

Phase-In Revaluation Overview

[Section 12-62c of the Connecticut General Statutes](#) permits a municipality, by local option, to phase-in all, or a portion, of real property assessments increases resulting from a revaluation over a period of up to five (5) years.

[Section 12-62c\(b\)](#) provides three methods of phasing in assessment increases that result from revaluation; 1) based on assessment increase, 2) based on assessment ratio percentage or 3) based on assessment ratio for different classes of property.

Allows a municipality to establish a factor which cannot be less than 25% prior to October 1, 2023 Grand List, and cannot be less than 20% on or after October 1, 2024 Grand List, and is applicable to all parcels of real property, the assessment of which increases due to revaluation, regardless of property class. The application of the factor can determine whether an assessment increase is fully taxable, beginning with the revaluation year, or is subject to phase-in. A municipality can also use the factor to determine the portion of each property's assessment increase that is fully taxable immediately and the portion that is subject to phase-in.

During a phase-in, there are incremental increases to a pre-revaluation assessment or incremental increases to a pre-revaluation rate of assessment. In either instance, a real property assessment represents less than 70% of the property's revalued fair market value for each year of a phase-in term.

The phase-in of assessed values commences with the year in which the revaluation becomes effective and continues for a certain number of years as approved by the legislative body of the municipality, not exceeding five years, including the assessment year for which the revaluation is effective.

Not later than thirty business days after the date a municipalities legislative body votes to phase in real property assessment increases resulting from such revaluation, or votes to discontinue such a phase-in, the chief executive officer of the municipality shall notify the Secretary of the Office of Policy and Management, in writing, of the action taken. Any chief executive officer failing to submit a notification to said secretary as required by this subsection, shall forfeit one hundred dollars to the state for each such failure. Notice should be sent to the Office of Policy and Management, IGPP Division, 450 Capitol Avenue, MS #54SLP, Hartford CT 06106 outlining the phase in schedule and associated factors.

Potential Municipal Impacts

This list should not be considered inclusive as there may be other impacts to municipalities.

- **Decreases in Assessment** - [CGS Section 12-62c](#) does not permit a municipality to phase in all or part of the decreases in real property assessments.
- **New Construction** - The assessment of any new construction that first becomes subject to taxation during an assessment year encompassed within the term of a phase-in shall be determined in the same manner as the assessment of all other comparable real property pursuant to [CGS Section 12-62c\(3\)\(c\)](#).
- **Sales Data to Office of Policy and Management (OPM)** - Sale/Assessment Ratio data must be supplied to OPM in the year after a revaluation pursuant to [CGS Section 10-261b](#). The assessment data to be supplied must be reported by the phased-in assessment amount.
- **Equalized Net Grand List (ENGL)** - Pursuant to [CGS Section 10-261a \(b\)](#), the Secretary of the Office of Policy and Management must annually submit the equalized net grand list for each town to the State Board of Education and the Commissioner of Education. The purpose of the submission is to assist in the computation of a grant payable under the provisions of section 10-262i. Those provisions require that each town be paid a grant equal to the amount the town is entitled to receive according to section 10-262h. Section 10-262h provides the process to be followed when calculating equalization aid grants, including the variables to be used among which are town wealth, adjusted equalized net grand list, and equalized net grand list. The definition of each variable is provided in section 10-262f. These definitions are to be used whenever they appear in any of the provisions of sections 10-262h through 10-262j inclusive. For example, "Adjusted equalized net grand list means the equalized net grand list of a town multiplied by its income adjustment factor." Section 10-262f defines the equalized net grand list (ENGL) "for purposes of calculating the amount of grant to which any town is entitled in accordance with section 10-262h, as the average of the net grand lists of the town upon which taxes were levied for the general expenses of the town... provided such net grand lists are equalized in accordance with section 10-261a."

- **Education Cost Sharing (ECS)** – Once a legislative body has elected to phase-in real property assessment increases and is levying a tax based on those phased-in assessments, the equalized net grand list as calculated by the Office of Policy and Management, must reflect those phased in assessments pursuant to [CGS Section 10-262f](#). This will affect the Education Cost Sharing (ECS) formula.
- **Tiered Payment in Lieu of Taxes (PILOT)** – Pursuant to [CGS Section 12-62m](#), any real property eligible for reimbursement of a property tax or portion thereof in a municipality that elects to phase in a revaluation shall reflect the gradual increase in assessment applicable to comparable taxable real property for the same assessment year. This will affect the PILOT formula calculations.
- **Distressed Municipalities Reimbursement** – Pursuant to [CGS Section 32-9s](#), the State reimburses municipalities annually for the portion of exempt property that is claimed on certified properties approved through the Department of Economic and Community Development. During a phase-in, real property assessments will change annually, and therefore the claim, and subsequent reimbursement amounts, will gradually increase over the five years of the revaluation until the full phase-in is completed.
- **Increase to Veteran Exemption Amounts** – Pursuant to [CGS Section 12-62g](#), any increase to the amount of exemption granted to certain eligible veterans is determined based on the net taxable grand list in the year of revaluation. Any increase to the exemption amount shall be based on a multiplier determined by dividing the net taxable grand list in the year of revaluation by the net taxable grand list of the year prior to revaluation. Implementing a revaluation using phased-in assessments would decrease the net taxable grand list in the year of revaluation, thereby lowering the multiplier used to determine any increase in the amount of exemption granted to veterans. This, in turn, would increase the possibility that a town's veterans could be denied an increased exemption that they may have been eligible for if there was not a phase-in.
- **Additional Veterans Program** – Pursuant to [CGS Section 12-81g](#), the State reimburses municipalities annually for the amount of tax revenue lost due to certain exemptions granted to eligible veterans. The exemption amount will not be affected by phase-in.