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Keeping real estate taxes in check in Connecticut

rk Ronald Kowalski



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All owners of real estate, whether commercial or residential, become more keenly aware of an excessive real estate tax burden during an economic slowdown or in a revaluation year. As Connecticut's municipalities strive to maximize real estate tax revenue as other revenue sources remain stagnant or diminish, the inherent conflict between property owner and municipality may become exacerbated. Also, given the number of real estate parcels within each municipality, it is difficult for a municipal assessor to assess all parcels properly, despite a diligent effort to do so. If there is an overassessment, a property owner's only form of redress is an appeal, first to the municipal board of assessment appeals, and then, if necessary, to court.

While Connecticut's property tax appeal process is statutory, understanding the practical workings of the process is essential to achieving positive results.

Real estate taxes are computed by multiplying the assessed value of a given parcel of property by the applicable mill rate, which is set after the municipal budget is established. In short, a mill rate is established by dividing the municipality's annual budget by the total assessed value of all taxable property in the municipality, real and personal. Many municipalities have different mill rates for different geographical areas, depending on the level of municipal services provided, and different mill rates for motor vehicles and personal property. Assessed value is defined by statute as 70% of a property's fair market value.

Property tax assessments usually get widespread attention during a general revaluation, during which a municipality reassesses all real property within its borders. Depending on prevailing market conditions, significant shifts in the tax burden may result from a general revaluation, particularly between classes of property (i.e., commercial and residential) or specific types of property within a given class (i.e., condominiums and single-family homes).

For decades, Connecticut's municipalities conducted general revaluations every ten years by means of a physical revaluation; that is, a representative of the municipality would physically inspect each parcel of property as part of the process. Under this system, assessed value would remain constant for ten years following a general revaluation, absent special circumstances. Today, the law requires that municipalities conduct general revaluations every five years. Municipalities may satisfy this statutory obligation by conducting either a physical revaluation, where all properties are physically inspected by the assessor or the assessor's agents, or by a statistical revaluation, where data concerning sales is collected and analyzed in order to assign value without a physical inspection. At a minimum, however, at least one physical revaluation must be conducted every ten years. Many municipalities have chosen to utilize both methods within a single general revaluation, most often conducting a physical revaluation of commercial properties and a statistical revaluation of residential properties. The complexity of the assessor's task is illustrated by the number of administrative and court appeals that result from general revaluations.

Connecticut municipalities which are in the midst of revaluations now (for the October 1, 2007 Grand List) include: Bethel, Bristol, Cromwell, Danbury, Farmington, Glastonbury, Guilford, Madison, Middletown, Naugatuck, New Britain, Newtown, Redding, Ridgefield, Southbury, Stamford, South Windsor, Waterbury and Wilton.

Once a municipality assigns new values to each parcel of property, it will issue notices to property owners. Often, there is an opportunity for the property owner to meet informally with the assessor or the entity that conducted the revaluation. While some owners may choose to handle this informal meeting without legal representation, the importance of a well-made presentation at the informal meeting cannot be overstated, as it often results in a reduction in assessed value early in the process, without incurring significant cost.

The first step in the formal appeal process is the filing of an administrative appeal to the municipal board of assessment appeals before the statutory deadline of February 20th. This deadline is often extended, particularly if the assessor anticipates a significant number of appeals. It

is essential that the written appeal form be timely filed and completed in a manner that preserves all appeal rights. The board is made up of lay volunteers from the community, and generally does not make substantial changes in valuation unless a mathematical or other clear error is found. Nevertheless, it is well worth the time and effort to make as good a presentation as possible to the board, as to the extent it affords relief, an immediate reduction in assessment will result. Also, an appeal to the board of assessment appeals is a necessary prerequisite to a court challenge, which must be filed within two months of the board's decision, or the right to challenge that year's assessment will be lost. Although a court appeal may be a lengthy process, it is often the only effective means of achieving an acceptable reduction in assessment.

Challenging an assessment immediately after the municipality conducts a general revaluation maximizes the potential tax savings in the case of an overassessment, as the resulting assessment will dictate the taxes to be paid until the next general revaluation and will serve as a starting point for the municipality at the time of the next general revaluation. When considering an appeal, whether after a general revaluation or at any other time, the decision should always be dictated by the particular facts of the specific situation. An appeal must be based on appropriate legal and valuation grounds, never on a mere belief that the taxes are simply too high. A thoughtful, critical analysis of whether an appeal is warranted in the first instance will usually result in a financial benefit to the property owner, whether an appeal is ultimately pursued or not.

As with the vast majority of civil cases, most meritorious tax appeals are resolved by way of settlement before trial, with creativity often being the key to achieving a settlement acceptable to both the property owner and the municipality. In an event a settlement cannot be reached, however, the property owner and his or her attorney must work as a team to prepare a compelling presentation at trial, utilizing fact and expert witnesses, and documentary evidence to establish that the municipality's value is wrong, and that the taxpayer's proposed value is correct.

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