



Connecticut Association of Assessing Officers, Inc. Legislative Committee

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Dear Members of the Housing Committee:

The CAAO wishes to express our **Opposition to Section 9 of HB 6521** AAC Zoning Changes and Affordable Housing Requirements.

Section 9 of HB 6521 would be in direct contrast to all of the statutes that expressly define how real estate is assessed in Connecticut.

Currently all improved real estate is assessed based on its Fair Market Value (FMV). The only exception is for farmland, forest land, and open space where the property owner enters into a contractual agreement not to develop the land for at least ten years. This PA 490 agreement is mutually beneficial to the municipality as open space does not impact the municipal budget or increase the cost of services. All 50 US States offer some form of this exception.

HB 6521 would create a **TAX EXEMPTION** for a protected class for all “newly/partially constructed 1-4 family homes” whereas they would no longer be taxed based on their FMV. Exempting 1-4 families offers no benefit to the municipality like open space does and 1-4 families will require municipal services adversely impacting municipal budgets.

HB 6521 would exempt property under construction as well as property that is 100% complete as long as it has not been sold by the developer or received a certificate of occupancy.

Because taxes are billed in arrears, it would restrict the municipality from sending a tax bill until one year after the property has been sold. This results in a family purchasing a newly constructed home, moving in and living there for nearly two years without paying any taxes on the home creating massive inequities and an unfair distribution of the local property tax.

This is not the first time this issue has arisen and been addressed:

*Nine years ago, in Section 1 of PA 12-157, the Connecticut Legislature confirmed that **property under construction must be assessed based on its fair market value.***

*Eight years ago, in *Kasica v. Town of Columbia* (June 2013), the Connecticut Supreme Court ruled that property under construction must be assessed based on its FMV.*

Substantial Revenue Loss

Fiscal notes on bills like these tend to say “Grand List Reduction” as if no financial loss occurs. However, the C.A.A.O. conducted a state-wide survey several years ago and found that if we did not assess property under construction, Connecticut municipalities stood to lose 35 million dollars annually.

Would Create Disparity in Like Properties

Assessor working in municipal property tax and have always found taxpayers are less concerned with how much tax they pay and more concerned with how much tax they pay in comparison to their neighbor. HB 6521 will result in two identical brand new homes having drastically different tax liabilities disregarding fairness, uniformity, and equity.

C.A.A.O. requests that you **remove Section 9 from RSB 6521** in order to ensure a continued fair uniform distribution of the local property tax based on fair market value.

Respectfully,

Legislative Chairs

John Chaponis, CCMA II, Assessor, Town of Colchester
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