2007 State Legislation Impacting Municipal Assessment and Taxation

State of Connecticut

Office of Policy and Management
Intergovernmental Policy Division

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Public Act 07-50 (Bill No. 5722) - AN ACT CONCERNING REIMBURSEMENT OF MARSHAL COSTS WHERE THERE IS AN ERROR BY THE TAX ASSESSOR OR TAX COLLECTOR

Section 1 amends §12-193, effective October 1, 2007. The amendment to §12-193 provides that a court may require a municipality to reimburse a taxpayer for the costs of state marshal fees or any property seized in a foreclosure action brought under §12-181 or §12-182, if the court finds that such costs were incurred because of a tax assessor's or tax collector's error and not because of a taxpayer's action or failure to act.

Public Act 07-95 (Bill No. 5069) - AN ACT CONCERNING THE COLLECTION OF MUNICIPAL WATER AND SANITATION CHARGES THROUGH THE USE OF TAX WARRANTS

Section 1 amends §7-239(b), effective July 1, 2007. The amendment to subsection (b) of §7-239 applies statutory provisions regarding delinquent property tax collection to payments of rates or charges for the use of a municipal waterworks system that remain unpaid 30 days after they are due.

Section 2 amends §12-135, effective July 1, 2007. The amendment to §12-135 authorizes the collection of delinquent water or sanitation charges by issuance of a warrant or alias tax warrant. The amended statute also defines water or sanitation charges as: (1) rates or charges established pursuant to §7-239, as amended by Section 1 of Public Act 07-95, or (2) charges a municipality imposes for the collection and disposal of garbage, trash, rubbish, waste material and ashes.

Section 3 amends §12-155, effective July 1, 2007. The amendment to §12-155 authorizes a tax collector or state marshal to make a written demand upon a person who is delinquent in the payment of water or sanitation charges. As amended, the statute also authorizes enforcement of delinquent water or sanitation charges by levy and sale of a taxpayer's goods and chattels.

Section 4 amends §12-162, effective July 1, 2007. The amendment to §12-162 allows a tax collector or state marshal to serve an alias tax warrant for the collection of any delinquent water or sanitation charges, but prohibits a tax collector from issuing a warrant to sell real estate for the *sole* purpose of collecting such a delinquency.

Public Act 07-99 (Bill No. 6080) - AN ACT CONCERNING CLARIFICATION OF THE PERIOD OF TIME BETWEEN THE REAL ESTATE PROPERTY TAX DUE DATE AND THE LAPSING OF THE SILENT LIEN PROVIDED IN STATUTE

Section 1 amends §12-172, effective October 1, 2007 and applicable to liens filed on and after October 1, 2007. The amendment to §12-172 increases, from one to two years after a real property tax becomes due, the time period that a municipality has a silent (or unrecorded) lien on the property under §12-172 for the taxes. As a result, the provisions of this statute and §12-175 are now consistent.

Public Act 07-111 (Bill No. 1151) - AN ACT CONCERNING ALIAS TAX WARRANTS AND EXECUTIONS AGAINST DEBTS DUE TO JUDGMENT DEBTORS SERVED UPON FINANCIAL INSTITUTIONS

Section 1 amends §12-162, effective October 1, 2007. This legislation adds six new subsections to §12-162, the cumulative effect of which is to place restrictions on the service of alias tax warrants on financial institutions and to establish requirements regarding their responses to requests for information from tax collectors or state marshals. A financial institution is any federal or state bank, savings bank, savings and loan association, or a credit union that has its main office in Connecticut, or any similar out-of-state institution with a branch office in Connecticut.

Subsection (d) of §12-162 prohibits tax collectors or state marshals from serving alias tax warrants or executions relating to a single person or business on more than one financial institution at a time. After serving a financial institution, a tax collector or state marshal must receive confirmation that a taxpayer has no funds available for collection, before serving the same alias tax warrant or a copy of that warrant upon another financial institution. If a tax collector or state marshal does not receive a response from a financial institution within 20 days after serving an alias tax warrant or delivering a request for information under subsection (e) of §12-162, the tax collector or state marshal may assume that the taxpayer has no funds available for collection at that financial institution and may then serve another financial institution.

Pursuant to subsection (e) of §12-162, a tax collector or state marshal must serve a financial institution with a request for information before serving it more than 15 tax warrants on a given day. Additionally, this subsection prohibits service of a tax warrant with respect to a particular taxpayer, unless the tax collector or state marshal received a response to a request for information from the financial institution within the previous 180 days indicating that the taxpayer has funds available for collection.

Subsection (f) of §12-162 sets forth the manner and form in which a tax collector or state marshal must issue a request for information to a financial institution, before serving it an alias tax warrant or execution. The request must include: (1) the name and last-known address of each taxpayer who is the subject of a warrant the tax collector or state marshal desires to serve, (2) the address to which the response may be mailed or delivered, or a facsimile number to which the response may be transmitted, (3) in the case of a request transmitted via facsimile by a state marshal, the name, address, judicial district, badge number and telephone number of the state marshal serving the request, and (4) a statement in substantially the following form:

> "To (insert name of financial institution): In accordance with Section 12-162 of the General Statutes of the State of Connecticut, you are hereby commanded to report to (insert name of town or serving officer), at the address or facsimile number specified in this request, whether the financial institution is indebted to the taxpayer or taxpayers listed in this request."

