January 2015 Session of the Connecticut General Assembly

Public Act No. 15-57 (Substitute Senate Bill No. 677)

AN ACT ESTABLISHING TAX INCREMENT FINANCING DISTRICTS.

Section 1 of Public Act 15-57 contains definitions related to the creation and administration of tax increment financing districts.

EFFECTIVE DATE: October 1, 2015

Section 2 of the act allows a municipality's legislative body to establish a tax increment financing district within the municipality's boundaries, in accordance with the requirements of Sections 1 to 9, inclusive, of the act. It also provides that the establishment of a tax increment financing district cannot be in conflict with the provisions of the municipality's charter, if any.

Section 2 also sets forth the powers a municipality has with respect to a tax increment financing district, including the power to enter into written agreements with a taxpayer fixing the assessment of real estate within a district. The Board of Selectmen, town council or other governing body may enter into such agreements, which may not exceed 15 years from the date of the agreement. With respect to such an agreement, the "...assessment agreed on for the real estate plus future improvements shall not be less than the assessment of the real estate as of the last regular assessment date without such future improvements." Additionally, Section 2 requires the recordation of any fixed assessment agreement on the land records and provides that it is binding upon any subsequent purchaser or encumbrancer.

EFFECTIVE DATE: October 1, 2015

Section 3 outlines requirements a municipality must meet before establishing a tax increment financing district and approving a district master plan.

One of many such requirements is that the "...original assessed value of a proposed tax increment district plus the original assessed value of all existing tax increment districts within the municipality may not exceed ten per cent of the total value of taxable property within the municipality as of October first of the year immediately preceding the establishment of the tax increment district." The exception is any tax increment financing district consisting entirely of contiguous property owned by a single taxpayer.

EFFECTIVE DATE: October 1, 2015

Section 4 requires a municipality to develop a district master plan in connection with the establishment of each tax increment financing district. It also specifies what a master plan must contain.

EFFECTIVE DATE: October 1, 2015

Subsection (a) of Section 5 allows municipalities to use all or part of new real property tax revenue they derive from a tax increment financing district to finance the district master plan. A municipality determines the amount of such revenue by designating the captured assessed value (as defined in Section 1 of the act) subject to any assessment agreements.

Subsection (b) of Section 5 requires the assessor of the municipality in which there is a tax increment financing district to certify the original assessed value of the taxable real property within the district's boundaries. Each year following the initial certification, the assessor must certify the amount of (1) the current assessed value; (2) the amount by which the current assessed value has increased or decreased from the original assessed value, subject to any assessment agreements; and (3) the amount of the captured assessed value.

EFFECTIVE DATE: October 1, 2015

Subsection (c) of Section 5 outlines requirements applicable when a municipality designates captured assessed value under subsection (a) of Section 4 of the act.

EFFECTIVE DATE: October 1, 2015

Section 6 specifies the costs that may be authorized for payment from a district master plan fund in a tax increment financing district.

EFFECTIVE DATE: October 1, 2015

Section 7 authorizes a municipality to impose a benefit assessment for public improvements within a tax increment financing district. This section also provides a municipality with the authority to collect delinquent assessments, in the same manner delinquent municipal taxes.

EFFECTIVE DATE: October 1, 2015

Section 8 authorizes the issuance of bonds to carry out or administer a district master plan or other functions pursuant to Public Act 15-57. It also specifies that a municipality may raise revenue for the payment of project costs in any other manner otherwise authorized by law.

EFFECTIVE DATE: October 1, 2015

Section 9 encourages a municipality to create an advisory board to provide guidance to the legislative body and any designated administrative entity on the planning, construction and implementation of the district master plan, as well as the maintenance and operation of the tax increment financing district after completion of the plan. Members of the advisory board would include owners or occupants of real property located in or adjacent to the tax increment financing district they serve.

EFFECTIVE DATE: October 1, 2015

Public Act No. 15-68 (Substitute House Bill No. 6942)

AN ACT VALIDATING THE ACTION OF A MUNICIPAL ASSESSOR, EXTENDING THE FILING DEADLINE FOR CERTAIN PROPERTY TAX EXEMPTIONS AND CONCERNING NOTICE REQUIREMENTS FOR ZONING APPLICANTS.

Section 1 of Public Act 15-68 validates "the grand list for the assessment year commencing October 1, 2014, as signed by the assessor of the town of Naugatuck on March 31, 2015..." and describes the powers and responsibilities of the Naugatuck Board of Assessment Appeals with respect to that grand list.

> **Note:** Since the Naugatuck Assessor signed the 2014 Grand List at the end of February of 2015, Section 1 of Public Act 15-68 has no impact.

EFFECTIVE DATE: June 19, 2015

Section 2 amends CGS §8-7d(a) to clarify that there is no need to conduct a title search or use any other additional method of identifying persons who own land adjacent to land that is the subject of a zoning hearing, for purposes of notifying them of such a hearing.

EFFECTIVE DATE: June 19, 2015

Sections 3 and 5 extend the application period for the 2014 Grand List for manufacturing machinery and equipment exemptions under CGS §12-81(72) in the towns of Durham and Windsor. These sections of the act also contain requirements concerning applications filed during the extended filing period.

