



Substitute House Bill No. 5093

Public Act No. 06-176

AN ACT CONCERNING PROPERTY TAX RELIEF FOR CERTAIN ELDERLY HOMEOWNERS AND THE PHASE IN OF CERTAIN REVALUATIONS.

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

Section 1. (NEW) (*Effective October 1, 2006, and applicable to assessment years commencing on or after October 1, 2006*) (a) Any municipality, upon approval of its legislative body may provide that an owner of real property or any tenant for life or for a term of years liable for property taxes under section 12-48 of the general statutes who meets the qualifications stated in this subsection shall be entitled to pay the tax levied on such property, calculated in accordance with the provisions of subsection (b) of this section for the first year the claim for such tax relief is filed and approved in accordance with the provisions of section 2 of this act, and such person shall be entitled to continue to pay the amount of such tax or such lesser amount as may be levied in any year, during each subsequent year that such person meets such qualifications, and the surviving spouse of such owner or tenant, qualified in accordance with the requirements pertaining to a surviving spouse in this subsection, or any owner or tenant possessing a joint interest in such property with such owner at the time of such owner's death and qualified at such time in accordance with the requirements in this subsection, shall be entitled to continue to pay the amount of such tax or such lesser amount as may be levied in any year, as it becomes due each year following the death of such owner for as long as such surviving spouse or joint owner or joint tenant is qualified in accordance with the requirements in this subsection. After the first year a claim for such tax relief is filed and approved, application for such tax relief shall be filed biennially on a form prepared for such purpose by the assessor of such municipality. Any such owner or tenant who is qualified in accordance with this section and any such surviving spouse or joint owner or joint tenant surviving upon the death of such owner or tenant, shall be entitled to pay such tax in the amount as provided in this section for so long as such owner or tenant or such surviving spouse or joint owner or joint tenant continues to be so qualified. To qualify for the tax relief provided in this section a taxpayer shall meet all the following requirements: (1) On December thirty-first of the calendar year preceding the year in which a claim is filed, be (A) seventy years of age or over, (B) the spouse of a person, seventy years of age or over, provided such spouse is domiciled with such person, or (C) sixty-two years of age or over and the surviving spouse of a taxpayer who at the time of such taxpayer's death had qualified and was entitled to tax relief under this section, provided such surviving spouse was domiciled with such taxpayer at the time of the taxpayer's death, (2) occupy such real property as his or her home, (3) either spouse shall have resided within this state for at least one year before filing the claim under this section and section 2 of this act, (4) the taxable and nontaxable income of such taxpayer, the total of which shall hereinafter be called "qualifying income", in the tax year of such homeowner ending

immediately preceding the date of application for benefits under the program in this section, was not in excess of limits set forth in section 12-170aa of the 2006 supplement to the general statutes, as adjusted annually, evidence of which income shall be submitted to the assessor in the municipality in which application for benefits under this section is filed in such form and manner as the assessor may prescribe. The amount of any Medicaid payments made on behalf of such homeowner or the spouse of such homeowner shall not constitute income. The income of the spouse of such homeowner shall not be included in the qualifying income of such homeowner for purposes of determining eligibility for tax relief under this section, if such spouse is a resident of a health care or nursing home facility in this state, and such facility receives payment related to such spouse under the Title XIX Medicaid program. In addition to the eligibility requirements prescribed in this subsection, any municipality that provides tax relief in accordance with the provisions of this section may impose asset limits as a condition of eligibility for such tax relief.

(b) The tax on the real property for which the benefits under this section are claimed shall be the lower of: The tax due with respect to the homeowner's residence for the assessment year commencing October first of the year immediately preceding the year in which the initial claim for tax relief is made, or the tax due for any subsequent assessment year. If title to real property is recorded in the name of the person or the spouse making a claim and qualifying under this section and any other person or persons, the claimant hereunder shall be entitled to pay the claimant's fractional share of the tax on such property calculated in accordance with the provisions of this section, and such other person or persons shall pay the person's or persons' fractional share of the tax without regard for the provisions of this section. For the purposes of this section, a "mobile manufactured home", as defined in section 12-63a of the general statutes, shall be deemed to be real property.

