



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT
Intergovernmental Policy and Planning Division

Phase-In Revaluation Overview

Phase-In Revaluation allows a town, 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 years.

Allows a town to establish a factor (which cannot be less than 25%) 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 town 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 town, not exceeding five years, including the assessment year for which the revaluation is effective.

[CGS 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.

Sec. 12-62c. Municipal option to phase in assessment increases resulting from revaluation of real property.

(a)(1) A town implementing a revaluation of all real property may phase in a real property assessment increase, or a portion of such increase resulting from such revaluation, by requiring the assessor to gradually increase the assessment or the rate of assessment applicable to such property in the assessment year preceding that in which the revaluation is implemented, in accordance with one of the methods set forth in subsection (b) of this section. The legislative body of the town shall approve the decision to provide for such phase-in, the method by which it is accomplished and its term, provided the number of assessment years over which such gradual increases are reflected shall not exceed five assessment years, including the assessment year for which the revaluation is effective. If a town chooses to phase in a portion of the increase in the assessment of each parcel of real property resulting from said revaluation, said legislative body

shall establish a factor, which shall be not less than twenty-five per cent, and shall apply such factor to such increases for all parcels of real property, regardless of property classification. A town choosing to phase in a portion of assessment increase shall multiply such factor by the total assessment increase for each such parcel to determine the amount of such increase that shall not be subject to the phase-in. The assessment increase for each parcel that shall be subject to the gradual increases in amounts or rates of assessment, as provided in subsection (b) of this section, shall be (A) the difference between the result of said multiplication and the total assessment increase for any such parcel, or (B) the result derived when such factor is subtracted from the actual percentage by which the assessment of each such parcel increased as a result of such revaluation, over the assessment of such parcel in the preceding assessment year and said result is multiplied by such parcel's total assessment increase.

(2) The legislative body may approve the discontinuance of a phase-in of real property assessment increases resulting from the implementation of a revaluation, at any time prior to the completion of the phase-in term originally approved, provided such approval shall be made on or before the assessment date that is the commencement of the assessment year in which such discontinuance is effective. In the assessment year following the completion or discontinuance of the phase-in, assessments shall reflect the valuation of real property established for such revaluation, subject to additions for new construction and reductions for demolitions occurring subsequent to the date of revaluation and on or prior to the date of its completion or discontinuance, and the rate of assessment applicable in such year, as required by section 12-62a.

(b) A town shall use one of the following methods to determine the phase-in of real property assessment increases or the phase-in of a portion of such increases resulting from the implementation of a revaluation:

(1) The assessment of each parcel of real property for the assessment year preceding that in which such revaluation is effective shall be subtracted from the assessment of each such parcel in the effective year of said revaluation, and the annual amount of incremental assessment increase for each such parcel shall be the total of such subtraction divided by the number of years of the phase-in term, provided if a town chooses to phase in a portion of the assessment increase for each real property parcel, the amount of such increase that is not subject to the phase-in shall not be reflected in said calculation; or

(2) The ratio of the total assessed value of all taxable real property for the assessment year preceding that in which a revaluation is effective and the total fair market value of such property as determined from records of actual sales in said year, shall be subtracted from the rate of assessment set forth in section 12-62a, and the annual incremental rate of assessment increase applicable to all parcels of real property shall be the result of such subtraction divided by the number of years of the phase-in term. Prior to determining such annual incremental rate of assessment increase, a town that chooses to phase in a portion of the assessment increase for

each real property parcel shall multiply the result of said subtraction by the factor established in accordance with subsection (a) of this section, to determine the rate of assessment that shall not be subject to such phase-in; or

(3) The ratio of the total assessed value of all taxable real property in each of the following property classes for the assessment year preceding that in which a revaluation is effective and the total fair market value of such property in each class as determined from records of actual sales in said year, shall be subtracted from the rate of assessment set forth in section 12-62a, and the annual incremental rate of assessment increase applicable to all parcels of real property in each such class shall be the result of such subtraction divided by the number of years of the phase-in term, where such property classes are: (A) Residential property; (B) commercial property, including apartments containing five or more dwelling units, industrial property and public utility property; and (C) vacant land. In the event the assessor determines that there are no records of actual sales of real property in any such property class in said year or that the number of such actual sales is insufficient for purposes of determining a rate of increase under this subdivision, the annual incremental rate of assessment increase determined under subdivision (2) of this subsection shall be used for said property class.