> **Note:** The exemption under CGS §12-81(72) has not been in effect since the assessment year commencing October 1, 2010, when it was replaced by the exemption under CGS §12-81(76). Sections 3 and 5 of Public Act 15-68 have no impact as they extend the filing period for an exemption that is not available for the grand lists specified.

EFFECTIVE DATE: June 19, 2015

Section 4 provides a filing deadline extension for a nonprofit organization's 2013 Grand List real property exemption in the town of North Branford, pursuant to CGS §12-81(7). The nonprofit organization must file a Quadrennial Report and pay the late filing fee under CGS §12-87a not later than July 19, 2015 (i.e., not later than 30 days after the effective date of this section of the act). North Branford must reimburse the nonprofit organization for the amount of the taxes it overpaid for the 2013 Grand List once the assessor approves the exemption.

> **Note**: July 19, 2015 falls on a Sunday and Section 4 of Public Act 15-68 does not allow filing on the following business day, so the extended 2013 Grand List application period for a North Branford nonprofit organization under this act is less than 30 days in length. However, Section 2 of Public Act 15-184 allows the same extension but has a later application deadline.

EFFECTIVE DATE: June 19, 2015

Public Act No. 15-156 (Substitute House Bill No.6571)

AN ACT CONCERNING THE MUNICIPAL TAX COLLECTION STATUTES.

Signed by the Governor June 30, 2015

Section 1 of Public Act 15-156 amends CGS §12-144b by requiring a tax collector to follow written instructions from a party liable for taxes on more than one property, concerning the application of a specific tax payment. The amendment also removes "recording fees" as an item to which tax payments may apply. The statute's provision regarding payment of the oldest outstanding obligation first remains in effect.

EFFECTIVE DATE: October 1, 2015

Section 2 amends CGS §12-146. The amendment provides that a tax payment is not late if it was paid through a municipal electronic payment service within the time allowed by statute.

EFFECTIVE DATE: October 1, 2015

Section 3 amends CGS §12-146a by allowing a municipality to withhold or revoke any business license or permit the municipality or a district health department issues, if the property owner is delinquent in paying water, sewer or sanitation charges that the municipality or a water pollution control authority levies.

EFFECTIVE DATE: October 1, 2015

Section 4 amends CGS §12-155 by adding the word "warrant" to the statute governing tax sale enforcement.

EFFECTIVE DATE: October 1, 2015

Section 5 amends CGS §12-157. The amendment requires municipalities to retain any interest that accrues on excess tax sale proceeds. This section also adds "restraints on alienation" to the types of encumbrances that a tax sale may extinguish. Additionally, it clarifies provisions related to additional charges and lien priority.

EFFECTIVE DATE: October 1, 2015

Section 6 amends CGS §12-158 by revising the wording of a tax collector's deed for real estate sold in a tax sale.

EFFECTIVE DATE: October 1, 2015

Section 7 amends CGS §12-159b by providing that an action contesting the validity of a collector's deed may only be brought within one year of the date of recordation.

EFFECTIVE DATE: October 1, 2015

Public Act No. 15-184 (Substitute House Bill No.7060)

AN ACT CONCERNING THE FAILURE TO FILE FOR CERTAIN TAX EXEMPTIONS, THE EXTENSION OF CERTAIN TAX CREDITS AND DEVELOPMENT PROGRAMS, EXEMPTIONS FROM CERTAIN FINANCIAL ASSISTANCE AND ADMISSIONS TAX REQUIREMENTS, AND VALIDATIONS.

Signed by the Governor July 2, 2015

Sections 1, 3, 4, 5 and 6 of Public Act 15-184 extend the application period for certain grand lists and in specified municipalities for manufacturing machinery and equipment exemptions under CGS §12-81(72) and (76) and for commercial vehicles under CGS §12-81(74). Any taxpayer who files an exemption application on or before the extended filing period deadline of July 31, 2015 (i.e., not later than 30 days after the effective date of the extension provisions), must pay a late filing fee to the municipality in accordance with §12-81k. Those municipalities in which assessors receive and approve such exemption applications must reimburse the taxpayers for the amount of the taxes they overpaid.

The following chart delineates the applicable sections of Public Act 15-184 together with the municipalities, grand lists and exemption statutes they affect.

Sec.	Municipality	Grand List(s)	Exemption Statute(s)
1	Durham	2014	§12-81(72)
3	Windsor	2014	§12-81(72)
4	New Haven	2013 or 2014	§12-81(72)
5	New Haven	2013	§12-81(76)
6	Hartford	2014	§12-81(74)

Note: The exemption under CGS §12-81(72) has not been available since the assessment year commencing October 1, 2010. As of October 1, 2011, it was replaced by the exemption under CGS §12-81(76). The provisions of Sections 1, 3 and 4 of Public Act 15-184 are, therefore, ineffective. These sections each allow an extension of the filing period for the exemption under CGS §12-81(72) for a grand list for which that exemption is unavailable.

EFFECTIVE DATE: July 1, 2015

Section 2 of Public Act 15-184 provides a filing deadline extension for a nonprofit organization eligible for a 2013 Grand List real property exemption in the town of North Branford, pursuant to CGS §12-81(7). The nonprofit organization must file a Quadrennial Report and pay the late filing fee under CGS §12-87a, not later than July 31, 2015 (i.e., not later than 30 days after the effective date of this section of the act). North Branford must reimburse the nonprofit organization for the amount of the taxes it overpaid for the 2013 Grand List once the assessor approves the exemption.

