

Office of Legislative Research  
Connecticut General Assembly



**REAL ESTATE**



2011-R-0247

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## **NOTICE TO READERS**

This report provides brief highlights of new laws affecting real estate enacted during the 2011 regular session. Each summary indicates the public act (PA) number and effective date.

Not all provisions of the acts are included here. Complete summaries of all 2011 public acts will be available when OLR publishes its Public Act Summary book; some are already on OLR's website ([www.cga.ct.gov/olr/OLRPASums.asp](http://www.cga.ct.gov/olr/OLRPASums.asp)).

Readers are encouraged to obtain the full text of acts that interest them from the Connecticut State Library, House Clerks Office, or General Assembly's website ([www.cga.ct.gov/](http://www.cga.ct.gov/)).

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## **ACTUAL CASH VALUE OF A BUILDING**

The law provides the standard language for a fire insurance policy (e.g., homeowners' insurance). It defines the term "actual cash value" as the amount it would cost to repair or replace property with material of like kind and quality.

[PA 11-196](#) retains the existing definition for property other than a building. It redefines "actual cash value" with respect to a building insured under the policy as the amount it would cost to repair or replace the building with material of like kind and quality, minus reasonable depreciation. It defines "depreciation" as a decrease in real property's value over time due to wear and tear.

EFFECTIVE DATE: January 1, 2012

## **BONDS FOR APPROVED SITE PLANS AND SUBDIVISIONS**

[PA 11-79](#) expands the types of bonds or surety that a person can use to fulfill a bond requirement, which a municipal land use commission may require for modified site plan or subdivision approval. It changes the surety process timeframe, providing additional leeway for the person posting the bond or surety, with certain limitations. It also:

1. caps the bond amount a zoning commission may require for site plan modifications;
2. establishes that, for phased development, the surety requirements apply as if each phase is approved as a separate site plan or subdivision; and
3. prohibits any land use commission from requiring a bond or other surety to secure the maintenance of roads, streets, or other maintenance associated with a site plan or subdivision for maintenance occurring after a municipality has accepted the improvements.

EFFECTIVE DATE: October 1, 2011

## **BROWNFIELDS**

[PA 11-141](#) protects the state and third parties from liability when they investigate and clean up brownfields according to state standards. It also allows the environmental protection (DEP) commissioner to reclassify surface and ground water starting March 1, 2011 and exempts government agencies and private organizations from paying DEP fees when cleaning up brownfields.

[PA 11-96](#) allows municipalities to defer an increased property tax assessment on a brownfield

located in a designated rehabilitation area if the owner agrees to build a new common interest community or mixed-use commercial structure on it.

EFFECTIVE DATE: Various

### **COMMERCIAL RISK INSURANCE HISTORY REPORTS**

By law, when insurers or insureds cancel or fail to renew a commercial auto or general liability insurance policy, the insurer must provide their insureds with written reports that include a history of the policy's pricing and premium information, and loss reports. [PA 11-138](#) extends the reporting requirement to all types of commercial risk insurance, instead of just commercial auto or general liability, and decreases the timeframe for providing certain reports from 60 to 30 days.

EFFECTIVE DATE: January 1, 2012

### **COMMON INTEREST OWNERSHIP ACT (CIOA)**

[PA 11-195](#) makes several changes to the Common Interest Ownership Act. It:

1. prohibits certain individuals from campaigning or providing or accepting anything of value to influence a common interest community association board member's or

- candidate's vote or official action;
2. requires an association to hold a hearing before bringing an action or instituting a proceeding against a unit owner other than a declarant;
3. allows a unit owner, other than a declarant, to request such a hearing to enforce a right or obligation against an association or another unit owner;
4. exempts certain buildings from the insurance requirements for units divided by horizontal or vertical boundaries; and
5. prohibits a contract between an association and an association manager from including any provision that indemnifies or holds the association manager harmless against any liability for loss or damage resulting from his or her negligence or willful misconduct.

EFFECTIVE DATE: October 1, 2011

### **CONNECTICUT DEVELOPMENT AUTHORITY PROGRAMS (CDA)**

[PA 11-103](#) makes permanent two CDA programs that provide bond financing for large-scale development projects. Prior law prohibited CDA from approving new projects on or after July 1, 2012. Both programs use tax revenue, including incremental

tax revenue, to repay the bonds. One uses property tax and other specified revenues to repay bonds issued for cleaning up and redeveloping contaminated property or developing land for information technology uses. The other program uses incremental sales, hotel, dues, cabaret, and admission tax revenue to repay bonds issued for projects that create jobs or stimulate significant business activity.

