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## TALKING POINTS

# Assessment revaluations demand owner attention

By Elliott B. Pollack

While it is December, many Connecticut assessors are not dreaming of sugar plums or dancing elves. Those assessors conducting town-wide revaluations as of Oct. 1, 2012 are thinking about how many property owners — mostly commercial parcels — will appeal their new values.

“Revaluation” in Connecticut means the periodic determination of new market values and assessments for every parcel of real estate in a municipality. This can be a daunting project, given that a municipality can have thousands of assessment parcels. Many assessors outsource at least part of their revaluation responsibilities to a state-licensed revaluation company. Some delegate revaluation of their residential portfolio to a revaluation consultant and keep all or a portion of the commercial and industrial portfolio in house. They may take on the entire task themselves or seek assistance from

appraisers to “benchmark” property types such as office buildings or shopping centers. Benchmarking is the development of metrics for a statistically valid sampling of a product type which, in turn, enables the assessor to determine the values of the remaining properties.

The lack of a consistent revaluation cycle in Connecticut used to be a standing joke. For decades the law mandated a maximum of 10 years between revaluations — which could be a virtual light year depending on underlying economic and market changes. Some communities managed to obtain a “bye” from the General Assembly for more than 10 years. For example, one Connecticut municipality successfully delayed its revaluation by almost 20 years. This made a mockery of the reassessment process, leaving many properties valued at a small fraction of what they were currently worth. It also put assessors in the impossible position of attempting to trend back the value of new construction in order to fairly equalize assessments.

Last, but certainly not least, the gambit of postponing revaluation hurt business personal property and automobile owners in a major way. How? Because by postponing revaluations and keeping real estate property values artificially low, it was necessary to raise the tax (mil) rate to an absurdly high number in order to generate necessary revenue. This in turn resulted in eye-popping tax bills for owners of personal property and automobiles, which unlike real estate, are revalued every year. All in all, it was an inefficient and even ludicrous situation.

The General Assembly addressed this mess in 1995 when the mandatory cycle was reduced to four years (later increased to five years in 2004) thereby injecting a major dose of equity into the process. However, Connecticut still drags out its revaluations when compared with other states that accomplish their revaluations every year or two.

Hopefully all this demonstrates that a revaluation is an important event for commercial real property owners. The old saw that revaluation is not relevant because the tax rate will be altered to reflect the community’s revenue needs, multiplied by the changing trends in assessments, is way off the mark. Similarly, while valuation reductions may be expected

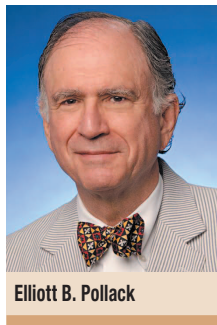
in many communities, tax rates will likely be increased to compensate for these declines.

Initially, a revaluation assessment can be substantially inaccurate and result in an artificially high tax bill, if not challenged. Even if a proposed revaluation assessment reasonably reflects the market, property owners in a revaluation town should take care to confirm that the owners of substantially similar properties are being treated in the same way. For example, if your strip shopping center is being valued at \$95 per square foot and several (similar) other strips in the community are at \$50 per square foot, something may be wrong.

Thirty-seven communities across Connecticut are scheduled to enjoy the pleasure of revaluation on their Oct. 1, 2012 Grand Lists, a process which will play out in time to be reflected on tax bills due July 2013 and January 2014. Owners can expect to be contacted either by the assessor or the revaluation company with a tentative new assessment and an invitation to discuss any concerns. At the very least, owners should be certain that the size and configuration of the property is properly reflected on the assessor’s records.

Once data are verified, owners should analyze the proposed value as suggested above. Experience teaches that a fair and equitable revaluation assessment is easier to attain if the owner participates vigorously in the informal process. If an acceptable result is not obtained, an appeal must be filed with the local board of assessment appeals in February or March. This filing will be succeeded by an informal hearing before the board.

An owner dissatisfied with the new value after this process has concluded must file an appeal to Superior Court within two months from the date of mailing of the board’s decision. If an informal settlement cannot be reached, Superior Court trials are conducted before a judge without a jury and can consume anywhere from one day to a week or more depending on the scope of factual and expert appraisal testimony. Properties with engineering or environmental issues affecting value are especially complicated and expensive to litigate and may require more trial time. ■



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### 37 towns doing revaluations

The towns conducting revaluations are:

Ansonia,	Plainfield
Berlin	Preston
Bethel	Redding
Bozrah	Ridgefield
Bristol	Roxbury
Canaan	Simsbury
Cromwell	Southbury
Danbury	South Windsor
East Haddam	Sprague
East Windsor	Stamford
Farmington	Sterling
Glastonbury	Stonington
Goshen	Warren
Granby	Waterbury
Naugatuck	Waterford
New Britain	Wilton
Newtown	Winchester
North Canaan	and Windham.
Orange	

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