EFFECTIVE DATE: July 1, 2015

Note: The provisions of Sections 1, 2 and 3 of Public Act 15-184 contain the same wording as in Sections 3, 5 and 6 of Public Act 15-68, but have different effective dates.

Section 7 amends CGS §12-63h by extending, to December 31, 2015, the deadline for a municipality to obtain approval of its land value taxation implementation plan from the municipality's legislative body and submit the plan to the General Assembly's Planning and Development Committee, Finance, Revenue and Bonding Committee and Commerce Committee.

Pursuant to CGS §12-63h, the Office of Policy and Management (OPM) may select up to 3 municipalities to participate in a pilot land value taxation plan, under which a participating municipality will classify taxable real estate as either land (or land exclusive of buildings) or buildings on land. A municipality that OPM chooses to participate in the program after reviewing the municipality's application will establish different mill rates for each classification, with the higher mill rate applicable to land or land exclusive of buildings.

The amendment to CGS §12-63h also prohibits OPM from selecting a municipality to participate in the pilot land value taxation program more than once.

EFFECTIVE DATE: July 2, 2015

Section 9 amends subsection (o) of Section 2 of Public Act 05-289, as amended by Section 2 of Public Act 12-144, by allowing the Steel Point Special Taxing District to continue its existence separate from the City of Bridgeport for an additional 5 years (i.e., until 2020).

EFFECTIVE DATE: July 2, 2015

Public Act No. 15-229 (Substitute House Bill No. 6943)

AN ACT DELAYING A MUNICIPAL TAX REVALUATION DEADLINE AND CONCERNING MUNICIPAL RESERVE FUNDS.

Signed by the Governor July 7, 2015

Section 1 of Public Act 15-229 provides that the town of North Stonington "shall not be required to implement a revaluation prior to the assessment year commencing on October 1, 2016." North Stonington's legislative body must approve any decision not to implement a revaluation until the October 1, 2016 assessment year.

The provisions of Section 1 also allow North Stonington's rate maker to prepare new rate bills, if necessary, due to a decision to delay revaluation. Additionally, this section specifies that the next revaluation North Stonington implements following a delay must occur "not later than five years after the assessment date on which such deferred revaluation becomes effective."

EFFECTIVE DATE: July 7, 2015

Sections 2, 3 and 4 amend CGS §7-360, §7-364 and §7-366, respectively, by allowing costs associated with a revaluation to be included in municipal budget reserve funds for capital and nonrecurring expenditures.

EFFECTIVE DATE: October 1, 2015

Public Act No. 15-244 (Substitute House Bill No. 7061)

AN ACT CONCERNING THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2017, AND MAKING APPROPRIATIONS THEREFOR, AND OTHER PROVISIONS RELATED TO REVENUE, DEFICIENCY APPROPRIATIONS AND TAX FAIRNESS AND ECONOMIC DEVELOPMENT.

Sections 183 through 205, inclusive, of Public Act 15-244 make various changes related to the state's Payment-In-Lieu of Taxes (PILOT) programs for state-owned real property and that of private colleges and general hospitals. In general, these sections replace the current programs with a new, consolidated PILOT program beginning in FY 2016-17. OPM will handle the new program's initial grant calculations in the same way as it does the calculations for the current PILOT programs, since the act maintains existing statutory payment levels for PILOT eligible real property as well as specified grant amounts for certain properties and municipalities. However, there will be new minimum annual reimbursement rates and a revised

method for determining PILOT grants when appropriations are not enough to fund the full grant amounts. Additionally, there is a hold harmless provision wherein each municipality, borough and district cannot receive a grant under the new program, that is less than the PILOT the entity received for Fiscal Year 2014-15 under CGS §12-19a and §12-20a.

Following is a summary of the changes to the PILOT programs in Public Act 15-244.

Subsection (a) of Section 183 contains definitions applicable to the new, consolidated PILOT program that replaces the current PILOT for state-owned real property and private colleges and general hospitals.

> **Note**: There are two sets of definitions describing tiers that will determine minimum reimbursement percentages used to prorate grants. The definitions in subdivisions (10), (11) and (12) encompass municipalities and districts and describe the tiers for prorating the colleges and hospitals portion of the new PILOT. As districts are not eligible for the state, municipal and tribal lands portion of the PILOT, the definitions in subdivisions (13), (14) and (15) cite municipalities only. In both instances, the definition of "municipality" includes boroughs. An explanation of the use of these tiers in determining grant amounts appears in the summary of subsection (e) Section 183.