Subsection (g) of §12-162 contains requirements concerning the delivery of a written request for information to a financial institution. These include mailing a request, first class postage prepaid, to an office the financial institution designates or faxing it to a facsimile number (and to the attention of a recipient or department) the financial institution designates.

This subsection provides that the delivery date for any request that a financial institution receives after 5:00 p.m. on any day, is the next business day. It also requires each financial institution that has an office in Connecticut to designate an office, facsimile number and recipient or department to receive such requests for information, and to make such designations available, upon request, to the tax collector in each municipality in which the financial institution has an office and to the State Marshal Commission. If a financial institution fails to make such designations or fails to make them available, a tax collector or state marshal may serve requests for information on any office of the financial institution located in Connecticut.

Subsection (h) of §12-162 requires a financial institution to respond to a tax collector's or state marshal's request for information, in one of three ways: (1) it may report that it is indebted to one or more taxpayers for whom information is requested and list the name or names of those taxpayers, (2) it may indicate that it is not indebted to any of the taxpayers for whom information is requested, or (3) it may indicate that it is unable to make a determination as to whether or not it is indebted to a particular taxpayer without receiving additional information.

This subsection also sets forth the following time frames for a financial institution's response to a tax collector or state marshal: (1) not later than five business days following the receipt date of a request for information for fewer than 100 taxpayers; and (2) not later than 10 business days following the receipt date for a request for information for between 100 and 250 taxpayers. A tax collector or state marshal cannot send a financial institution a request for information encompassing more than 250 taxpayers. This subsection prohibits serving the same financial institution with an additional request for information by or on behalf of the same town, unless the institution has had an opportunity to respond to the previous request. Lastly, this subsection contains provisions prohibiting a financial institution's disclosure of receipt of a tax collector's or state marshal's request for information.

Subsection (i) of §12-162 indemnifies officers, directors or employees of financial institutions, municipalities and state marshals from liability due to any act done or omitted in good faith or through the commission of a bona fide error that occurs despite reasonable procedures they maintain to prevent such errors.

This subsection also specifies that a financial institution may, for purposes of responding to a request for information under subsection (h) of §12-162, select a particular day within a statutorily prescribed time frame, for determining the presence or absence of indebtedness of a particular taxpayer. The financial institution is not responsible for reporting the presence or absence of a taxpayer's indebtedness on any day other than the one it selects.

Section 2 amends §36a-42, effective October 1, 2007. The amendment to §36a-42 prohibits a financial institution from disclosing the fact that it receives a request for information under §12-162(e), as amended, to anyone other than the customer that the request affects or the customer's duly authorized agent, unless the customer authorizes disclosure.

Section 3 amends §52-367a(b), effective October 1, 2007. The amendment to subsection (b) of §52-367a prohibits serving more than one financial institution an execution per judgment debtor at a time. After serving an execution on one financial institution, a serving officer cannot serve the same execution or a copy of that execution on another financial institution until receiving confirmation from the preceding financial institution that the judgment debtor has insufficient funds available at that institution to satisfy the execution.

The amended provisions of §52-367a(b) also provide that a serving officer may assume that there are insufficient funds available for collection if, within 25 days of serving a demand, the financial institution does not indicate whether or not a taxpayer has funds available. The serving officer may then proceed to serve another financial institution.

Section 4 amends §52-367b(b), effective October 1, 2007. The amendment to subsection (b) of §52-367b prohibits serving more than one financial institution an execution per judgment debtor at a time. It specifies that after serving an execution on one financial institution, a serving officer cannot serve the same execution or a copy thereof upon another financial institution until receiving confirmation that the judgment debtor had insufficient funds at the preceding financial institution to satisfy the execution. Lastly, the amendment to this subsection provides that 45 days must lapse, before service of a subsequent execution on the judgment debtor may occur.

Public Act 07-127 (Bill No. 6776) - AN ACT PRESERVING MARITIME HERITAGE LAND

Section 1 is effective July 1, 2007. This new legislation provides that an owner of eligible waterfront land may apply for its classification as maritime heritage land. An applicant must file an application with the assessor of the town in which eligible land is located, between September 1 and October 31. In the year in which a revaluation of all real property is effective, the application filing deadline is December 30. The application must be on a form

OPM prescribes. Failure to file an application in the form and manner and within the statutory time limit is a waiver of the right to claim maritime heritage land classification for the assessment year commencing on October 1.

The assessor is responsible for determining the eligibility of land for maritime heritage land classification. A taxpayer aggrieved by an assessor's determination regarding an application for maritime heritage land classification has the right to request a hearing before the town's board of assessment appeals and to appeal a decision of that board to the superior court of the judicial district for the town in which the land is located.

