification of the final

47 determination of such appeals to each such person [within] not later
48 than one week after such determination has been made. Such written
49 notification shall include the reasons supporting the board's
50 determination and information describing the property owner's right to
51 appeal the determination. [of such board.] Such board may equalize and
52 adjust the grand list of such town and may increase or decrease the
53 assessment of any taxable property or interest therein and may add an
54 assessment for property omitted by the assessors [which] that should be
55 added thereto; and may add to the grand list the name of any person
56 omitted by the assessors and owning taxable property in such town,
57 placing therein all property liable to taxation [which it] that the board
58 has reason to believe is owned by such person, at the percentage of its
59 actual valuation, as determined by the assessors in accordance with the
60 provisions of sections 12-64 and 12-71, from the best information that [it]
61 the board can obtain. If such property should have been included in the
62 declaration, as required by section 12-41 or 12-43, the board shall add
63 thereto twenty-five per cent of such assessment; but, before proceeding
64 to increase the assessment of any person or to add to the grand list the
65 name of any person so omitted, the board shall mail to such person,
66 postage paid, at least one week before making such increase or addition,
67 a written or printed notice addressed to such person at the town in
68 which such person resides, to appear before such board and show cause
69 why such increase or addition should not be made.

70 (4) When the board increases or decreases the gross assessment of any
71 taxable real property or interest therein, the amount of such gross
72 assessment shall be fixed until the assessment year in which the
73 municipality next implements a revaluation of all real property
74 pursuant to section 12-62, unless the assessor increases or decreases the
75 gross assessment of the property to (A) comply with an order of a court
76 of jurisdiction, (B) reflect an addition for new construction, (C) reflect a
77 reduction for damage or demolition, or (D) correct a factual error by
78 issuance of a certificate of correction. Notwithstanding the provisions of
79 this subsection, if, prior to the next revaluation, the assessor increases or
80 decreases a gross assessment established by the board for any other
81 reason, the assessor shall submit a written explanation to the board

82 setting forth the reason for such increase or decrease. The assessor shall
83 also append the written explanation to the property card for the real
84 estate parcel whose gross assessment was increased or decreased.

85 (b) If an extension is granted to any assessor or board of assessors
86 pursuant to section 12-117, the date by which a taxpayer shall be
87 required to submit a request for appeal to the board of assessment
88 appeals shall be extended to March twentieth and [said] such board
89 shall conduct hearings regarding such requests during the month of
90 April. The board shall send notification to the taxpayer of the time and
91 date of an appeal hearing at least seven calendar days preceding the
92 hearing date, but no later than the first day of April. [If the board elects
93 not to hear an appeal for commercial, industrial, utility or apartment
94 property described in subsection (a) of this section, the board shall
95 notify the taxpayer of such decision no later than the first day of April.]

96 Sec. 2. Section 12-117a of the general statutes is repealed and the
97 following is substituted in lieu thereof (*Effective July 1, 2024*):

98 (a) (1) Any person, including any lessee of real property whose lease
99 has been recorded as provided in section 47-19 and who is bound under
100 the terms of his lease to pay real property taxes, claiming to be aggrieved
101 by the action of the board of tax review or the board of assessment
102 appeals, as the case may be, in any town or city may make application,
103 [within] not later than two months [from] after the date of the mailing
104 of notice of such action, [make application,] in the nature of an appeal
105 therefrom to the superior court for the judicial district in which such
106 town or city is situated, which shall be accompanied by a citation to such
107 town or city to appear before [said] such court. Such citation shall be
108 signed by the same authority and such appeal shall be returnable at the
109 same time and served and returned in the same manner as is required
110 in case of a summons in a civil action. The authority issuing the citation
111 shall take from the applicant a bond or recognizance to such town or
112 city, with surety, to prosecute the application to effect and to comply
113 with and conform to the orders and decrees of the court in the premises.
114 Any such application shall be a preferred case, to be heard, unless good

115 cause appears to the contrary, at the first session, by the court or by a
116 committee appointed by the court. The pendency of such application
117 shall not suspend an action by such town or city to collect not more than
118 seventy-five per cent of the tax so assessed or not more than ninety per
119 cent of such tax with respect to any real property for which the assessed
120 value is five hundred thousand dollars or more, and upon which such
121 appeal is taken. If, during the pendency of such appeal, a new
122 assessment year begins, the applicant may amend [his] the application
123 as to any matter therein, including an appeal for such new year, [which]
124 that is affected by the inception of such new year and such applicant
125 need not appear before the board of tax review or board of assessment
126 appeals, as the case may be, to make such amendment effective.