Subsection (b) provides for the same payment levels for eligible real property under the new PILOT program as those applicable to the current PILOT programs, as the following chart shows:

State, Municipal or Tribal Property	Payment %
Correctional facility or juvenile detention center	100%
John Dempsey Hospital permanent medical ward for prisoners	100%
Mashantucket Pequot reservation land (1) designated within 1983 settlement boundary and (2) taken into trust by the federal government for the Mashantucket Pequots on or after June 8, 1999	100%
Land in any town where more than 50% of the land is state-owned	100%
Connecticut Valley Hospital	65%
Mashantucket Pequot reservation land (1) designated within the 1983 settlement boundary and (2) taken into trust by the federal government for the Mashantucket Pequots before June 8, 1999	45%
Mohegan reservation land taken into trust by the federal government	45%
Municipally owned airports	45%
All other state-owned property	45%
College and Hospital Property	Payment % or Amount
U.S. Department of Veterans Affairs Connecticut Healthcare Systems campuses	100%
Private, nonprofit colleges and universities	77%
Nonprofit general and chronic disease hospitals	77%
Certain urgent care facilities	77%
Connecticut Hospice	$100,000
U.S. Coast Guard Academy	$1,000,000
State forest land n Voluntown	$60,000

> **Note**: Although Voluntown currently receives an additional $60,000 from the appropriation for the PILOT for Private Colleges and General or Free Standing Chronic Disease Hospitals, CGS §12-19b(b) specifies that this payment is for state forest land.

Subsection (c) requires OPM to annually list municipalities based on the percentage of exempt real property on each municipality's 2012 Grand List, excluding correctional facilities and juvenile detention centers. Boroughs and districts have the same ranking as the municipality in which they are located.

Subsection (d) provides that if a proportionate reduction of the new grant is required in order to stay within the appropriation for Fiscal Year 2016-17, the percentage of the property taxes payable to each municipality for state, municipal or tribal property and to each municipality or district for college and hospital property "...shall not be lower than the percentage paid to the municipality or district for such property for the fiscal year ending June 30, 2015." This subsection also provides certain municipalities and districts with an additional grant in Fiscal Year 2016-17, payable from the Select PILOT Account that the act creates to fund a portion of the new PILOT program.

Subsection (e) establishes a new method of prorating grant payments when there is an insufficient appropriation in any fiscal year following Fiscal Year 2016-17. This new method provides varying minimum reimbursement percentages for state, municipal or tribal property and for college and hospital property, depending on rankings that OPM develops. However, only the state, municipal or tribal property that is eligible for a 45% payment is subject to this new proration method. Subsection (a) defines such property as "select state property."

OPM must determine an annual three-tiered ranking of all municipalities based on (1) a municipality's mill rate, and (2) the percentage of tax-exempt real property on the municipality's 2012 Grand List, as described in subsection (c) of Section 183.

Tier 1 includes the 10 municipalities with the highest percentages of tax-exempt real property on their 2012 Grand Lists and a mill rate of at least 25 mills. Tier 2 includes the next 25 municipalities with the highest percentages of tax-exempt real property on their 2012 Grand Lists and a mill rate of at least 25 mills. Tier 3 includes all other municipalities. For Fiscal Year 2017-18 (and for each subsequent fiscal year), the minimum reimbursement rates for these tiers are:

State, Municipal or Tribal Property	Minimum reimbursement %
Tier 1 municipalities (including boroughs)	32%
Tier 2 municipalities (including boroughs)	28%
Tier 3 municipalities (including boroughs)	24%
College and Hospital Property	**Minimum reimbursement %**
Tier 1 municipalities (including boroughs) and districts	42%
Tier 2 municipalities (including boroughs) and districts	37%
Tier 3 municipalities (including boroughs) and districts	32%

If the total of the grants payable to Tier 1, Tier 2 and Tier 3 payees exceeds the Select PILOT Account appropriation, OPM must reduce grants proportionately, but with certain caveats. The grant payable to Tier 1 entities must be 10 percentage points more than the grant payable to those in Tier 3 for colleges and hospitals and 8 percentage points more than the grant payable to those in Tier 3 for state, municipal or tribal property. The grant payable to Tier 2 entities must be 5 percentage points more than the grant payable to those in Tier 3 for colleges and hospitals and 4 percentage points more than the grant payable to those in Tier 3 for state, municipal or tribal property.

Subsection (f) provides that property located at Bradley International Airport is not included in the new PILOT program. Four municipalities receive payments for Bradley Airport property in fixed amounts, pursuant to CGS §15-120ss.

Subsection (g) provides that certain tax exempt real property owned by the John Dempsey Hospital Finance Corporation or by one or more of its subsidiary corporations is state-owned real property for purposes of the new PILOT.

Subsection (h) requires OPM to submit a report to the General Assembly's Finance, Revenue and Bonding Committee regarding the new PILOT program. The first report is due not later than July 1, 2017; annual reports are required until July 1, 2020. These reports must include any recommendations for changes in the new program's grants.

EFFECTIVE DATE: July 1, 2016

Section 184 establishes the "select payment in lieu of taxes account" within the General Fund. A portion of the state's sales and use tax will capitalize this account.

EFFECTIVE DATE: July 1, 2016

Section 185 amends CGS §12-19a, by providing that the current PILOT program for state-owned real property is in effect only until the fiscal year commencing July 1, 2016.

EFFECTIVE DATE: July 1, 2015

Section 186 amends CGS §12-20a, by providing that the current PILOT program for college and hospitals property is in effect only until the fiscal year commencing July 1, 2016.

EFFECTIVE DATE: July 1, 2015

Sections 187 through 191 and 193 through 205, inclusive, replace references to CGS §12-19a or §12-20a in various statutes with a reference to Section 183 of Public Act 15-244, due to the June 30, 2016 sunset date applicable to the current PILOT programs. These statutes include: CGS §12-19b, §12-19c, §12-20b, §12-63h, §12-64, §4b-38, §4b-39, §4b-46, §10a-90, §10a-91, §15-101dd, §22-26jj, §22-26oo, §22a-282, §23-30, §32-610, §32-666 and §12-62m.