Section 2 amends §12-63, effective July 1, 2007. The amendment to §12-63 provides that the valuation of classified maritime heritage land for assessment purposes is its use value, rather than its fair market value.

Section 3 amends §12-107a, effective July 1, 2007. The amendment to §12-107a adds maritime heritage land to the statute that sets forth the State of Connecticut's preservation policy for certain land.

Section 4 amends §12-107b, effective July 1, 2007. The amendment to §12-107b adds a new subdivision (8) to the statute, which contains the following definition of maritime heritage land:

> The term "maritime heritage land" means that portion of waterfront real property owned by a commercial lobster fisherman licensed pursuant to title 26, when such portion of such property is used by such fisherman for commercial lobstering purposes, provided in the tax year of the owner ending immediately prior to any assessment date with respect to which application is submitted pursuant to section 1 of [Public Act 07-127], not less than fifty per cent of the adjusted gross income of such fisherman, as determined for purposes of the federal income tax, is derived from commercial lobster fishing, subject to proof satisfactory to the assessor in the town in which such application is submitted. "Maritime heritage land" does not include buildings not used exclusively by such fisherman for commercial lobstering purposes.

Section 5 amends §12-120a, effective July 1, 2007. The amendment to §12-120a adds maritime heritage land to the other types of land subject to use value assessments, for which OPM must report information to the General Assembly on an annual basis.

Section 6 amends §12-504a, effective July 1, 2007. The amendment to §12-504a provides that any land classified by the record owner as maritime heritage land is subject to an additional conveyance tax, if the owner sells or transfers the land within a period of 10 years from the date the land is classified.

Section 7 amends §12-504c, effective July 1, 2007. The amendment to §12-504c adds maritime heritage land to the statute that sets forth certain property sale and transfer exclusions for purposes of an additional conveyance tax imposition under §12-504a.

Section 8 amends §12-504e, effective July 1, 2007. The amendment to §12-504e provides that any land classified by the record owner as maritime heritage land is subject to an additional conveyance tax, if the use of the land changes within a period of 10 years from the date of the record owner's acquisition of title to the land.

Section 9 amends §12-504f, effective July 1, 2007. The amendment to §12-504f adds classified maritime heritage land to the statute that requires the assessor to file an annual certificate that the town clerk must record on the land records. The certificate sets forth the date of the classification of land as farm, forest, open space or maritime heritage land and the obligation to pay the conveyance tax under §12-504a.

Section 10 amends §12-504h, effective July 1, 2007. The amendment to §12-504h provides that classification of land as maritime heritage land is deemed personal to the particular owner who requests and receives the classification and that the classification does not run with the land.

Section 13 amends §12-81m, effective July 1, 2007. The amendment to §12-81m allows a municipality's legislative body (or the board of selectmen in a municipality in which there is a town meeting form of government) to abate up to 50% of the property taxes for a property maintained as a commercial lobstering businesses operated on maritime heritage land. A municipality may establish a recapture of the amount of the abatement it chooses to provide, in the event of the sale of the commercial lobstering business.

Note – The prescribed maritime heritage land classification application, for the assessment year commencing October 1, 2007, is available on OPM web site at www.ct.gov/opm.

The description of Municipal Grand List Real Estate Use Code 600 is revised in the OPM *Administrative Abstract Coding System*, effective as of the October 1, 2007 Grand List, to reflect the addition of classified maritime heritage land.

Although the provisions of Public Act 07-127 provide for the classification and use value assessment of maritime heritage land, there is no provision (such as that which exists with respect to classified farm, forest or open space land) that requires a state agency to recommend maritime heritage land use values. Assessors are solely responsible for determining use values for classified maritime heritage land.

Assessors of shoreline cities and towns may want to review the Department of Environmental Protection's *2007 Marine Fisheries Information Circular*, which contains information regarding the licenses that allow a person to engage in commercial lobstering in this state. The publication is available on the Department of Environmental Protection's web site at www.ct.gov/dep.

Public Act 07-140 (Bill No. 7281) - AN ACT CONCERNING PROPERTY TAX EXEMPTIONS FOR CERTAIN MACHINERY AND EQUIPMENT

Section 1 amends §12-94b, effective June 19, 2007. The amendment to §12-94b provides OPM with the authority to certify a PILOT to municipalities for the tax loss they sustain on the 2010 Grand List due to exemptions under §12-81(72). The amendment clarifies that machinery and equipment acquired between October 2, 2006 and October 1, 2010, that is approved for the exemption under §12-81(72) for the 2010 grand list, remains exempt for all following assessment years. Lastly, the amendment to §12-94b references the fixed grant under §12-94g that will replace the PILOT under §12-94b, as of the fiscal year commencing July 1, 2013.

Section 2 amends §12-94f, effective June 19, 2007. The amendment to subsection (a) of §12-94f adds "manufacturing", "biotechnology" and "recycling" to the definitions used for purposes of the exemption under this section.

The amendment to subsection (b) of §12-94f replaces references to the "state's payment of a portion of the property tax," with specific exemption authority for machinery and equipment used in manufacturing and biotechnology, that is six years old or older as of an applicable assessment date.

