

---

## OLR Bill Analysis

### HB 5477

#### ***AN ACT CONCERNING PENALTIES FOR BLIGHT UPON REAL PROPERTY, MUNICIPAL AGREEMENTS TO FIX ASSESSMENTS AND A PERSONAL PROPERTY TAX EXEMPTION.***

#### **SUMMARY**

By law, municipalities may adopt blight ordinances and set civil penalties for violations of them, up to a maximum amount. For violations at commercial properties and residential properties with seven or more units, this bill establishes penalties that are based on the property's square footage. Under current law, the maximum penalties are set dollar amounts that are the same for all property types but vary depending on whether the property is vacant or has been cited multiple times before.

Separately, the bill expands an existing property tax incentive, allowing municipalities to freeze assessments on personal property, rather than only real property, used for certain purposes and extends the maximum freeze period from 10 to 30 years.

Lastly, the bill expands eligibility for current law's tangible personal property tax exemption for businesses. It does so by exempting businesses that have owned the property for 10 full assessment years, if it had an original value of \$1,000 or less, instead of \$250 or less, as under current law.

EFFECTIVE DATE: October 1, 2024, but the provision on exempted business property only applies to assessment years starting on or after that date.

#### **MUNICIPAL BLIGHT PENALTIES**

Under current law, municipalities may adopt blight ordinances that can be enforced through civil penalties the municipality sets, up to a

maximum daily amount for each violation. These maximum amounts depend on whether the property is occupied or vacant and whether the penalty is for a third, or subsequent, violation (see below).

The bill retains current law's maximum penalties for residential properties with six or fewer units, but sets penalties for those with seven or more units and commercial properties based on the building's size (expressed as an amount per square foot). (It is unclear how penalties are assessed for mixed-use properties.)

The table below compares, for each property type, the maximum daily penalties municipalities can set under current law and the bill.

**Table: Maximum Daily Blight Penalty**

<i>Building Type</i>	<i>Current Law</i>	<i>Bill</i>
<b>Residential (six or fewer units)</b>		
Occupied	\$150	\$150
Vacant	250	250
Third or subsequent violation	1,000	1,000
<b>Residential (7 to 39 units)</b>	Same as above	10 cents per sq. ft.
<b>Residential (40+ units)</b>	Same as above	12 cents per sq. ft.
<b>Commercial</b>	Same as above	10 cents per sq. ft.

By law, a violation may count toward the three-violation threshold if the municipality previously issued a violation notice and (1) determined that the conditions creating the violation were previously resolved or (2) the conditions have not been resolved 120 days after the violation notice was given. A third violation may also be established if there are three conditions simultaneously on the property that each constitute a violation.

## **FIXED ASSESSMENTS**

A property tax incentive under existing law allows municipalities to enter into an agreement with a taxpayer to freeze the assessed value of property developed or being developed for specified purposes. Freezing an assessment keeps the property's taxable value the same for a set period even if improvements made to it or other factors increase its value (which would generally increase the taxes owed on it).

The bill increases, from 10 to 30 years, the maximum time period municipalities may freeze real property (i.e., land and buildings, including the air space above) assessments and also authorizes them to freeze assessments on personal property.

***Eligible Uses***

Under current law and the bill, municipalities may freeze the assessments only on property used for specified purposes, including for office, retail, or manufacturing uses; warehouse, storage, or distribution; structured multilevel parking supporting a mass transit system; information technology; recreation facilities; transportation facilities; mixed use; and health systems.

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable

Yea 19    Nay 1    (03/22/2024)