EFFECTIVE DATE: July 1, 2016

Section 192 amends CGS §3-55j by replacing references to CGS §12-19a and §12-20a with a reference to Section 183 of this act. Additionally, the amendment provides that the portion of the new, consolidated PILOT program payable to each municipality, borough and district from the Mashantucket Pequot and Mohegan Fund in any year shall be no less it was in Fiscal Year 2014-15.

EFFECTIVE DATE: July 1, 2015

Section 206 of Public Act 15-244 establishes new requirements for taxing motor vehicles that each municipality, borough and district must follow, commencing with the October 1, 2015 assessment year. For purposes of this section of the act, "municipality" means any town, city, borough, consolidated town and city, consolidated town and borough and "district" means any district, as defined in CGS §7-324. The provisions regarding the taxation of motor vehicles in this section of the act supersede any special act, municipal charter or home rule ordinance.

Section 206 prohibits municipalities from using a mill rate greater than 32 mills to tax motor vehicles for the 2015 assessment year. For the 2016 assessment year and each assessment year thereafter, the mill rate a municipality uses to tax motor vehicles cannot exceed 29.36 mills. This section of the act also provides that any municipality or district may establish a mill rate for motor vehicles that is different from its mill rate for real property.

Additionally, Section 206 specifies that no district or borough can "...set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the municipality in which such district is located would result in a combined motor vehicle mill rate above 32 mills for the assessment year commencing October 1, 2015, or above 29.36 mills for the assessment year commencing October 1, 2016."

> **Note**: Section 206 of Public Act 15-244 prohibits municipalities and districts from using a motor vehicle mill rate in excess of 29.36 mills for all assessment years commencing on and after October 1, 2016. As the quote in the previous paragraph shows, however, the prohibition against a combined motor vehicle mill rate of greater than 29.36 mills for a municipality and district is applicable to the October 1, 2016 assessment year only. As a result, in assessment years commencing on and after October 1, 2017, the combined motor vehicle rate for a municipality and districts(s) may exceed 29.36 mills. Presumably, this is an oversight that the 2016 General Assembly Session will correct since it conflicts with both the stated intent of the new law and the bill summary prepared by the Legislative Commissioner's Office.

EFFECTIVE DATE: Effective October 1, 2015, and applicable to assessment years commencing on or after October 1, 2015

> **Note**: Section 506 of Senate Bill 1502 of the June Special Session repealed Section 207 of Public Act 15-244. See the section of this document describing the June Special Session for a summary of the amendments to CGS §4-66*l* in Senate Bill 1502 of the June Special Session.

Section 208 amends CGS §12-122. This statute currently allows a municipality with more than one taxing district to establish a city-wide mill rate for motor vehicles. The amendment prohibits the city-wide rate from exceeding 32 mills for the 2015 assessment year, or 29.36 mills for assessment years commencing on and after October 1, 2016.

EFFECTIVE DATE: Effective October 1, 2015, and applicable to assessment years commencing on or after October 1, 2015

Section 209 amends CGS §12-130, by requiring property tax bills issued for assessment years commencing on and after October 1, 2017, to include the following statement regarding the potential for a reduction in state aid to municipalities that exceed the spending cap that Section 506 of Senate Bill 1502 of the June Special Session imposes: "The state will reduce grants to your town if local spending increases by more than 2.5 per cent from the previous fiscal year."

EFFECTIVE DATE: Effective October 1, 2017, and applicable to assessment years commencing on or after October 1, 2017

Section 210 requires OPM to issue a report, on or before January 1, 2016, to certain committees of the General Assembly regarding the new, consolidated PILOT program under Section 183 of the act, and the municipal revenue sharing grant provisions in Section 506 of Senate Bill 1502 of the June Special Session. OPM must include recommendations for: "...(1) Further legislative action concerning such provisions; (2) any statutory changes that would facilitate the implementation of such provisions; (3) adjustments to the grant amounts or grant formulas set forth in such provisions; and (4) improvement and enhancement of such provisions."

> **Note**: There is also a report requirement concerning the new, consolidated PILOT program in subsection (h) of Section 183 of the act.

EFFECTIVE DATE: June 30, 2015

In general, Sections 211 through 215, inclusive, allow Councils of Government (COGs) to establish a property tax base revenue sharing program under which their member municipalities (1) tax commercial and industrial property at a composite mill rate, based in part on the average mill rate in their planning regions, and (2) share up to 20% of the property tax revenue generated by the growth in their commercial and industrial property tax bases since the 2013 assessment year (i.e., the base year).

Section 211 contains definitions applicable to the property tax base revenue sharing program that COGs may establish, pursuant to Section 212 of the act. Some of these definitions include formulas to determine a region's composite mill rate for commercial and industrial property and a municipality's contribution to the regional tax base.

EFFECTIVE DATE: Effective October 1, 2015, and applicable to assessment years commencing on or after October 1, 2015

Section 212 authorizes an optional regional property tax base revenue sharing program which a COG may establish as early as the 2015 assessment year, upon a unanimous vote of its member municipalities. Tax collectors of participating municipalities will remit their municipality's contribution to the area-wide tax base, on an annual basis, to the administrative auditor chosen under Section 214 of the act. Section 212 also requires the administrative auditor to distribute such revenue in accordance with Section 215 of the act.