As amended, this subsection ties in exemption percentages for each grand list to acquisition dates for eligible machinery and equipment, as follows:

Date of Eligible Property Acquisition	Grand List	Percent Exempt
On or before October 1, 2001	October 1, 2006	20%
On or before October 1, 2002	October 1, 2007	40%
On or before October 1, 2003	October 1, 2008	60%
On or before October 1, 2004	October 1, 2009	80%
On or before October 1, 2005	October 1, 2010	100%
On or before October 1, 2006	October 1, 2011	100%

The amendment to subsection (b) of §12-94f also provides that certain machinery and equipment used in connection with recycling solid waste is 100% exempt as of October 1, 2011, as long as the acquisition date of the eligible recycling machinery and equipment is on or before September 30, 2006. Additionally, it provides that all 6-year old or older machinery and equipment used in manufacturing, biotechnology and recycling is 100% for assessment years commencing on and after October 1, 2012.

The amendment to subsection (c) of §12-94f clarifies the state's payment of a PILOT for fiscal years commencing on and after July 1, 2007, and on or before July 1, 2012, equal to 100% of the tax loss due to exemptions for 6-year old or older machinery and equipment. It also references the fixed grant under §12-94g that will replace the PILOT under §12-94f, as of the fiscal year commencing July 1, 2013.

The amendment to subsection (d) of §12-94f clarifies the information that OPM may request from assessors concerning machinery and equipment they approve for exemption under §12-94f, the reasons that may lead OPM to modify a municipality's PILOT and the time limit for such modifications.

The amendment to subsection (e) clarifies a taxpayer's right to file a superior court appeal regarding machinery and equipment eligible for the exemption under §12-94f.

Note – There is no change to the manner by which assessors determine exemption eligibility for 6-year old or older machinery and equipment under §12-94f. To obtain this exemption, a taxpayer must report eligible property annually under Code 15a or Code 15b of the Supplemental Form that is part of the Personal Property Declaration.

Section 3 amends §12-94g, effective June 19, 2007. The amendment to §12-94g clarifies the calculation of the fixed grant that replaces the PILOT under §12-94b and the PILOT under §12-94f, as of the fiscal year that begins July 1, 2013. The calculation of the fixed grant that each municipality will receive annually, beginning in December of 2013, is as follows:

1) The total net assessment on the October 1, 2010 Grand List for machinery and equipment exempt under §12-81(72), multiplied by 90% (to reflect the depreciation requirements of §12-94c) and then multiplied by the municipality's mill rate for Fiscal Year 2012-2013; and

2) The total net assessment on the October 1, 2011 Grand List for machinery and equipment exempt under §12-94f, multiplied by the municipality's mill rate for Fiscal Year 2012-2013.

Public Act 07-170 (Bill No. 1249) - AN ACT CONCERNING TAX ABATEMENTS FOR PROPERTY CONVEYED TO A NONPROFIT LAND CONSERVATION ORGANIZATION

Section 1 is effective June 29, 2007 and applicable to assessment years commencing on or after October 1, 2007. This new legislation allows any municipality, upon approval by its legislative body, to abate the real or personal property taxes due for any portion of a tax year, or the interest on delinquent taxes, with respect to property that a nonprofit land conservation organization acquires. This abatement provision is applicable to any tax the organization pays, even if the tax is due for a period before the date of the organization's acquisition of property.

Public Act 07-196 (Bill No. 1440) - AN ACT CONCERNING THE SPECIAL TAXING DISTRICTS WITHIN REDDING AND BRIDGEPORT AND THE AUTHORITY OF SPECIAL SERVICES DISTRICTS TO BORROW MONEY

Section 1, which is effective July 5, 2007, amends Section 1 of Special Act 05-14, as amended by Section 2 of Public Act 06-163. This legislation expands the powers of a special taxing district in Redding, by providing it with the authority to finance projects that qualify for clean renewable energy bonds.

Section 2, which is effective July 5, 2007, amends subsection (b) of Section 2 of Special Act 05-1. This legislation expands the authority of a special taxing district in Redding, by allowing it to acquire additional infrastructure improvements and regulate the use of open space, parks and parking facilities. This legislation also allows the district to adopt and enforce design codes and use restrictions applicable to real and personal property within the district.

Section 3, which is effective July 5, 2007, amends Section 5 of Special Act 05-1. This legislation clarifies the ability of a special taxing district in Redding to issue bonds to finance projects within the district.

Section 4 is effective July 5, 2007. This legislation expands a Redding special taxing district's taxation powers and provides a tax exemption for property that the district owns.

Section 5, which is effective July 5, 2007, amends subdivision (1) of subsection (a) of Section 2 of Public Act 05-289. This legislation adjusts the Steel Point Infrastructure Improvement District's boundaries. The district is located in Bridgeport.

Section 6 amends §7-339n, effective October 1, 2007. The amendment to §7-339n expands the time period over which a special services district may borrow money, to a maximum of seven years.