(c) If any person with respect to whom a claim for tax relief in accordance with this section and section 2 of this act has been approved for any assessment year transfers, assigns, grants or otherwise conveys subsequent to the first day of October, but prior to the first day of August in such assessment year the interest in real property to which such claim for tax relief is related, regardless of whether such transfer, assignment, grant or conveyance is voluntary or involuntary, the amount of such tax relief benefit, determined as the amount by which the tax payable without benefit of this section exceeds the tax payable under the provisions of this section, shall be a pro rata portion of the amount otherwise applicable in such assessment year to be determined by a fraction the numerator of which shall be the number of full months from the first day of October in such assessment year to the date of such conveyance and the denominator of which shall be twelve. If such conveyance occurs in the month of October the grantor shall be disqualified for such tax relief in such assessment year. The grantee shall be required within a period not exceeding ten days immediately following the date of such conveyance to notify the assessor thereof, or in the absence of such notice, upon determination by the assessor that such transfer, assignment, grant or conveyance has occurred, the assessor shall determine the amount of tax relief benefit to which the grantor is entitled for such assessment year with respect to the interest in real property conveyed and notify the tax collector of the reduced amount of such benefit. Upon receipt of such notice from the assessor, the tax collector shall, if such notice is received after the tax due date in the municipality, no later than ten days thereafter mail or hand a bill to the grantee stating the additional amount of tax due as determined by the assessor. Such tax shall be due and payable and collectible as other property taxes and subject to the same liens and processes of collection, provided such tax shall be due and payable in an initial or single installment not sooner than thirty days after the date such bill is mailed or handed to the grantee and in equal amounts in any remaining, regular installments as the same are due and payable.

Sec. 2. (NEW) (*Effective October 1, 2006, and applicable to assessment years commencing on or after October 1,*

2006) (a) No claim shall be accepted under section 1 of this act unless the taxpayer or authorized agent of such taxpayer files an application with the assessor of the municipality in which the property is located, in such form and manner as the assessor may prescribe, during the period from February first to and including May fifteenth of any year in which benefits are first claimed, including such information as is necessary to substantiate such claim in accordance with requirements in such application. A taxpayer may make application to the assessor prior to August fifteenth of the claim year for an extension of the application period. The assessor may grant such extension in the case of extenuating circumstance due to illness or incapacitation as evidenced by a physician's certificate to that extent, or if the assessor determines there is good cause for doing so. The taxpayer shall present to the assessor a copy of such taxpayer's federal income tax return and the federal income tax return of such taxpayer's spouse, if filed separately, for such taxpayer's taxable year ending immediately prior to the submission of the taxpayer's application, or if not required to file a federal income tax return, such other evidence of qualifying income in respect to such taxable year as the assessor may require. Each such application, together with the federal income tax return and any other information submitted in relation thereto, shall be examined by the assessor and a determination shall be made as to whether the application is approved. Upon determination by the assessor that the applying homeowner is entitled to tax relief in accordance with the provisions of section 1 of this act and this section, the assessor shall notify the homeowner and the municipal tax collector of the approval of such application. The municipal tax collector shall determine the maximum amount of the tax due with respect to such homeowner's residence and thereafter the property tax with respect to such homeowner's residence shall not exceed such amount. After a taxpayer's claim for the first year has been filed and approved such taxpayer shall file such an application biennially. In respect to such application required after the filing and approval for the first year the assessor in each municipality shall notify each such taxpayer concerning application requirements by regular mail not later than February first of the assessment year in which such taxpayer is required to reapply, enclosing a copy of the required application form. Such taxpayer may submit such application to the assessor by mail provided it is received by the assessor not later than March fifteenth in the assessment year with respect to which such tax relief is claimed. Not later than April first of such year the assessor shall notify, by certified mail, any such taxpayer for whom such application was not received by said March fifteenth concerning application requirements and such taxpayer shall submit not later than May fifteenth such application personally or for reasonable cause, by a person acting in behalf of such taxpayer as approved by the assessor.

