

It's That Time Again! Property Tax Appeals in Connecticut: Know When to File

Real Estate Alert

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The deadline for appealing Connecticut local property taxes is approaching. For many cities and towns, that date is February 20 unless the town has extended the deadline. If a property owner does not file a tax appeal application by the applicable deadline, the owner may waive the right to appeal tax assessments for that assessment year. If you are considering appealing local property taxes this year, the following explanation provides a general outline of Connecticut's appeal procedures and deadlines.

Tax Assessments: Real and personal property holdings are assessed as they exist on October 1 of each year, the uniform assessment date for all cities and towns in Connecticut. Personal property owners must submit to the Tax Assessor on or before November 1 a declaration of taxable personal property owned as of October 1 of that year. The declaration should be carefully prepared. A property owner cannot unilaterally amend the declaration after it has been submitted, and the owner could face penalties for certain errors. (See the important reminder note below.)

Connecticut law mandates the assessment of all property at 70% of its fair market value. The total assessed value of all taxable property, as determined by the assessor on October 1, is called the "Grand List" and is typically published on or before January 31 of the following year. The actual amount of taxes payable is not established until a mill rate is set in the spring following the Grand List date. In almost all municipalities in Connecticut, real property taxes for each October 1 Grand List are payable the following July 1 and January 1 (e.g., taxes on the October 1, 2016, Grand List will be payable in two installments due July 1, 2017, and January 1, 2018). Some municipalities have adopted a single-payment system with the tax payment due in full on July 1. This is typically true for personal property taxes but varies as to more local levies, such as fire district taxes and similar taxes.

In years when a revaluation occurs, notices of assessment are sent to property owners on or before January 31; in non-revaluation years, no new notice is sent. However, a new assessment notice may be sent to reflect an addition to or demolition of property or to correct an error in a prior assessment notice. The value shown on the notice is often the assessed/taxable value (70% of full value), as opposed to the fair market value or full value on which the assessed/taxable value is based. When reviewing the taxation of property, one must take care to compare corresponding values; an assessed/taxable value

may not be acceptable once it is converted to fair market value or full value.

Appeal Process: A property owner wishing to file an appeal must commence the process by both appealing the assessment to and meeting with the local Board of Assessment Appeals (“BAA”). In addition to a property owner, a tenant with (i) a recorded notice of lease, (ii) an obligation under the lease to pay real property taxes, and (iii) permission of the property owner to appeal the taxes may file an appeal. The right to appeal of others who have an interest in the property (e.g., lenders) will be governed by agreements that may exist with the property owner or tenant. No court appeal can be maintained without first filing an appeal with the BAA and appearing before the BAA. (The BAA has the right to decline to hold a hearing for an appeal relating to commercial, industrial, utility, or apartment property that has an assessed value greater than \$1 million, in which case an appeal must be taken directly to the Connecticut Superior Court no later than two months after notice of the BAA’s decision to forgo a hearing is sent.)

Applications for an appeal to the BAA must be received **on or before February 20** (unless that date is extended as allowed by statute). The Tax Assessor should be contacted to obtain the application form and confirm the actual filing deadline. If an application is not received by the deadline set by the city or town to receive applications for an appeal to the BAA, the right to appeal a tax assessment may be lost for that assessment year. The BAA holds hearings during the month of March (or April if the town has extended the filing deadline), and a decision will be rendered thereafter. A taxpayer must appeal an adverse BAA decision to the Connecticut Superior Court **within two months of the date that notice of the BAA’s decision is mailed, or the right to continue to appeal the tax assessment for that assessment year may be lost.** If an assessment is appealed to the Superior Court, a taxpayer has the right to limit its tax payment by between 10% and 25% of the tax payment due, subject to statutory limits based on a property’s assessed value; however, in deciding whether to retain any portion of the tax payment owed, the taxpayer should be aware that if the appeal is unsuccessful or only partially successful, interest will accrue at 18% per year on the unpaid balance.

Important Reminder Note: Owners of personal property must ensure that annual declarations of personal property are complete and accurate. The Connecticut Supreme Court has stated that a property owner is not entitled to a “do over” if the owner files an erroneous declaration with the Tax Assessor. *J.C. Penney Corp., Inc. v. Manchester*, 291 Conn. 838, 846 (2009). If a property owner’s declaration mistakenly includes personal property that no longer exists or had been removed from the town as of October 1 (as the taxpayer in *J.C. Penney Corp.* claimed), the property owner *cannot amend* a declaration to omit that property. On the other hand, a property owner that fails to include personal property on a declaration is subject to a penalty equal to 25% of the assessment of the omitted property. Personal property declarations must be carefully prepared to avoid the harsh consequences of an improper filing.