127 (2) (A) For any application made on or after July 1, 2022, but prior to
128 July 1, 2024, under subdivision (1) of this subsection, if the assessed
129 value of the real property that is the subject of such application is one
130 million dollars or more and the application concerns the valuation of
131 such real property, the applicant shall file with the court, not later than
132 one hundred twenty days after making such application, an appraisal
133 of the real property that is the subject of the application. Such appraisal
134 shall be completed by an individual or a company licensed to perform
135 real estate appraisals in the state. The court may extend the one-
136 hundred-twenty-day period for good cause. If such appraisal is not
137 timely filed, the court may dismiss the application.

138 (B) For any application made on or after July 1, 2024, under
139 subdivision (1) of this subsection, if the assessed value of the real
140 property that is the subject of such application is seven million dollars
141 or more and the application concerns the valuation of such real
142 property, the applicant shall file with the court, not later than one
143 hundred twenty days after the date the mediation under subdivision (3)
144 of this subsection concludes without an agreement being reached, an
145 appraisal of the real property that is the subject of the application. Such
146 appraisal shall be completed by an individual or a company licensed to
147 perform real estate appraisals in the state. The court may extend the one-
148 hundred-twenty-day period for good cause. If such appraisal is not

149 timely filed, the court may dismiss the application.

150 (3) For any application made on or after July 1, 2024, under
151 subdivision (1) of this subsection, the applicant and the assessor of the
152 town or city in which the real property that is the subject of such
153 application is located shall, not later than one hundred twenty days after
154 making such application, retain the services of a mutually agreed-upon
155 mediator knowledgeable in taxation, property valuation or conflict
156 resolution, unless the court waives such requirement. The applicant and
157 the town or city shall share equally in the cost of the mediator. The
158 parties shall notify the court in writing upon the conclusion of the
159 mediation and indicate whether an agreement was reached. The court
160 shall not hear the application until the parties have notified the court
161 that an agreement was not reached.

162 (b) The court shall have power to grant such relief as to justice and
163 equity appertains, upon such terms and in such manner and form as
164 appear equitable, and, if the application appears to have been made
165 without probable cause, may tax double or triple costs, as the case
166 appears to demand; and, upon all such applications, costs may be taxed
167 at the discretion of the court. If the assessment made by the board of tax
168 review or board of assessment appeals, as the case may be, is reduced
169 by [said] the court, the applicant shall be reimbursed by the town or city
170 for any overpayment of taxes, together with interest and any costs
171 awarded by the court, or, at the applicant's option, shall be granted a tax
172 credit for such overpayment, interest and any costs awarded by the
173 court. Upon motion, [said] the court shall, in event of such overpayment,
174 enter judgment in favor of such applicant and against such city or town
175 for the whole amount of such overpayment, less any lien recording fees
176 incurred under sections 7-34a and 12-176, together with interest and any
177 costs awarded by the court. The amount to which the assessment is so
178 reduced shall be the assessed value of such property on the grand lists
179 for succeeding years until the tax assessor finds that the value of the
180 applicant's property has increased or decreased.

181 Sec. 3. Section 12-63c of the 2024 supplement to the general statutes is

182 repealed and the following is substituted in lieu thereof (*Effective July 1,*
183 *2024*):

184 (a) (1) In determining the present true and actual value in any town
185 of real property used primarily for purposes of producing rental
186 income, the assessor, which term whenever used in this section shall
187 include the board of assessors, may require in the conduct of any
188 appraisal of such property pursuant to the capitalization of net income
189 method, as provided in section 12-63b, that the owner of such property
190 annually submit to the assessor not later than the first day of June, on a
191 form provided by the assessor not later than forty-five days before said
192 first day of June, the best available information disclosing the actual
193 rental and rental-related income and operating expenses applicable to
194 such property. Submission of such information may be required
195 whether or not the town is conducting a revaluation of all real property
196 pursuant to section 12-62.

197 (2) Upon determination that there is good cause, the assessor may
198 grant an extension to not later than the first day of July to submit such
199 information, if the owner of such property files a request for an
200 extension with the assessor not later than June first.

201 (b) Any such information related to actual rental and rental-related
202 income and operating expenses and not already a matter of public
203 record that is submitted to the assessor shall not be subject to the
204 provisions of section 1-210.

