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## OLR Bill Analysis

### SB 452

#### ***AN ACT CONCERNING THE PROPERTY TAX APPEALS PROCESS AND THE PENALTY RELATED TO THE SUBMISSION OF INCOME AND EXPENSES INFORMATION FOR RENTAL PROPERTIES.***

#### **SUMMARY**

This bill makes numerous changes regarding property tax assessment appeals. The bill:

1. eliminates a board of assessment appeals' option to refuse to hear appeals regarding certain property assessed at over \$1 million;
2. requires the boards to notify taxpayers who filed assessment appeals of the date, time, and place of their scheduled hearings at least 10, rather than seven, days before;
3. for appeals concerning real property valuations, requires assessors to give the person who filed the appeal (i.e., applicant) and board specific assessment records for the property, at no charge, at least seven days before the hearing and allows these applicants to request a minimum 14-day extension if the assessor does not do so; and
4. requires the boards to consider all of the information provided by applicants and assessors at appeals hearings and include the reasons supporting their determinations in their written notices of their final determinations.

For property tax assessment appeals brought to Superior Court on or after July 1, 2024, by any taxpayer aggrieved by a board of assessment appeals decision, the bill (1) generally requires applicants and assessors to use a mutually agreed-upon mediator and (2) limits the requirement that applicants file a property appraisal to appeals concerning the valuation of real property assessed at \$7 million or more, rather than \$1

million or more.

Lastly, the bill replaces the current penalty for failing to file annual income and operating expense statements with an assessor (i.e., a 10% increase in the property's assessed value) with a flat \$500 penalty.

EFFECTIVE DATE: July 1, 2024

## **§ 1 — APPEALS TO BOARDS OF ASSESSMENT APPEALS**

### ***Appeals for Certain High-Value Properties***

Under current law, boards of assessment appeals may decline to hear appeals for commercial, industrial, utility, or apartment properties assessed at over \$1 million. The bill eliminates their ability to do so, thus requiring them to hear these appeals. It makes related conforming changes, including eliminating provisions allowing these property owners to appeal directly to the Superior Court if the board refuses to hear their appeal.

### ***Required Assessment Information From Assessors***

For appeals concerning the valuation of real property, the bill requires assessors to give applicants and boards of assessment appeals the assessment record cards for the applicable property, including the (1) cost and income valuation approaches used and (2) sales analysis for the neighborhood or relevant property type. Assessors must provide this information at no charge and at least seven days before the appeal hearing.

If assessors do not provide this information before the hearing, the bill requires that they provide it there and allows applicants to request that the hearing be rescheduled. The rescheduled hearing must be at least 14 days after the initial hearing and the board must grant the applicant's request.

Under the bill, these extensions are not considered extensions that require the municipality's chief executive officer's (CEO) or Office of Policy and Management (OPM) secretary's approval. By law, a municipality's CEO can grant a one-month extension for good cause if assessors and boards of assessment appeals need more time to complete

their work (or two months if the town completed a revaluation). The OPM secretary may also postpone revaluations if he determines that the number of pending assessment appeals in a municipality would preclude a fair and equitable consideration of them, even with the CEO-approved extension.

## **§ 2 — ASSESSMENT APPEALS BROUGHT TO SUPERIOR COURT**

### ***Mediation Requirement***

For property tax assessment appeals brought to Superior Court on or after July 1, 2024, the bill requires applicants and assessors to retain the services of a mutually agreed-upon mediator knowledgeable in tax, property valuation, or conflict resolution, unless the court waives this requirement. The parties must (1) retain the mediator's services within 120 days after the applicant files the appeal, (2) equally share the mediator's cost, and (3) notify the court in writing when the mediation ends and indicate whether they reached an agreement. Under the bill, the court may not hear the appeal application until the parties have notified the court that they did not reach an agreement.

### ***Property Appraisal Requirement***

The bill also limits the property tax assessment appeals brought to Superior Court for which applicants must file a property appraisal.

By law, taxpayers aggrieved by an appeals board's decision may appeal to Superior Court. Current law requires these appeals applicants to file a property appraisal with the court within 120 days of filing the appeal if the application concerns the valuation of real property assessed at \$1 million or more.

For applications made on or after July 1, 2024, the bill limits this requirement to appeals concerning the valuation of real property assessed at \$7 million or more and requires that applicants file the appraisal within 120 days after the mediation required under the bill ends without reaching an agreement.

As under existing law, (1) the appraisal must be completed by an individual or company licensed to perform real estate appraisals in

Connecticut and (2) the court may extend the filing deadline for good cause and dismiss the appeal if the appraisal is not timely filed.

**§ 3 — INCOME AND EXPENSE STATEMENTS FOR RENTAL PROPERTY**

By law, assessors may require rental property owners to file annual income and operating expense statements to be used in their property valuations. Under current law, property owners required to file these statements who fail to timely file or file incomplete or fraudulent statements are subject to a 10% increase in the property's assessed value for the assessment year. The bill instead sets the penalty at a flat \$500 and correspondingly eliminates the current provisions on applying, calculating, and collecting the 10% penalty.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 33    Nay 18    (04/03/2024)