Section 7 amends §7-391, effective October 1, 2007. The amendment to §7-391 raises the revenue threshold that triggers an annual audit by an independent auditor who must file the audit with OPM for review. Under the statute as amended, municipalities and certain other local governmental entities are subject to this annual audit requirement if they receive annual revenue in excess of $1,000,000. Prior to the enactment of this amendment, the threshold was $200,000 in annual revenue.

Public Act 07-233 (Bill No. 7369) - AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE BROWNFIELDS TASK FORCE

Section 11 amends §12-63e, effective July 1, 2007. The amendment to §12-63e provides that an assessor may reduce the value of any property due to a polluted or environmentally hazardous condition, even if the property's owner is responsible for the contamination, or a subsequent record owner knew of it before acquiring title. Prior to the enactment of this legislation, assessors could reduce the value of residential property only, under these circumstances.

Under §12-63e as amended, an assessor may reduce a property's value only if a property owner: (1) enters into an agreement with the Department of Environmental Protection to voluntarily remediate the property; (2) files the agreement on the town's land records; and (3) has developed an approved remedial action plan for the property.

Assessors may also raise the value of any property after the completion of remediation to take into account the removal of the pollution or environmentally hazardous condition.

Public Act 07-242 (Bill No. 7432) - AN ACT CONCERNING ELECTRICITY AND ENERGY EFFICIENCY

Section 19 is effective January 1, 2008. This new legislation allows any municipality (by vote of its legislative body or by vote of the board of selectmen in a municipality in which there is a town meeting form of government) to exempt fully from property taxation certain high mileage or hybrid motor vehicles. Such vehicles must be exempt from Connecticut's sales and use tax under subdivisions (110) or (115) of §12-412.

Subdivision (110) of §12-412 provides a sales and use tax exemption, on and after January 1, 2008 and prior to July 1, 2010, for the sale of certain passenger motor vehicles, as defined in §14-1. Such passenger motor vehicles must have an estimated city or highway gasoline mileage rating of at least 40 miles per gallon as determined by the United States Environmental Protection Agency.

Subdivision (115) of §12-412 provides a sales and use tax exemption, on and after October 1, 2004 and prior to October 1, 2008, for the sale of any hybrid passenger car, which the statute defines as: "…a passenger car that draws acceleration energy from two onboard sources of stored energy, which are both an internal combustion or heat engine using combustible fuel and a rechargeable energy storage system and, for a passenger car or light truck with a model year of 2004 or later, is certified to meet or exceed the tier II bin 5 low emission vehicle classification."

Note – The above description of the exemption for certain high mileage motor vehicles reflects the amendment to §12-412(110) in Section 20 of 07-242, as amended by Section 72 of House Bill No. 8005 of the June Special Session, which is effective January 1, 2008.

While Section 19 of Public Act 07-242 allows municipalities to provide property tax exemptions for eligible high mileage or hybrid motor vehicles, the legislation does not address exemption application procedures. Presumably, ordinances that municipalities adopt will contain exemption application provisions, in order for assessors to administer these exemptions.

Due to the effective date of Section 19 of Public Act 07-242, this local-option exemption may affect the 2007 Supplemental Motor Vehicle Grand List. **The OPM Administrative Abstract Coding System is revised, effective as of the October 1, 2007 Grand List, to reflect new exemption codes. Code S is**

applicable to the local-option exemption for high mileage and hybrid motor vehicles.

There is no state reimbursement for the tax loss municipalities will sustain as a result of the exemption they choose to provide for eligible high mileage or hybrid motor vehicles. In February of 2007, Governor M. Jodi Rell proposed a mandatory property tax exemption for hybrid motor vehicles and recommended a budget appropriation for the biennium commencing July 1, 2007 to reimburse municipalities for their resultant tax losses for a three-year period. While the Connecticut General Assembly enacted a state budget that contains moneys for a hybrid vehicle PILOT, there is no legislation authorizing state reimbursement for exemption tax losses for hybrid motor vehicles. Moreover, the State of Connecticut does not reimburse municipalities for local-option exemption tax losses.

Section 46 amends subdivision (57) of §12-81, effective October 1, 2007, and applicable to assessment years commencing on or after October 1, 2007. The amendment to §12-81(57) expands the types of renewable energy systems that are eligible for exemption and removes the provision allowing a municipality's legislative body to authorize this exemption. As a result, the amended provisions of §12-81(57) *mandate* a property tax exemption for the following:

1) Any Class I renewable energy source, as defined in §16-1, or any hydropower facility described in subdivision (27) of §16-1, installed for the generation of electricity for private residential use, provided such installation occurs on or after October 1, 2007, and further provided such installation is for a single family dwelling or multifamily dwelling consisting of two to four units or for a farm; and

2) Any passive or active solar water or space heating system or geothermal energy resource.