205 (c) If, upon receipt of information as required under subsection (a) of
206 this section, the assessor finds that such information does not appear to
207 reflect actual rental and rental-related income or operating expenses
208 related to the current use of such property, additional verification
209 concerning such information may be requested by the assessor. All
210 information received by the assessor under subsection (a) of this section
211 shall be subject to audit by the assessor or a designee of the assessor.
212 Any person claiming to be aggrieved by the action of the assessor under
213 this section may appeal the actions of the assessor to the board of
214 assessment appeals and the Superior Court as otherwise provided in

215 this chapter.

216 (d) (1) Any owner of [such] real property required to submit
217 information to the assessor in accordance with subsection (a) of this
218 section for any assessment year, who fails to submit such information as
219 required under said subsection [(a)] or who submits information in
220 incomplete or false form with intent to defraud, shall [(A) for assessment
221 years commencing prior to October 1, 2023, be subject to a penalty equal
222 to a ten per cent increase in the assessed value of such property for such
223 assessment year, and (B) for assessment years commencing on or after
224 October 1, 2023, be subject to a penalty equal to a ten per cent increase
225 in the assessed value of such property for such assessment year, which
226 the assessor shall add by issuance of a certificate of correction for failure
227 to file. Upon receipt of any such certificate of correction, the tax collector
228 of the town shall apply the mill rate for the current fiscal year and, if
229 such certificate of correction is received after the normal billing date, not
230 later than thirty days after such receipt, mail or hand deliver a bill to
231 such owner based on the addition of the penalty described in this
232 subdivision. Such tax shall be due and payable and collectible as other
233 municipal taxes and subject to the same liens and processes of collection,
234 provided such tax shall be due and payable in an initial or single
235 installment due and payable not sooner than thirty days after the date
236 prescribed by the tax collector and appearing on such bill, and in any
237 remaining, regular installments, as such installments are due and
238 payable, and the several installments of a tax so due and payable shall
239 be equal] be subject to a penalty of five hundred dollars.

240 (2) Notwithstanding the provisions of this subsection, an assessor or
241 board of assessment appeals shall waive such penalty if the owner of
242 the real property required to submit the information is not the owner of
243 such property on the assessment date for the grand list to which such
244 penalty is added. Such assessor or board may waive such penalty upon
245 receipt of such information in any town in which the legislative body
246 adopts an ordinance allowing for such a waiver.

247 (e) Any income and expense disclosure form described in subsection

248 (a) of this section received by the assessor to which such form is due that
249 is in an envelope bearing a postmark, as defined in section 1-2a, showing
250 a date within the allowed filing period, shall not be deemed delinquent.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2024</i>	12-111
Sec. 2	<i>July 1, 2024</i>	12-117a
Sec. 3	<i>July 1, 2024</i>	12-63c

FIN *Joint Favorable*

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	STATE MANDATE ¹ - Cost	Potential	Potential
Various Municipalities	Revenue Gain/Loss	See Below	See Below

Explanation

The bill makes various changes regarding property tax assessment appeals that results in a cost and a potential revenue gain or loss beginning in FY 25 to municipalities described below.

Section 1 requires boards of assessment appeals to hear appeals for certain property assessed at over \$1 million. This results in a potential cost to municipalities associated with an increased number of appeal hearings. Under current law, boards of assessment appeals have the option to decline hearing these appeals.

This section also requires assessors to provide certain information at no charge to the person who filed the appeal. This may result in a cost to municipalities to the extent that this information is not readily available for the assessor to share.

¹ State mandate is defined in Sec. 2-32b(2) of the Connecticut General Statutes, "state mandate" means any state initiated constitutional, statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

Section 2 requires (1) applicants and assessors to retain a mediator for property tax assessment appeals brought to Superior Court and (2) for applicants and assessors to share the cost of the mediator. This results in a cost to municipalities to the extent that a mediator is required.

The section also limits property tax assessment appeals for which applicants must file a property tax appraisal. This may result in an increased number of property tax assessment appeals and a corresponding cost to municipalities associated with this increase.

Section 3 changes the penalty for property owners who fail to file income and operating expense statements associated with rental properties on time from a 10% increase in the property's assessed value to a flat \$500 fee. This results in a revenue gain or loss to municipalities that is dependent on the current penalty in place.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, the number of assessment appeals, and penalties.