(b) Any person knowingly making a false application for the purpose of claiming property tax relief under section 1 of this act and this section shall be fined not more than five hundred dollars. Any person who fails to disclose all matters relating thereto or with intent to defraud makes a false statement shall refund to the municipality all tax relief improperly taken.

(c) Any municipality providing property tax relief under section 1 of this act and this section may establish a lien on such property in the amount of the total tax relief granted, plus interest applicable to the total of unpaid taxes represented by such tax relief, at a rate to be determined by such municipality. Any such lien shall have a priority in the settlement of such person's estate.

(d) Any such property tax relief granted to any such resident in accordance with the provisions of section 1 of this act and this section shall not disqualify such resident with respect to any benefits for which such resident shall be eligible under the provisions of sections 12-129b to 12-129d, inclusive, of the 2006 supplement to the general statutes, section 12-129n and section 12-170aa of the 2006 supplement to the general statutes and any such property tax relief provided under this section shall be in addition to any such benefits for which such resident shall be eligible under said sections 12-129b to 12-129d, inclusive, and

sections 12-129n and 12-170aa.

Sec. 3. Section 12-62c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to assessment years commencing on or after October 1, 2006*):

[(a) Any municipality may, with respect to the assessment list in such municipality in a year in which a revaluation becomes effective, as required under section 12-62, for the assessment years commencing on or after October 1, 1987, by vote of its legislative body provide for a gradual increase in assessed values of real property for purposes of property tax, commencing with the year in which such revaluation becomes effective and continuing for a certain number of years as elected by such municipality, not exceeding three years immediately following the year of such revaluation. Such gradual increase in assessed values shall be the result of incremental increases in the rate of assessment of real property, to be added as provided in subsection (b) of this section to the assessment ratio determined under section 10-261a for the year immediately preceding revaluation in such municipality.

(b) Upon electing to increase assessed values in the manner allowed in this section, there shall be determined, with respect to said assessment ratio for the year immediately preceding such revaluation, the difference between the assessment rate at seventy per cent of present true and actual value, as required under subsection (b) of section 12-62a, and said ratio of assessed value of real property to fair market value in the year immediately preceding revaluation for such municipality. Such difference shall represent the portion of the assessment rate at seventy per cent to be added to said ratio for such municipality in attaining the required assessment rate of seventy per cent of present true and actual value. Such amount shall be added to said ratio in equal increments, as determined in accordance with this subsection, over the number of years elected by such municipality, provided the total number of years for such purpose may not exceed four years including the year of such revaluation. For the purposes of this subsection, increments shall be considered equal if such increments are equal (1) in terms of the absolute amount of the increase in the assessment ratio for each of the years of such gradual increase in assessed value or (2) in terms of the percentage of increase in the assessment ratio from year to year which is applicable to such gradual increase in assessed value, for each year of the term of such gradual increase in assessed value.

(c) In a municipality which has adopted the assessment procedure allowed in this section, new construction which is first assessed for purposes of property tax, after the assessment date on which such revaluation becomes effective but before the assessment rate has been increased to seventy per cent of present true and actual value, shall be assessed initially at the rate applicable in the procedure as adopted by such municipality at the time of such initial assessment, and thereafter at the rate of assessment applicable with respect to all real property on the assessment list in such municipality.]