EFFECTIVE DATE: July 1, 2011

### **ELECTRONIC NOTICE OF MUNICIPAL TAX BILLS AND ZONE CHANGES**

[PA 11-185](#) allows municipal tax collectors to send bills and statements electronically if (1) the taxpayer provides written consent and (2) the community establishes procedures and posts its email address on its website.

[PA 11-89](#) allows municipal zoning commissions to send certain notices to regional planning agencies by email instead of certified mail.

EFFECTIVE DATE: October 1, 2011

### **ENTERPRISE ZONES**

[PA 11-140](#) extends enterprise zone benefits to certain businesses and commercial properties in sections of Plainville within specified census tracts and blocks including (1) 53 acres of property zoned Technology Park and (2) 75 acres of raw land zoned Restricted Industrial (40

acres within one specified census tract and block, and 35 acres in another specified tract and block). By law, enterprise zone benefits include property tax exemptions, business tax credits, and sales tax exemptions.

EFFECTIVE DATE: July 1, 2011

### **“FIRST FIVE” INCENTIVES**

[PA 11-86](#) creates the “First Five Program” providing substantial financial assistance for business projects creating jobs and developing facilities within certain timeframes. The assistance includes up to 100% funding under the Manufacturing Assistance Act and business tax credits. The program can fund up to five projects per year in FY 12 and FY 13.

EFFECTIVE DATE: July 1, 2011

### **FORECLOSURE**

[PA 11-201](#) makes changes in several programs and laws related to foreclosure and housing. Some of the most significant changes include:

1. extending the Judicial Branch’s foreclosure mediation program’s sunset date by two years and expanding the program to properties owned by religious organizations;
2. codifying into state law the federal Protecting Tenants at Foreclosure Act and extending its protections three years beyond the

- federal act's sunset date;  
and
3. expanding the scope of the existing registration requirement for owners of uninhabited residential property obtained through foreclosure, and establishing a new registration requirement that applies when the foreclosure process begins.
- EFFECTIVE DATE: Various

### **HISTORIC PRESERVATION TAX CREDITS**

[PA 11-48](#) expands the range of eligible property under the existing tax credit programs for rehabilitating historic nonresidential property and makes several programmatic and procedural changes.

EFFECTIVE DATE: July 1, 2011 and applies to income years beginning on or after January 1, 2011.

### **LAND USE PERMITS**

[PA 11-5](#) gives developers more time to complete certain ongoing projects without seeking reapproval from a land use commission or an inland wetlands agency. It does this by extending the initial and extended deadlines that apply to subdivisions, wetlands permits, and small-scale site plans approved before July 1, 2011, on which approval has not expired by the act's effective date.

EFFECTIVE DATE: Upon passage

### **NEW FINANCIAL INCENTIVE PROGRAMS**

[PA 11-140](#) establishes new financial incentive programs for businesses and students. One program allows small manufacturers to defer taxes on the money they save for training workers and acquiring facilities and equipment.

The "Learn Here Live Here" program provides incentives to students enrolled in Connecticut colleges and universities to remain here after graduation. The incentives allow them to save money for purchasing their first homes here.

EFFECTIVE DATE: July 1, 2011

### **PERMITS FOR COMMERCIAL PROJECTS INVOLVING QUARRYING**

[PA 11-190](#) requires the DEP commissioner to establish a permitting program for any proposed commercial project that involves quarrying on a parcel of property 100 acres or less and a municipality with a (1) town meeting form of government and (2) population of at least 2,000 and no more than 3,000.

EFFECTIVE DATE: Upon passage

### **PERSONAL OR COMMERCIAL RISK INSURANCE REPAIR OR REMEDATION**

By law, a person who will perform repair or remediation work under certain personal or commercial risk insurance claims must give the insured, before

work begins, written notice of the work to be completed and the estimated total price. [PA 11-106](#) applies this requirement to losses occurring on or after October 1, 2011. It specifies that if this written notice is not provided, any contract between the person and the insured for the work is void.

EFFECTIVE DATE: October 1, 2011

### **PROPERTY ASSESSED CLEAN ENERGY PROGRAM (PACE)**

[PA 11-80](#) allows a municipality to establish a loan program to finance energy improvements to real property located within its borders, if it determines it to be in the public interest. (These programs are commonly called PACE programs.) The municipality must set a fixed interest rate for these loans and cannot assess a prepayment penalty.

EFFECTIVE DATE: July 1, 2011

### **PROPERTY TAX ASSESSMENT RATIO ADJUSTMENTS**

Starting with the October 1, 2011 assessment year, [PA 11-212](#) allows a municipality that meets certain conditions to make annual adjustments to the assessment ratios for residential and apartment property, as long as the assessment ratio for any property class does not exceed 70%. It applies to any municipality that, in the October 1, 2010 assessment year, was implementing the law that allows

towns to provide a special property tax relief program. Hartford is the only municipality that used this program and is thus the only municipality that can make these assessment ratio adjustments.