OLR Bill Analysis**SB 452*****AN ACT CONCERNING THE PROPERTY TAX APPEALS PROCESS AND THE PENALTY RELATED TO THE SUBMISSION OF INCOME AND EXPENSES INFORMATION FOR RENTAL PROPERTIES.*****SUMMARY**

This bill makes numerous changes regarding property tax assessment appeals. The bill:

1. eliminates a board of assessment appeals' option to refuse to hear appeals regarding certain property assessed at over \$1 million;
2. requires the boards to notify taxpayers who filed assessment appeals of the date, time, and place of their scheduled hearings at least 10, rather than seven, days before;
3. for appeals concerning real property valuations, requires assessors to give the person who filed the appeal (i.e., applicant) and board specific assessment records for the property, at no charge, at least seven days before the hearing and allows these applicants to request a minimum 14-day extension if the assessor does not do so; and
4. requires the boards to consider all of the information provided by applicants and assessors at appeals hearings and include the reasons supporting their determinations in their written notices of their final determinations.

For property tax assessment appeals brought to Superior Court on or after July 1, 2024, by any taxpayer aggrieved by a board of assessment appeals decision, the bill (1) generally requires applicants and assessors to use a mutually agreed-upon mediator and (2) limits the requirement that applicants file a property appraisal to appeals concerning the

valuation of real property assessed at \$7 million or more, rather than \$1 million or more.

Lastly, the bill replaces the current penalty for failing to file annual income and operating expense statements with an assessor (i.e., a 10% increase in the property's assessed value) with a flat \$500 penalty.

EFFECTIVE DATE: July 1, 2024

§ 1 — APPEALS TO BOARDS OF ASSESSMENT APPEALS

Appeals for Certain High-Value Properties

Under current law, boards of assessment appeals may decline to hear appeals for commercial, industrial, utility, or apartment properties assessed at over \$1 million. The bill eliminates their ability to do so, thus requiring them to hear these appeals. It makes related conforming changes, including eliminating provisions allowing these property owners to appeal directly to the Superior Court if the board refuses to hear their appeal.

Required Assessment Information From Assessors

For appeals concerning the valuation of real property, the bill requires assessors to give applicants and boards of assessment appeals the assessment record cards for the applicable property, including the (1) cost and income valuation approaches used and (2) sales analysis for the neighborhood or relevant property type. Assessors must provide this information at no charge and at least seven days before the appeal hearing.

If assessors do not provide this information before the hearing, the bill requires that they provide it there and allows applicants to request that the hearing be rescheduled. The rescheduled hearing must be at least 14 days after the initial hearing and the board must grant the applicant's request.

Under the bill, these extensions are not considered extensions that require the municipality's chief executive officer's (CEO) or Office of Policy and Management (OPM) secretary's approval. By law, a

municipality's CEO can grant a one-month extension for good cause if assessors and boards of assessment appeals need more time to complete their work (or two months if the town completed a revaluation). The OPM secretary may also postpone revaluations if he determines that the number of pending assessment appeals in a municipality would preclude a fair and equitable consideration of them, even with the CEO-approved extension.

§ 2 — ASSESSMENT APPEALS BROUGHT TO SUPERIOR COURT

Mediation Requirement

For property tax assessment appeals brought to Superior Court on or after July 1, 2024, the bill requires applicants and assessors to retain the services of a mutually agreed-upon mediator knowledgeable in tax, property valuation, or conflict resolution, unless the court waives this requirement. The parties must (1) retain the mediator's services within 120 days after the applicant files the appeal, (2) equally share the mediator's cost, and (3) notify the court in writing when the mediation ends and indicate whether they reached an agreement. Under the bill, the court may not hear the appeal application until the parties have notified the court that they did not reach an agreement.

Property Appraisal Requirement

The bill also limits the property tax assessment appeals brought to Superior Court for which applicants must file a property appraisal.

By law, taxpayers aggrieved by an appeals board's decision may appeal to Superior Court. Current law requires these appeals applicants to file a property appraisal with the court within 120 days of filing the appeal if the application concerns the valuation of real property assessed at \$1 million or more.

For applications made on or after July 1, 2024, the bill limits this requirement to appeals concerning the valuation of real property assessed at \$7 million or more and requires that applicants file the appraisal within 120 days after the mediation required under the bill ends without reaching an agreement.

As under existing law, (1) the appraisal must be completed by an individual or company licensed to perform real estate appraisals in Connecticut and (2) the court may extend the filing deadline for good cause and dismiss the appeal if the appraisal is not timely filed.

§ 3 — INCOME AND EXPENSE STATEMENTS FOR RENTAL PROPERTY

By law, assessors may require rental property owners to file annual income and operating expense statements to be used in their property valuations. Under current law, property owners required to file these statements who fail to timely file or file incomplete or fraudulent statements are subject to a 10% increase in the property’s assessed value for the assessment year. The bill instead sets the penalty at a flat \$500 and correspondingly eliminates the current provisions on applying, calculating, and collecting the 10% penalty.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 33 Nay 18 (04/03/2024)