(a) (1) A town implementing a revaluation of all real property may phase in a real property assessment increase or a portion of such increase resulting from such revaluation, by requiring the assessor to gradually increase the assessment or the rate of assessment applicable to such property in the assessment year preceding that in which the revaluation is implemented, in accordance with one of the methods set forth in subsection (b) of this section. The legislative body of the town shall approve the decision to provide for such phase-in, the method by which it is accomplished and its term, provided the number of assessment years over which such gradual increases are reflected shall not exceed five assessment years, including the assessment year for which the revaluation is effective. If the legislative body is a town meeting, the board of selectmen shall approve such decision, method and term. If a town chooses to phase in a portion of the increase in the assessment of each parcel of real property resulting from said revaluation, said legislative

body or board shall establish a factor, which shall be not less than twenty-five per cent, and shall apply such factor to such increases for all parcels of real property, regardless of property classification. A town choosing to phase in a portion of assessment increase shall multiply such factor by the total assessment increase for each such parcel to determine the amount of such increase that shall not be subject to the phase in. The assessment increase for each parcel that shall be subject to the gradual increases in amounts or rates of assessment, as provided in subsection (b) of this section, shall be (A) the difference between the result of said multiplication and the total assessment increase for any such parcel, or (B) the result derived when such factor is subtracted from the actual percentage by which the assessment of each such parcel increased as a result of such revaluation, over the assessment of such parcel in the preceding assessment year and said result is multiplied by such parcel's total assessment increase.

(2) The legislative body or board of selectmen, as the case may be, may approve the discontinuance of a phase-in of real property assessment increases resulting from the implementation of a revaluation, at any time prior to the completion of the phase-in term originally approved, provided such approval shall be made on or before the assessment date that is the commencement of the assessment year in which such discontinuance is effective. In the assessment year following the completion or discontinuance of the phase-in, assessments shall reflect the valuation of real property established for such revaluation, subject to additions for new construction and reductions for demolitions occurring subsequent to the date of revaluation and on or prior to the date of its completion or discontinuance, and the rate of assessment applicable in such year, as required by section 12-62a, as amended by this act.

(b) A town shall use one of the following methods to determine the phase-in of real property assessment increases or the phase-in of a portion of such increases resulting from the implementation of a revaluation:

(1) The assessment of each parcel of real property for the assessment year preceding that in which such revaluation is effective shall be subtracted from the assessment of each such parcel in the effective year of said revaluation, and the annual amount of incremental assessment increase for each such parcel shall be the total of such subtraction divided by the number of years of the phase-in term, provided if a town chooses to phase in a portion of the assessment increase for each real property parcel, the amount of such increase that is not subject to the phase-in shall not be reflected in said calculation; or

(2) The ratio of the total assessed value of all taxable real property for the assessment year preceding that in which a revaluation is effective and the total fair market value of such property as determined from records of actual sales in said year, shall be subtracted from the rate of assessment set forth in section 12-62a, as amended by this act, and the annual incremental rate of assessment increase applicable to all parcels of real property shall be the result of such subtraction divided by the number of years of the phase-in term. Prior to determining such annual incremental rate of assessment increase, a town that chooses to phase in a portion of the assessment increase for each real property parcel shall multiply the result of said subtraction by the factor established in accordance with subsection (a) of this section, to determine the rate of assessment that shall not be subject to such phase in.

(c) The assessment of any new construction that first becomes subject to taxation during an assessment year encompassed within the term of a phase-in shall be determined in the same manner as the assessment of all other comparable real property in said assessment year, such that the total of incremental increases applicable to such other comparable real property are reflected in the assessment of such new construction prior to the proration of such assessment pursuant to section 12-53a.

(d) Not later than thirty business days after the date a town's legislative body or board of selectmen, as the case may be, votes to phase in real property assessment increases resulting from such revaluation, or votes to discontinue such a phase-in, the chief executive officer of the town shall notify the Secretary of the Office of Policy and Management, in writing, of the action taken. Any chief executive officer failing to submit a notification to said secretary as required by this subsection, shall forfeit one hundred dollars to the state for each such failure.

Sec. 4. Subsections (e) and (f) of section 12-62a of the general statutes are repealed. (*Effective from passage and applicable to assessment years commencing on or after October 1, 2006*)

Approved June 9, 2006