EFFECTIVE DATE: Upon passage, and applicable to assessment years beginning on or after October 1, 2011.

### **PROPERTY TAX CREDIT REDUCTION**

[PA 11-6](#), as amended by [PA 11-61](#), reduces, from \$500 to \$300, the maximum property tax credit against the personal income tax and phases out the credit at a steeper rate, thus reducing the number of taxpayers eligible for the credit.

EFFECTIVE DATE: Upon passage, and applicable to tax years beginning on or after that date.

### **PROPERTY TAX EXEMPTION FILING DEADLINES**

[PA 11-239](#) allows taxpayers in certain towns to receive property tax exemptions even though they missed the statutory filing deadlines for the exemptions. The exemptions are for manufacturing machinery and equipment (MME), commercial trucks, and properties owned by nonprofit organizations. It also allows taxpayers in certain towns to request that the Office of Policy and Management secretary reconsider assessors' modifications or denials of MME



tax exemptions, even though they missed the deadline for filing such requests.

The act also grants a property tax exemption to a charitable organization for property in Middletown that it operates as affordable senior housing and requires the city to refund any taxes and interest paid on the property.

EFFECTIVE DATE: Upon passage

### **PROPERTY TAX PAYMENT BY TELECOMMUNICATIONS COMPANIES**

[PA 11-1](#) allows municipal tax collectors to bill telecommunications companies for half of the personal property taxes due in 2011, before they would otherwise be due. It allows them to mail or deliver the bill in two installments, the first one before the July 1, 2011 due date and the second on or after that date. The first installment equals half the company's 2010 assessment multiplied by the municipality's mill rate for FY 11. The second installment equals the other half of the 2010 assessment multiplied by the municipality's FY 12 mill rate. Payment is due 30 days after receiving the tax bill.

The act subjects telecommunications companies to generally applicable property tax collection laws for assessment years beginning on or after October 1, 2011.

EFFECTIVE DATE: Upon passage

### **REAL ESTATE CONVEYANCE TAX**

[PA 11-6](#), as amended by [PA 11-61](#), increases the state real estate conveyance tax rates by 0.25% and makes permanent the 0.25% base municipal real estate conveyance tax, which was set to expire on July 1, 2011.

EFFECTIVE DATE: July 1, 2011, and applicable to conveyances occurring on or after that date.

### **SECURITY DEPOSITS**

[PA 11-94](#) eliminates the requirement that a landlord pay a minimum 1.5% interest rate on residential security deposits. It still requires the landlord to pay at least the average savings deposit interest rate paid by insured commercial banks published in the Federal Reserve Board Bulletin in November of the prior year (i.e. deposit index). The 2010 deposit index rate is 0.28%)

EFFECTIVE DATE: January 1, 2012

### **TAX INCENTIVES FOR AEROSPACE AND DEFENSE PLANTS**

The law extends certain business tax incentives to municipalities hit by major aerospace and defense plant closings affecting at least 800 employees. It applies to businesses occupying a facility that was vacant on July 1, 1998, and previously used as an

aerospace or defense plant. [PA 11-61](#) shifts the incentives to facilities that are vacant on or after the act's effective date and employed at least 800 people. It continues to limit them to facilities that were used as aerospace or defense plants.

EFFECTIVE DATE: Upon passage

### **TEN MILL PROGRAM**

[PA 11-198](#) allows an owner of forest land currently enrolled in the state's "10 mill program" to convert to the state's forest preservation program ("490 program") without penalty. The exemption includes penalties for the value of standing timber, if a sale or donation of the land to a nonprofit land preservation organization or a permanent conservation easement on the land occurs before the conversion.

Alternatively, the act specifies that woodlands retaining a 10 mill classification on their 50<sup>th</sup>-year revaluation will be assessed at a tax rate not to exceed the

similar properties classified as "forestland" under the forest preservation program. Any landowner who elects to discontinue participation in the 10 mill program will be subject to any applicable penalties.

EFFECTIVE DATE: Upon passage

### **URBAN AND INDUSTRIAL SITE REINVESTMENT TAX CREDITS**

Business taxpayers investing in certain business development projects may qualify for state Urban and Industrial Sites Reinvestment tax credits and federal New Markets tax credits.

[PA 11-78](#) aligns some of the rules for the state tax credits with the federal ones for projects receiving investments eligible for both credits. It requires these projects to meet the state and federal eligibility criteria and subjects them to the federal rules for repaying tax credits.

EFFECTIVE DATE: July 1, 2011