Subdivision (26) of §16-1(a) defines a Class 1 renewable energy source as follows: "(A) energy derived from solar power, wind power, a fuel cell, methane gas from landfills, ocean thermal power, wave or tidal power, low emission advanced renewable energy conversion technologies, a run-of-the-river hydropower facility provided such facility has a generating capacity of not more than five megawatts, does not cause an appreciable change in the river flow, and began operation after July 1, 2003, or a sustainable biomass facility with an average emission rate of equal to or less than .075 pounds of nitrogen oxides per million BTU of heat input for the previous calendar quarter, except that energy derived from a sustainable biomass facility with a capacity of less than five hundred kilowatts that began construction before July 1, 2003, may be considered a Class I renewable energy source, or (B) any electrical generation, including distributed generation, generated from a Class I renewable energy source."

The description of a hydropower facility in subdivision (27) of §16-1(a) is "…a run-of-the-river hydropower facility with a generating capacity of not more than five megawatts, that does not cause an appreciable change in the riverflow, and that began operation prior to July 1, 2003."

Subsection (b) of §12-81(56) contains the definition of an active solar energy heating or cooling system, and subsection (b) of §12-81(62) defines a passive or hybrid solar energy heating or cooling system.

There is no statutory definition of a geothermal energy resource. Presumably, the intent of this legislation is to mandate an exemption for a geothermal system. Such a system utilizes the earth's warmth to heat or cool structures depending on whether the ambient air is colder or warmer than the soil. A geothermal system contains an earth connection

subsystem, heat pump subsystem and heat distribution subsystem. It utilizes a series of pipes installed in the ground near a building to circulate water (or a mixture of water and antifreeze). The fluid absorbs or relinquishes heat from or to the surrounding soil. For heating, a geothermal heat pump (which runs on a small amount of electricity) removes the heat from the fluid in the connection, concentrates it, and then transfers it to the building. The system reverses the process for cooling. Geothermal heat pumps, which can also provide hot water when the system is operating, generally distribute heated or cooled air throughout a building by means of conventional ductwork.

All exemption application provisions of the current statute remain in effect with respect to an eligible Class I renewable energy source, hydropower facility, passive or active solar water or space heating system or geothermal energy resource. Pursuant to subsection (b) of §12-81(57), assessors prescribe the written application that a person must file, on or before the first day of November, in order to claim the exemption for the assessment year that commences on the first day of October in that year.

The exemption amount is the difference in value attributable to the eligible Class I renewable energy source, hydropower facility, active or passive solar water or space heating system or geothermal energy system, as compared to a conventional heating or cooling system. This exemption is permanent in duration once an assessor approves it, unless there is a system alteration that requires issuance of a building permit. In that case, a new exemption application is required.

Note – According to the General Assembly's Legislative Commissioners Office, the provisions of Section 2 of Public Act 07-240 and Section 46 of Public Act 07-241, both of which amend §12-81(57), will be merged when the amended statute appears in the 2006 Supplement to the Connecticut General Statutes. Section 2 of Public Act 07-240 provides exemption eligibility for a Class I renewable energy source or a hydropower facility installed on or after October 1, 2007 for the generation of electricity for a farm.

Section 47 amends subdivision (63) of §12-81, effective October 1, 2007, and applicable to assessment years commencing on or after October 1, 2007. The amendment to §12-81(63) deletes the phrase "solar energy electricity generating system which is not eligible for exemption under subdivision (57) of this section..." As a result, the local option provisions of §12-81(63) are applicable only to a cogeneration system as of the October 1, 2007 assessment year.

Additionally, the amendment to §12-81(63) removes the October 1, 2006 sunset date for the installation of a cogeneration system for purposes of this local-option exemption. Under §12-81(63) as amended, a cogeneration system installed on or after July 1, 2007, is eligible for this exemption in a municipality that chooses to provide it.

The provisions of subsection (b) of §12-81(63) define a cogeneration system as "… equipment which is designed, operated and installed as a system which produces, in the same process, electricity and exhaust steam, waste steam, heat or other resultant thermal energy which is used for space or water heating or cooling, industrial, commercial, manufacturing or other useful purposes…"

All exemption application provisions of subsection (d) of §12-81(63) remain in effect with respect to a cogeneration system, as do all ordinance requirements in municipalities that choose to provide this exemption.

Note – Prior to the enactment of this amendment to §12-81(63), eligibility for this

local-option exemption was based on a qualified system's installation on or after July 1, 1981 and before October 1, 2006. The statute as amended provides local-option exemption eligibility for a cogeneration system installed on or after July 1, 2007. As a result, it does not appear that a cogeneration system installed between October 1, 2006 and June 30, 2007, is eligible for a local-option exemption under §12-81(63).

Public Act 07-250 (Bill No. 1435) - AN ACT EXTENDING THE FILING DEADLINE FOR CERTAIN TAX CREDITS

Sections 2, 3, 4, 5 6, 8, 9, 12, 13 and 14 are effective June 14, 2007. This legislation extends the application period to July 14, 2007, in certain municipalities and for certain grand lists, with respect to exemptions for commercial vehicles, manufacturing machinery and equipment and real and personal property in a Distressed Municipality. Those who file exemption applications during the extended filing period must pay late filing fees to municipalities, in accordance with §12-81k.