(c) The assessment of any new construction that first becomes subject to taxation pursuant to subdivision (1) of subsection (a) of section 12-53a 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 in said assessment year, such that the total of incremental increases applicable to such other comparable real property are reflected in the assessment of such new construction prior to the proration of such assessment pursuant to section 12-53a.

(d) Not later than thirty business days after the date a town's 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 town 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.

Potential Municipal Impacts

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

- ***Decreases in Assessment*** - [Public Act 13-204](#) (codified in [CGS Section 12-62c](#)) eliminated a municipality's authority 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."

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.

Sec. 10-261a. Equalized net grand lists for purposes of educational equalization grants.

(a) The Secretary of the Office of Policy and Management, shall, on the basis of data provided by each town in the state in accordance with section 10-261b, determine annually for each town the ratio of the assessed valuation of real property for purposes of the property tax and the fair market value of such property as determined from records of actual sales of such property and from such other data and statistical techniques as deemed appropriate by the secretary. With respect to the assessment year in any town in which a revaluation required under section 12-62 becomes effective, the real estate ratio used for the purposes of this section shall be the assessment rate under the provisions of subsection (b) of section 12-62a adjusted for any phase-in pursuant to section 12-62c. Said ratio as determined with respect to any town shall be used by the secretary to compute the equalized net grand list for such town for purposes of any grant that may be payable to such town under the provisions of section 10-262i, provided the sales assessment ratio used to compute the equalized net grand list of each town shall be calculated using uniform procedures for all towns. The equalized net grand list in such town shall consist the assessed value of all real property on the net grand list divided by said ratio, plus the assessed value of all personal property on such net grand list divided by the assessment ratio in current use in such town.

(b) The Secretary of the Office of Policy and Management shall, annually, no later than the first day of August submit the equalized net grand list for each town to the State Board of Education and the Commissioner of Education for purposes of computing the amount of grant payable to any town under the provisions of said section 10-262i.

(c) The Secretary of the Office of Policy and Management shall, annually, no later than the first day of May mail to the chief executive officer and the assessor in each town notification concerning the equalized net grand list computed with respect to such town. Within fifteen days following receipt of such notification, any town may appeal to the secretary for a hearing concerning such equalized net grand list, provided such appeal shall be in writing and include a statement as to the reasons for such appeal. The secretary shall, within fifteen days following receipt of such appeal, grant or deny such hearing by notification in writing, including in the event of denial, a statement as to the reasons for such denial. If any town is aggrieved by the action of the secretary following such hearing or in denying any such hearing, such town may, within thirty days, appeal to the superior court for the judicial district in which such town is located. Such appeal shall be a preferred case, to be heard, unless cause appears to the contrary, at the first session, by the court. Upon all such appeals which are denied, costs may be taxed against the town at the discretion of the court, but no costs shall be taxed against the state.

(d) The Secretary of the Office of Policy and Management is authorized to adopt regulations concerning the determinations and procedures required by this section, provided prior to such adoption a copy shall be sent to the chief executive officer and the assessor in each town and the secretary shall allow a reasonable period of time

following such notification for any town to request a hearing concerning such proposed regulations or to submit recommendations.

- ***State Owned, College & Hospital and Tiered 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.

Sec. 12-62m. Reports of assessed valuation of property in towns phasing in revaluation. (a) If real property eligible for a grant or for reimbursement of a property tax or a portion thereof under the provisions of section 12-18b, 12-20b or 12-129p, or any other provision of the general statutes, is located in a town that (1) elected to phase in assessment increases pursuant to section 12-62a of the general statutes, revision of 1958, revised to January 1, 2005, with respect to a revaluation effective on or before October 1, 2005, or (2) elects to phase in assessment increases pursuant to section 12-62c with respect to a revaluation effective on or after October 1, 2006, the assessed valuation of said property as reported to the Secretary of the Office of Policy and Management shall reflect the gradual increase in assessment applicable to comparable taxable real property for the same assessment year.

