



REQUIRING RENTAL PROPERTY OWNERS TO PROVIDE INCOME AND EXPENSE INFORMATION

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ISSUE

Does state law allow tax assessors to require rental property owners to provide income and expense information for the purpose of valuing (i.e., assessing) the property?

The Office of Legislative Research is not authorized to provide legal opinions and this report should not be considered one.

AUTHORITY TO REQUEST INCOME AND EXPENSE STATEMENTS

Yes. CGS § [12-63c](#) authorizes tax assessors to require property owners to annually submit income and expense information for the purpose of valuing rental properties. It does so in conjunction with another statute, CGS § [12-63b](#), which generally requires assessors to use each of the following three methods to determine rental properties' fair market value:

1. replacement cost less depreciation plus the land's market value,
2. capitalization of income based on market rent for similar property, and
3. comparable sales.

The requirement applies to property used primarily to produce rental income, except (1) owner-occupied residential properties with six or fewer units and (2) certain federally- or state-subsided housing (CGS § [12-63b](#)). CGS § [12-63c](#) authorizes assessors to request the information needed to determine value based on the capitalization of income method CGS § [12-63b](#) provides. Consequently, the types of rental properties for which assessors may request such information turns on whether this authority extends to (1) properties subject to CGS § [12-63b](#)'s appraisal methods or (2) any rental property for which assessors are using the capitalization of income method. We are not aware of any court cases that have



interpreted this provision. It appears that in practice, there is significant variation among municipal policies concerning the types of property owners who must submit income and expense information.

PROCEDURE FOR REQUESTING INCOME AND EXPENSE INFORMATION

Under CGS § [12-63c](#), assessors may require (1) rental property owners to annually submit the best available information reflecting actual rental and rental-related income and operating expenses and (2) any additional verification of the submitted information they request. Income and expense information submitted to assessors is not open to public inspection under the Freedom of Information Act.

Assessors requesting income and expense information must do so by April 17. Property owners have until June 1 to file the requested information. Assessors may extend the filing deadline for good cause, by up to 30 days, if a property owner requests an extension by May 1. Unless an ordinance provides for a waiver, property owners who miss the filing deadline or submit fraudulent information must pay a penalty equal to a 10% increase in the property's assessed value. Property owners who acquire a property after the annual grand list is compiled are not subject to the penalty.

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