Assessors who receive and approve such applications must file claims for reimbursement of tax losses with OPM. In December of 2007, municipalities will receive reimbursement for tax losses that OPM approves after reviewing these reimbursement claims. Municipalities must also reimburse exemption claimants for the taxes they paid for property approved for exemptions.

The following chart delineates the applicable sections of Public Act 07-250, and the municipalities, grand lists and exemption statutes they affect.

Sec.	Municipality	Grant List(s)	Exemption Statute(s)
2	East Hartford	2006	§12-81(72)
3	Milford	2004 and 2005	§12-81(72)
4	Stafford	2005 and 2006	§12-81(74)
5	Chester	2006	§12-81(72)
6	Bridgeport	2003 and 2004	§12-81(59) and (60)
8	Norwalk	2003 and 2004	§12-81(59) and (60)
9	South Windsor	1999	§12-81(72)
12	Stafford	2003 and 204	§12-81(74)
13	East Hartford	2005	§12-81(59) and (60)
14	Bridgeport	2005	§12-81(59) and (60)

Section 7 is effective June 14 2007. This section of Public Act 07-250 extends the application period to July 14, 2007, for a 2005 Grand List application for exemption under §12-81(58) in Norwalk. This local-option exemption is available with respect to any real or personal property leased to a charitable, religious or nonprofit organization.

Public Act 07-253 (Bill No. 7182) - AN ACT CONCERNING CERTIFIED COMPETITIVE VIDEO SERVICE

Section 25 is effective October 1, 2007. This legislation creates a new municipal grant program, funding for which will come from the Municipal Video Competition Trust Account that will be part of the State of Connecticut's General Fund. Pursuant to this legislation, the State Comptroller must annually deposit up to $5 million of the revenue from the gross receipts tax into the Municipal Video Competition Trust Account, commencing October 1, 2007.

Beginning September 15, 2008, OPM staff will certify grant amounts and municipalities will receive payments from the Municipal Video Competition Trust Account not later than September 30, annually. Each town's grant is a proportionate amount of the total moneys in the Municipal Video Competition Trust Account, determined on the basis of the number of subscribers to certified competitive video service in each town at the end of a fiscal year, to the total number of such subscribers throughout the state. There is a statutory formula for determining the allocation of a portion of a town's grant amount that is payable to a borough or unconsolidated city within the town's boundaries.

Section 28 amends §12-80b, effective October 1, 2007. The amendment to §12-80b adds "a certified competitive video service" to the statute that subjects certain personal property to taxation on an apportioned basis.

OPM determines the personal property apportionment for a telecommunications service provider that is subject to taxation under §12-80a, while assessors determine the apportionment for all other personal property that is subject to the provisions of §12-80b.

Section 29 amends §12-268j, effective October 1, 2007. The amendment to §12-268j subjects a certified competitive video service provider to the gross earnings tax. Additionally, it provides a three-year tax exemption for personal property that satisfies certain acquisition and use parameters. This property tax exemption is limited to the assessment years commencing October 1, 2007, October 1, 2008, and October 1, 2009. Pursuant to §12-268j as amended, this property tax exemption is applicable to:

> "…all tangible personal property acquired on or after October 1, 2007, and on or before September 30, 2010, to upgrade an existing telecommunications network, even if the tangible personal property is used solely or in part in the provision of competitive video programming service…"

Note – As of August 29, 2007, AT&T is the only certified competitive video service provider in Connecticut.

Section 31 amends §12-407, by adding a new subdivision (38), effective October 1, 2007. The amendment to §12-407 adds subdivision (38), which defines "certified competitive video service" as follows:

> "…video programming service provided through wireline facilities, a portion of which are located in the public right-of-way, without regard to delivery technology, including Internet protocol technology." Certified competitive video service" does not include any video programming provided by a commercial mobile service provider, as defined in 47 USC 332(d); any video programming provided as part of community antenna television service; any video programming provided as part of, and via, a service that enables users to access content, information, electronic mail or other services over the Internet."

Public Act 07-254 (Bill No. 7282) - AN ACT CONCERNING PROPERTY TAX DELINQUENCIES OF TELECOMMUNICATIONS COMPANIES, MUNICIPAL BROADBAND NETWORKS, MACHINERY SURCHARGES AND CERTAIN TAX EXEMPTIONS

Section 1 amends §12-80a, effective July 11, 2007 and applicable to assessment years of municipalities commencing on or after October 1, 2006. The amendment to §12-80a authorizes a borough or the City of Groton to impose interest for delinquent tax payments from certain telecommunication companies. OPM determines the annual personal property tax liability for these companies and they pay the tax directly to municipalities.

Note – The effective date of this legislation makes it applicable to a delinquent tax payment under §12-80a related to the October 1, 2006 assessment date. April 1, 2007 is the personal property tax due date under §12-80a for that assessment date.

