



# STATE OF CONNECTICUT

## OFFICE OF POLICY AND MANAGEMENT

December 15, 2020

The Honorable John W. Fonfara  
The Honorable Sean Scanlon  
Co-Chairpersons, Finance, Revenue and Bonding Committee  
Legislative Office Building  
Room 3700  
Hartford CT 06106

RE: 2020 Legislative Report

Dear Senator Fonfara and Representative Scanlon:

The enclosed annual report is respectfully submitted pursuant to Connecticut General Statutes §12-63i (Public Act 14-174 Section 1(c)).

Since the inception on July 1, 2014, there has been no interest on the part of municipalities to participate. The Office of Policy and Management recommends adding a sunset date of July 1, 2021 or repealing the legislation.

If you have any questions, please contact Acting Undersecretary Martin L. Heft at 860.418.6355 or via e-mail at [Martin.Heft@ct.gov](mailto:Martin.Heft@ct.gov).

Very truly yours,

A handwritten signature in blue ink that reads "Melissa N. McCaw".

Melissa N. McCaw  
Secretary

C: Martin L. Heft, OPM, Acting Undersecretary, Intergovernmental  
Garey E. Coleman, Clerk of the Senate, State Capitol, Room 305  
Frederick Jortner, Clerk of the House, State Capitol, Room 209  
Jennifer Bernier, Office of Legislative Research, Suite 5300, Legislative Office Bldg.  
Diane Pizzo, Collection Mgmt. Unit, CT State Library, 231 Capitol Avenue

**Annual Report - 2020**  
**Connecticut General Statutes § 12-63i**  
**(Public Act 14-174 and PA 16-3 Sec. 31 May SS)**  
**Pilot Program for Alternative Method of Assessment for Commercial Properties**

Applicable to assessment years commencing on or after October 1, 2014, CGS §12-63i provides for a municipal ordinance for the assessment of property used for commercial businesses. The legislation allows a municipality to offer businesses an alternative assessment method based on a business's net profits instead of a property's assessed value. CGS §12-63i also requires the Secretary of the Office of Policy and Management to "establish a pilot program for not more than five municipalities of varying sizes and in different regions of the state to allow for the assessment of a commercial property based on the net profits of the business or businesses occupying such property." CGS §12-63i capped the number of commercial properties participating in the program to three. Public Act 16-3 Sec. 31 amended CGS §12-63i by removing the language "not more than three" commercial properties. Public Act 16-3 allows participating municipalities to assess all commercial properties using the alternative method of assessment if the owners and their tenants agree.

1. The Office of Policy and Management notified each chief executive officer, municipal assessor, the Connecticut Association of Assessing Officers, the Connecticut Economic Development Association and the Connecticut Tax Collector's Association Inc. during November 2014 of this local option property tax relief program. Additional information and the Application for Local Option Property Tax Relief for Commercial Businesses is located at <http://ct.gov/opm/cwp/view.asp?a=2985&q=557114>.
2. An Application was developed for use by municipalities wishing to be considered for this pilot program. The Application requires interested municipalities to answer the following:
  - Describe the town's understanding of the policy objectives of this local option pilot program for commercial businesses based on profit-based tax assessments.
  - Describe the specific results their municipality hopes to obtain by implementing this pilot program.
  - What method will be used to determine the tax rate for commercial properties?
  - How will the municipality determine if the system of taxation generates the desired results and how will desired results be measured?
  - What criteria will be used to choose the commercial properties participating in this program?

- How will the choice of commercial property spur economic growth at the local level or develop the commercial tax base?
3. During 2020, no municipalities inquired about this program and no applications have been received by this Agency.
  4. Since the inception on July 1, 2014, there has been no interest on the part of municipalities to participate. The Office of Policy and Management recommends adding a sunset date of July 1, 2021 or repealing the legislation.



**APPLICATION FOR LOCAL OPTION PROPERTY TAX RELIEF FOR  
COMMERCIAL BUSINESSES**

**Public Act 16-3 Section 31 May 2016 Special Session (CGS §12-63i)**

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**Name of City/Town**

**Complete this application and return to:**

**Office of Policy and Management, Martin L. Heft, Acting Undersecretary, Intergovernmental  
Policy and Planning Division, 450 Capitol Avenue MS# 54-SLP, Hartford, CT 06106-1379.**

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1. Describe the City/Town's understanding of the policy objective of the local option PILOT program for commercial businesses based on profit-based tax assessments for which Public Act 16-3 Section 31 provides.
2. Describe specific results that your municipality hopes to obtain by implementing this pilot program for commercial businesses.
3. Provide a description of "how the rate of assessment for eligible properties will be determined based upon net profits or anticipated net profits". What method would be used to determine the tax rate for the commercial properties? (This rate must be agreed upon by the municipality, the affected property owner, and the property's commercial occupants.)
4. Describe how your municipality will determine if this system of taxation generates the desired results and how will the desired results be measured.

5. How would the passage of this municipal option encourage local economic development in your municipality? Would selected properties be subsidized by other businesses and residents? How would passage of this municipal option impact your municipality's mill rate?
  
6. What criteria would your municipality use to choose the commercial properties participating in this pilot program? How would the choice of commercial property spur economic growth at the local level or develop the commercial tax base?
  
7. How will your municipality phase-out such assessment method and return individual properties to the normal assessment method required by Chapter 203 of the Connecticut General Statutes?

I herein certify that the (name of city/town) City/Town Council has reviewed and approved the application which will allow for the municipality's selection for the \_\_\_\_\_ program that Public Act 16-3 Section 31 authorizes. By resolution adopted on \_\_\_\_\_, (copy attached), the (name of city/town) City/Town Council voted to approve this application and to authorize \_\_\_\_\_ to execute any documents required as part of this process.

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Chief Elected Official/Town Manager

Date