EFFECTIVE DATE: Effective October 1, 2015, and applicable to assessment years commencing on or after October 1, 2015

Section 213 requires municipalities participating in the regional property tax base revenue sharing program to use the municipality's municipal commercial industrial mill rate for purposes of taxing commercial and industrial property. If, however, there is no increase from the base year the municipality may use its mill rate to tax such property. These provisions supersede any provision of any general statute, public act or special act.

EFFECTIVE DATE: Effective October 1, 2015, and applicable to assessment years commencing on or after October 1, 2015

Subsection (a) of Section 214 requires the COG for each planning region participating in the regional property tax base revenue sharing program to choose an administrative auditor to serve for two-year period. This subsection also requires

OPM to appoint an administrative auditor if a majority of the COG members is unable to agree upon a person to serve in that capacity.

Subsection (b) authorizes the administrative auditor to utilize the staff and facilities of the planning region and provides for member municipalities to pay for marginal expenses incurred by its staff. This section also requires the administrative auditor to certify the amount of total expenses and each municipality's share on an annual basis.

EFFECTIVE DATE: Effective October 1, 2015

Section 215 requires the administrative auditor of each planning region participating in the regional property tax base revenue sharing program, to annually distribute the moneys remitted pursuant to section 212 of the act to each municipality. The amount of a municipality's share will "...bear the same proportion as such municipality's municipal distribution index bears to the total of all municipal distribution indices within such planning region." Municipalities may use such revenue for the same purposes for which they use real property tax proceeds.

EFFECTIVE DATE: Effective October 1, 2015, and applicable to assessment years commencing on or after October 1, 2015

Special Act No. 15-16 (House Bill No. 7061)

AN ACT ESTABLISHING THE CEDAR HILLS INFRASTRUCTURE IMPROVEMENT DISTRICT WITHIN THE TOWN OF NORTH HAVEN.

Signed by the Governor July 2, 2015

Section 1 of Special Act 15-16 allows for the creation of the Cedar Hills Infrastructure Improvement District in North Haven within the boundaries the act describes. It also forth the district's powers, which include the power to levy property taxes. The act also provides that any property the Cedar Hills Infrastructure Improvement District may own is tax exempt.

Following the creation of the Cedar Hills Infrastructure Improvement District, the Assessor of North Haven must annually prepare and provide a separate grand list to the district, pursuant to CGS §7-328.

EFFECTIVE DATE: July 1, 2015

June Special Session of the Connecticut General Assembly

Substitute Senate Bill No. 1502

AN ACT IMPLEMENTING PROVISIONS OF THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2017 CONCERNING GENERAL GOVERNMENT, EDUCATION AND HEALTH AND HUMAN SERVICES.

June 30, 2015

> **Note:** Senate Amendment C (LCO No. 9746) added and deleted various sections of Senate Bill 1502 of the June Special Session. The final public act will reflect the renumbering of sections to reflect these additions and deletions. As a result, certain section numbers in the public act will differ from those cited in this summary.

Section 1 of Senate Bill 1502 establishes the Connecticut Port Authority, which is a quasi-public agency, as of July 1, 2015. Pursuant to CGS §32-435 (which this bill repeals), the Connecticut Port Authority was to be effective October 1, 2015.

EFFECTIVE DATE: July 1, 2015

Section 7 provides that property of the Connecticut Port Authority is exempt from any taxes or assessments. It also specifies that on and before June 30, 2018, property and facilities the Connecticut Port Authority owns are deemed to be state-owned real property for purposes of CGS §12-19a and §12-19b. This section of the bill also requires the state to issue grants in lieu of taxes to municipalities with respect to such property and facilities, under CGS §12-19a and §12-19b.

> **Note:** Pursuant to Section 185 of Public Act 15-244, CGS §12-19a and §12-19b are in effect only until the fiscal year ending June 30, 2017. However, Section 7 of this bill requires OPM to provide a PILOT under said sections to municipalities in which Connecticut Port Authority property is located "...on and before June 30, 2018."

EFFECTIVE DATE: July 1, 2016

Section 47 amends CGS §12-158(a), as amended by Section 6 of Public Act 15-156. The amendment removes the words "or the state" from the language a tax collector must include in a deed for a property sold at a tax sale.

EFFECTIVE DATE: October 1, 2015

Section 104 amends CGS §12-81(57) by adding a new subparagraph (F). The amendment provides that a municipality's legislative body may vote to abate up to 100% of the property taxes due for any tax year with respect to a Class I renewable energy source, as defined in CGS §16-1, that is the subject of a power purchase agreement the Public Utilities Regulatory Authority approves pursuant to CGS §16a-3f. If the legislative body is a town meeting, the town's board of selectmen may vote to approve any such abatement. A municipality cannot grant this abatement for longer than the term of the power purchase agreement.

EFFECTIVE DATE: June 30, 2015

Section 106 allows a municipality's legislative body to abate up to 100% of the personal property taxes due for any tax year with respect to personal property of a gas company, as defined in CGS §16-1, in order to facilitate the expansion of natural gas projects. If the legislative body is a town meeting, the town's board of selectmen may vote to approve any such abatement. The term of this abatement cannot exceed 25 years.

