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## Understanding Connecticut real estate tax appeal process

November 17, 2011 - Connecticut

Owners of both commercial and residential property are keenly aware of the impact of real estate taxes on the bottom line. In Connecticut, real estate taxes are the primary source of municipal revenue, and cities and towns are attempting to maximize this revenue as other revenue sources remain stagnant or diminish. Particularly in difficult economic times, the inherent conflict between property owner and municipality becomes exacerbated. In the case of 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 Superior Court.

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

### The General Revaluation Under Connecticut Law

Property tax assessments usually get widespread attention during a general revaluation, when 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).

Connecticut law requires that municipalities conduct a general revaluation once every five years. This statutory obligation may be satisfied 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 take place 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. Under the best of circumstances, it is difficult for a municipal assessor to assess all parcels properly, given the large number of parcels in a given municipality. The complexity of the assessor's task is illustrated by the volume of administrative and court appeals that result from general revaluations.

For tax assessment purposes, the key date of value is October 1. Once a parcel's assessment is established during the revaluation, it will remain constant until the next general revaluation, absent special circumstances.

### Assessed Value and the Computation of Real Estate Taxes

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 calculated by dividing the municipality's annual budget by the total assessed value of all taxable property in the municipality. 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 as of the October 1 revaluation date.

Connecticut municipalities which are in the midst of revaluations now (for the October 1, 2011 Grand List) include: Brookfield, Hartford, Manchester, Milford, New Haven, Newington, Shelton, Trumbull, Vernon and West Hartford.

#### Pursuing a Reduction in Assessment

Once a municipality assigns new values in a general revaluation, it will issue notices to property owners, usually before the end of the calendar year. 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 participate in the informal meeting process without legal representation, the importance of a well-made presentation at the informal meeting cannot be overstated, as it can result 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 20. This deadline is often extended, particularly in a revaluation year when the assessor may anticipate 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 of assessment appeals 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 the best presentation 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.

#### Deciding Whether to Appeal

Challenging an assessment immediately after the municipality conducts a general revaluation maximizes the potential tax savings over the five-year revaluation cycle. Even in a non-revaluation year, however, an appeal may be warranted, particularly if the potential tax savings over the remainder of the revaluation cycle significantly exceed the costs associated with an appeal. Also, there are benefits to having a reduced assessment serving as a starting point for the municipality at the time of the next general revaluation.

The decision whether to appeal is fact-specific. It must be based on a determination as to whether the property's assessment is excessive considering appropriate legal and valuation grounds. In a real estate tax appeal, the validity of the assessment, not the amount of the tax, is at issue.

#### Resolving a Court Appeal

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 the event a settlement cannot be reached, however, the property owner and counsel 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 excessive, and that the taxpayer's proposed value is correct.

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