Section 5 amends subdivision (7) of §12-81, effective October 1, 2007, and applicable to assessment years commencing on or after October 1, 2007. The amendment to §12-81(7) provides for the exemption of real property that one federally tax-exempt scientific, educational, literary, historical or charitable organization owns (or that is held in trust for such an organization) when another federally tax-exempt scientific, educational, literary, historical or charitable organization uses the property for its purpose. The amended provisions of §12-81(7) also allow exemption eligibility for real property that is used for two or more of the purposes of such federally tax-exempt organizations.

Section 6 amends subdivision (14) of §12-81, effective October 1, 2007, and applicable to assessment years commencing on or after October 1, 2007. The amendment to §12-81(14) provides exemption eligibility for real property that a religious organization owns (or that is held in trust for a religious organization), when such property is used exclusively as a daycare facility.

Section 7 amends subdivision (58) of §12-81, effective October 1, 2007, and applicable to assessment years commencing on or after October 1, 2007. The amendment to §12-81(58) clarifies that the local-option exemption for property leased to a federally tax-exempt charitable, religious or nonprofit organization that the organization uses exclusively for its purposes, is available only if the property is not exempt under another subdivision of §12-81.

Public Act 07-255 (Bill No. 7332) - AN ACT ELIMINATING THE SUNSET DATE ON THE PROPERTY TAX EXEMPTION FOR SOLAR ENERGY SYSTEMS

Section 1 amends subdivision (56) of §12-81, effective July 1, 2007. The amendment to §12-81(56) removes the October 1, 2006 sunset date that limited local-option exemption eligibility for an active solar energy heating or cooling system. As a result, the amended statute provides exemption eligibility for any building equipped with an active solar energy heating or cooling system, the construction of which commences on or after October 1, 1976, or the addition of an active solar energy heating or cooling system to a building on or after that date.

Pursuant to subsection (c) of §12-81(56), assessors prescribe the manner and form in which a taxpayer must file an exemption application on or before November 1. This local-option exemption is available for the first 15 assessment years following the construction of a building containing an active solar energy heating or cooling system, or the addition of such a system to a building. The exemption amount is the difference in value attributable to the active solar energy heating or cooling system as compared to a conventional heating or cooling system.

Section 2 amends subdivision (62) of §12-81, effective July 1, 2007. The amendment to §12-81(62) removes the October 1, 2006 sunset date that limited local-option exemption eligibility for the installation of a passive or hybrid solar energy heating or cooling system. As a result, the amended statute provides exemption eligibility for any building equipped with a passive or hybrid solar energy heating or cooling system, the construction of which commences on or after April 20, 1977, or the addition of such a system to a building on or after that date.

Pursuant to subsection (c) of §12-81(62), assessors prescribe the manner and form in which a taxpayer must file an exemption application on or before November 1. This local-option exemption is available for the first 15 assessment years following the construction of a building containing a passive or hybrid solar energy heating or cooling system, or the addition of such a system to a building. The exemption amount is the difference in value attributable to the passive or hybrid solar energy heating or cooling system as compared to a conventional heating or cooling system.

Note – The removal of the sunset dates in subdivisions (56) and (62) of §12-81, for which Sections 1 and 2 of Public Act 07-255 provide, may not have any actual impact on local-option exemptions for active or passive solar energy heating or cooling systems for assessment years commencing on and after October 1, 2007, given the provisions of Section 46 of Public Act 07-242.

As amended by Section 46 of Public Act 07-242, §12-81(57) mandates an exemption for any active or passive solar energy heating or cooling system, as of the October 1, 2007 assessment date. This exemption is permanent in duration (unless there is an alteration of a system that requires the issuance of a building permit). Additionally, it does not appear that there are any restrictions regarding the installation or use of an active or passive solar energy heating or cooling system in the amendment to §12-81(57), even though such restrictions are applicable with respect to Class I renewable energy sources and hydropower facilities. For assessment years commencing on or after October 1, 2007, therefore, a taxpayer may opt to apply for an exemption under §12-81(57) rather than under §12-81(56), for any active or passive solar energy heating or cooling system.

The amendments to §12-81(57) in Public Act 07-242 do not, however, extend the exemption provisions of that statute to a hybrid solar energy heating or cooling system. As a result, an exemption for a hybrid solar energy heating or cooling system installed on or after April 1, 1977 is available only in a municipality that offers the local-option exemption under §12-81(62), as amended by Section 2 of public Act 07-255.

Section 3 amends §22a-270, effective July 1, 2007. The amendment to §22a-270 requires the Connecticut Resource Recovery Authority to pay property taxes to Bridgeport, upon the expiration of a 1984 agreement requiring a payment-in-lieu of taxes for certain property.

Special Act 07-6 (Bill No. 7384) - AN ACT AN ACT ESTABLISHING THE HARBOR POINT INFRASTRUCTURE IMPROVEMENT DISTRICT WITHIN THE CITY OF STAMFORD

Section 1 is effective July 1, 2007. This legislation allows for the creation of the Harbor Point Infrastructure Improvement District in Stamford. It contains provisions governing the creation of this district, its powers (one of which is to levy taxes, fees, rents and benefit assessments on property within its boundaries) and its responsibilities, including reporting requirements to OPM.