(b) If the legislative body of a town elects to phase in real property assessment increases with respect to a revaluation effective on or after October 1, 2006, pursuant to section 12-62c, or pursuant to section 12-62a of the general statutes, revision of 1958, revised to January 1, 2005, with respect to a revaluation effective on or before October 1, 2005, the grand list furnished, pursuant to section 7-328, to the clerk of any district, as defined in section 7-324, shall reflect assessments based upon such phase-in for each assessment year during which such phase-in is effective.

- ***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.

Sec. 32-9s. State grants in lieu of taxes on exempt property of manufacturing facilities in distressed municipalities, targeted investment communities, enterprise zones or airport development zones and exempt property of service facilities. The state shall make an annual grant payment to each municipality, to each district, as defined in section 7-325, which is located in a distressed municipality, targeted investment community, enterprise zone or municipality within an airport development zone established pursuant to section 32-75d and to each special services district created pursuant to chapter 105a which is located in a distressed municipality, targeted investment community or enterprise zone

in the amount of fifty per cent of the amount of that tax revenue which the municipality or district would have received except for the provisions of subdivisions (59) and (60) of section 12-81 or subdivision (70) of section 12-81. On or before the first day of August of each year, each municipality and district shall file a claim with the Secretary of the Office of Policy and Management for the amount of such grant payment to which such municipality or district is entitled under this section. The claim shall be made on forms prescribed by the secretary and shall be accompanied by such supporting information as the secretary may require. Any municipality or district which neglects to transmit to the secretary such claim and supporting documentation as required by this section shall forfeit two hundred fifty dollars to the state, provided the secretary may waive such forfeiture in accordance with procedures and standards adopted by regulation in accordance with chapter 54. The secretary shall review each such claim as provided in section 12-120b. Any claimant aggrieved by the results of the secretary's review shall have the rights of appeal as set forth in section 12-120b. The secretary shall, on or before the December fifteenth next succeeding the deadline for the receipt of such claims, certify to the Comptroller the amount due under this section, including any modification of such claim made prior to December fifteenth, to each municipality or district which has made a claim under the provisions of this section. The Comptroller shall draw an order on the Treasurer on or before the fifth business day following December fifteenth, and the Treasurer shall pay the amount thereof to each such municipality or district on or before the following December thirty-first. If any modification is made as the result of the provisions of this section on or after the December first following the date on which the municipality or district has provided the amount of tax revenue in question, any adjustment to the amount due to any municipality or district for the period for which such modification was made shall be made in the next payment the Treasurer shall make to such municipality or district pursuant to this section. In the fiscal year commencing July 1, 2003, and in each fiscal year thereafter, the amount of the grant payable to each municipality and district in accordance with this section shall be reduced proportionately in the event that the total amount of the grants payable to all municipalities and districts exceeds the amount appropriated.

- ***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.

Sec. 12-62g. Increase in certain veteran's exemptions upon revaluation. In conjunction with each municipal revaluation of property in accordance with section 12-62, each municipality shall increase (1) the amount of the exemption granted pursuant to subdivisions (19), (20), (21), (22), (23), (24), (25) and (26) of section 12-81, and (2) the amount of the exemption that each municipality may allow pursuant to section 12-81f, for such year and for each subsequent assessment year by multiplying the amount of exemption in each of said subdivisions by a multiplier determined by dividing the net taxable grand list for such year of revaluation by the net taxable grand list of the last year prior to such revaluation.

- **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.

Sec. 12-81g. Additional exemption from property tax for veterans. State reimbursement for related tax loss. Regulations. (a) Additional exemption commencing 1985 assessment year with maximum income requirements. Effective for the assessment year commencing October 1, 1985, and each assessment year thereafter, any person entitled to an exemption from property tax in accordance with subdivision (19), (20), (21), (22), (23), (24), (25) or (26) of section 12-81, reflecting any increase made pursuant to the provisions of section 12-62g, shall be entitled to an additional exemption from such tax in an amount equal to twice the amount of the exemption provided for such person pursuant to any such subdivision, provided such person's qualifying income does not exceed the applicable maximum amount as provided under section 12-811, except that if such person has a disability rating of one hundred per cent as determined by the United States Department of Veterans Affairs, the total of such adjusted gross income, individually, if unmarried, or jointly, if married, in the calendar year ending immediately preceding the assessment date with respect to which such additional exemption is allowed, is not more than twenty-one thousand dollars if such person is married or not more than eighteen thousand dollars if such person is not married.