

Fixed Property Tax Assessments Under CGS § 12-65b

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Issue

Summarize [CGS § 12-65b](#), as amended by [PA 22-72](#) (effective October 1, 2022), which allows municipalities to fix real property (including air space) tax assessments for a range of development projects.

This report updates OLR Report [2015-R-0019](#). **This report has been updated by OLR Report [2024-R-0103](#).**

Summary

[CGS § 12-65b](#), as amended by [PA 22-72](#) (effective October 1, 2022), allows municipalities to fix the property tax assessment for various types of real estate development projects for up to 10 years. Specifically, it allows municipalities to fix the assessment increase resulting from improvements made (or that will be made) to real property used for specified purposes, and, in doing so, exempt the value of the improvements from property taxes.

Municipalities are authorized to provide the tax break for the following project types: office; retail; permanent multi-family residential; transient multi-family residential; manufacturing; warehouse, storage, or distribution; structured multilevel parking associated with a mass transit system; information technology;

Fixed Assessment

A fixed assessment is a type of property tax break. A property's tax assessment is the portion of its market value subject to taxation (70% in Connecticut). When the property is improved, its value increases, as does the portion subject to the tax. Fixing the assessment freezes the property's taxable value for a set period, thus allowing its owner to improve the property without paying taxes on the improvement's value.

recreation and transportation facilities; mixed-use development; and improvements to be used by or on behalf of a hospital system. The law specifies that the rehabilitation of existing structures for retail business use qualifies.

To fix the assessments as the law allows, a municipality must enter into a written agreement with the party liable for taxes on the property and have it approved by its legislative body. In municipalities where the legislative body is a town meeting, the law allows the board of selectmen, if they have been authorized by ordinance, to enter into the agreement.

The agreement may be with a party that (1) owns or proposes to acquire an interest in real property or air space in the municipality or (2) leases or proposes to lease air space in the municipality.

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