EFFECTIVE DATE: Effective July 1, 2015, and applicable to assessment years commencing on or after October 1, 2015

Section 110 amends CGS §4-66/(b)(5), as amended by Section 207 of Public Act 15-244, by removing the requirement that regional service grant payments to COGs will be calculated on a per capita basis.

EFFECTIVE DATE: October 1, 2015

Section 111 amends CGS §4-66*l*(e), as amended by Section 207 of Public Act 15-244. Pursuant to the amendment, OPM will determine the formula for calculating the regional service grants that COGs will receive beginning in Fiscal Year 2017-18.

Note: Section 506 of Senate Bill 1502 of the Special Session also amends CGS §4-66*l*. Since the amendment to CGS §4-66*l*(e) in Section 111 of the bill does not conflict with those in Section 506, both sections are effective.

EFFECTIVE DATE: October 1, 2015

Section 241 provides for the taxation of property that certain nonprofit medical facilities acquire on or after October 1, 2015. This includes real property that was taxable at the time of its acquisition by: (1) a medical foundation formed under CGS Chapter 594b, or (2) a health system, as defined in CGS §19a-508c. It also includes any personal property used to render health care services at such real property.

A medical foundation is a nonprofit entity organized by a hospital, health system, or medical school to practice medicine and provide health care services. A health system is a parent corporation of one or more hospitals and any entity affiliated with that corporation (through ownership, governance, membership, or other means) or a hospital and any affiliated entity.

There is an exception regarding the taxability of property acquisitions for a medical foundation's or health system's campus. Property (both real and personal) is exempt if it is located in the physical area immediately adjacent to a hospital's main buildings, other areas and structures located within 250 yards of the main buildings even if they are not strictly contiguous, and any other area the Centers for Medicare and Medicaid Services determines to be a part of the campus.

The provisions in Section 241 of Senate Bill 1502 of the June Special Session supersede any statute or special act that exempts real or personal property held by or on behalf of a medical foundation or health system.

EFFECTIVE DATE: June 30, 2015, and applicable to assessment years commencing on or after October 1, 2015

Section 242 validates each assessor's treatment of property held by or in trust for a medical foundation formed under CGS Chapter 594b or a health system, as defined in CGS §19a-508c, on the October 1, 2014 Grand List or on any earlier grand list. This provision is applicable regardless of whether the assessor exempted or taxed such property for an assessment year commencing on or before October 1, 2014.

Section 242 also requires the municipality in which such property is located to continue to treat it in the same manner - as either taxable or exempt - in all tax years subsequent to that for the October 1, 2014 Grand List (i.e., Fiscal Year 2015-16).

EFFECTIVE DATE: June 30, 2015

Section 243 amends CGS §12-65b(b). The amendment extends the fixed assessment provisions of subsection (a) of the statute to improvements for use by or on behalf of a health system, as defined in CGS §19a-508c.

EFFECTIVE DATE: June 30, 2015

Section 244 provides for the taxation of residential real property (other than a dormitory) held by or on behalf of a private nonprofit institution of higher learning, as defined in CGS §12-20a.

For purposes of this section of the bill "residential real property" is any house or building, or portion thereof, rented, leased or hired out to be occupied as a home or residence for one or more students." The definition of "dormitory" is a building that a private nonprofit institution of higher learning maintains for student housing that has living or sleeping facilities consisting of 20 or more beds.

The provisions in Section 244 supersede any statute or special act that exempts real or personal property held by or on behalf of a private nonprofit institution of higher learning, except for college property owned by the educational institutions that CGS §12-81(8) describes. These institutions are: the Connecticut College for Women; the Hartford Seminary Foundation; Trinity College; Wesleyan University; Yale College; Berkeley Divinity School (which is part of Yale) and

the Sheffield Scientific School (which is also part of Yale). Residential real property belonging to these seven educational institutions maintains its tax exempt status.

EFFECTIVE DATE: June 30, 2015, and applicable to assessment years commencing on or after October 1, 2015

Section 415 amends CGS §12-81(59) to allow a manufacturer that missed a filing deadline in Ansonia (the only municipality in New Haven County that meets the amendment's population criteria) to receive the Distressed Municipality real property exemption. A company claiming the exemption must have an eligibility certificate issued on or after October 1, 2009.

> **Note:** Unlike other exemption extension provisions enacted recently, the amendment to CGS §12-81(59) does not limit the extension to a specific grand list(s). In fact, the extension provision could cover the entire five-year exemption term for every manufacturer in Ansonia with an eligibility certificate issued on or after October 1, 2009, including certificates issued in future years.

EFFECTIVE DATE: June 30, 2015

Section 506 amends CGS §4-66*l* and repeals the provisions of Section 207 of Public Act 15-244.

The amendments to subsections (a) and (b) of CGS §4-66*l* in Section 506 of the bill contain definitions and a schedule for distributing sales tax revenue directed to the Municipal Revenue Financing Account (MRSA) that OPM must then transfer or disburse for various purposes. Beginning in Fiscal Year 2016-17, these purposes include grants payable from the Select PILOT Account, motor vehicle property tax grants to municipalities, municipal revenue sharing grants and regional services grants to COGs. The amendment to subsection (b) of CGS §4-66*l* also eliminates manufacturing transition grants and the current process for distributing any remaining funds according to a specified municipal revenue sharing formula.

Pursuant to subsection (c) of CGS §4-66*l*, as amended by Section 506, OPM must distribute motor vehicle property tax grants to municipalities, to mitigate their revenue loss and the revenue loss of any districts located within their boundaries, due to the motor vehicle cap provisions of Section 206 of Public Act 15-244. Grants are payable to municipalities "...that impose mill rates greater than 32 mills on motor vehicles or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 32 mills on motor vehicles." The Fiscal Year 2016-17 grant is equal to the difference between the amount of property taxes a municipality and district(s) levied on motor vehicles for the 2013 assessment year and the amount of the levy for that year at 32 mills. In fiscal years commencing on and after July 1, 2017, the grant is equal such difference, based on 29.36 mills. A municipality must pay a district(s) the amount of a grant attributable to the district's motor vehicle tax loss, not later than 15 calendar days after receiving the grant.

> **Note:** CGS §4-66*l*(c), as amended, provides grants to municipalities that use motor vehicle mill rates greater than either 32 mills or 29.36 mills, depending on the fiscal year of grant payments. However, Section 206 of Public Act 15-244 prohibits municipalities and districts from using a mill rate (or a combined mill rate) that is greater than 32 mills to tax motor vehicles for the 2015 assessment year or greater than 29.36 mills beginning with the 2016 assessment year. As a result, it does not appear that OPM can issue grants under CGS §4-66*l*(c), as amended by Section 506 of Senate Bill 1502 of the June Special Session, except to a municipality that violates the law by exceeding the motor vehicle mill rate cap. Presumably, the 2016 General Assembly Session will clarify these conflicting provisions.

Pursuant to the amendments to subsection (d) of CGS §4-66*l* in Section 506 of the bill, OPM will pay municipal revenue sharing grants in specified amounts in Fiscal Years 2016-17 and 2017-18. Beginning in Fiscal Year 2018-19, OPM will use any remaining MRSA funds to provide municipal revenue sharing grants to municipalities, according to a statutory formula.

Amendments to subsection (e) of CGS §4-66*l* in Section 506 describe regional service grant payments to COGs. Each COG must use these grants for planning purposes and to achieve efficiencies in delivering municipal services on a regional basis. While this may include consolidating services, such efficiencies cannot diminish service quality. A COG's members must unanimously approve any regional service grant expenditure.

In Fiscal Year 2016-17, each COG will receive a grant. Beginning in Fiscal Year 2017-18, a COG must submit a spending plan that OPM's approves in order to receive a grant. Pursuant to the amendment to CGS §4-66*l*(e) in Section 111 of Senate Bill 1502, OPM determines the amount of the grant each COG receives.

Subsection (f) of CGS §4-66*l*, as amended by Section 506, describes the calculation of municipal revenue sharing grants to municipalities, for fiscal years commencing on and after July 1, 2018. A municipality with a mill rate equal to or above 25 mills receives the greater of a per capita distribution or pro rata distribution; a municipality with a mill rate of less than 25 mills receives a per capita distribution or pro rata distribution, whichever is less. Subsection (f) of CGS §4-66*l*, as amended, also caps the amount of payments to Hartford, New Haven, Bridgeport and Stamford at specified percentages and requires a redistribution of any remaining funds.

Amendments to subsection (g) of CGS §4-66*l* in Section 506 of the bill allow a municipality to disburse any municipal revenue sharing grant funds to a district within its boundaries, except as provided in CGS §4-66*l* (c), as amended.

Pursuant to the amendment to CGS §4-66*l*(h) in Section 506, OPM must reduce a municipality's municipal revenue sharing grant in fiscal years commencing on and after July 1, 2017, if the municipality increases its general budget expenditures (with certain exclusions) by the greater of 2.5 per cent or more above either the amount of general budget expenditures for the previous fiscal year, or the rate of inflation.

For purposes of CGS §4-66*l*(h), as amended, municipal spending does not include: "...expenditures for debt service, special education, implementation of court orders or arbitration awards, expenditures associated with a major disaster or emergency declaration by the President of the United States or a disaster emergency declaration issued by the Governor pursuant to chapter 517 or any disbursement made to a district pursuant to subsection (c) or (g) of this section."

The grant reduction will equal fifty cents for every dollar the municipality expends over the spending cap. Each municipality must annually certify to OPM whether the municipality has exceeded the cap and, if so, the amount by which the cap was exceeded.

EFFECTIVE DATE: October 1, 2015

Section 602 of Senate Amendment C (LCO No. 9746) to the bill extends the application period for the 2014 Grand List for manufacturing machinery and equipment exemptions under CGS §12-81(72) in the town of Milford. It also contains requirements concerning applications filed during the extended filing period, which ends July 31, 2015.

> **Note:** The exemption under CGS §12-81(72) has not been in effect since the assessment year commencing October 1, 2010. It was replaced by the exemption under CGS §12-81(76) beginning with the 2011 assessment year. Since the filing extension provided in Section 602 of Senate Amendment C to Senate Bill 5102 of the June Special Session is for an exemption that is not available for the 2014 Grand List, this section of the bill has no impact.

EFFECTIVE DATE: July 1, 2015