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Summer 2014

In This Summer 2014 Issue:

Sales Price Is Not Always Equal To Market Value

Loss of Exemption Timing Reviewed

No Zip for Zillow

Erosion of Property Tax Exemption - Postponed

Attorney Notes

Sales Price Is Not Always Equal To Market Value

Often, a modest valuation case reminds us of a basic appraisal principle. Robert and Katherine Kappes purchased their home in North Stonington in 2012 for \$292,000. The assessor valued the property at \$398,300 on October 1, 2011, the date of the last town-wide revaluation and the date that, Mr. and Mrs. Kappes brought a tax appeal seeking a reduction in the assessor's value to their purchase price. Not so fast, said Judge Trial Referee Thomas Parker sitting in the Superior Court for the New London Judicial District. Plaintiffs purchased their property in a "short sale," the Court found. It noted that the mortgage debt on the property at the time of sale "far exceeded its fair market value."

Fortunately for the plaintiffs, the Town decided to put on appraisal evidence of value at the trial which showed that the market value on October 1, 2012 was \$335,000, well below the assessor's conclusion!

As a result, although the owners' attempt to use the short sale as a determinative indication of value failed, the Town's apparent over zealousness in defending its position achieved a valuation reduction of \$63,300! The decision does not enlighten us as to why the Town thought it necessary to introduce any evidence of value given the plaintiffs' unacceptable reliance on their short sale/purchase without any expert backup.

Summer 2014

Robert F. Kappes, et al v. Town of North Stonington, Judicial District of New London at New London, Docket No. CV-13-6017376 (May 22, 2014).

Laura Bellotti Cardillo, Esq. at (860) 424-4309 or lcardillo@pullcom.com. can respond to questions about this case.

Loss of Exemption Timing Reviewed

A non-for-profit corporation which provides religious services, training and related charitable services owns a parcel of real estate in Deep River which had been granted tax exempt status by the Deep River assessor for a number of years. The assessor learned that the plaintiff had “abandoned religious use. . .of the property” and notified the owner in October 2012 of her intention to terminate the exemption. The assessor later also transmitted a “real estate assessment notice” to the corporation advising that the exemption had been removed. Interestingly, she also notified the corporation that the assessment previously attached to the property in its exempt status had been reduced after its transfer to the non-exempt portion of the Deep River Grand List.

As the case made its way to the trial court, the only claim was that the assessor had failed to give timely notice of the termination of the exemption even though the corporation received an assessment notice in February 2013 and had sufficient time to appeal to the Deep River Board of Assessment Appeals - which denied the appeal.

The question presented to the court, then, was whether the assessor had any obligation to notify the entity before the assessment notice was mailed to it in February.

Sitting in the Superior Court in the Judicial District of New Britain, Judge Arnold W. Aronson held that the corporation received appropriate notice, twice in fact, of removal of the exemption. Its effort to enjoy the exemption for another year was rejected.

Jesus Has Called Me Ministry, Inc. v. Town of Deep River, 2014 WL 1345261 (April 23, 2013).

No Zip for Zillow

In a prosaic tax appeal case in which an owner of a single family home built in 1910 and consisting of 962 square feet on a .29 acre lot challenged the assessor’s value, the home owner did not present appraisal evidence and simply offered his personal view of the value of his property. To support his opinion, he relied on the Zillow real estate/valuation website. In what appears to be a case of first impression, the Superior Court refused to accept Zillow as a source of valuation evidence.

Summer 2014

Ionescu v. Town of Stratford, et al., Superior Court, Judicial District of New of New Britain, May 14, 2014, Docket No. CV-12-5015659-S

Gregory F. Servodidio, Esq. is familiar with this issue. He can be reached at (860) 424-4332 or gservodidio@pullcom.com.

Erosion of Property Tax Exemption - Postponed

Effective October 1, 2014, any property acquired by an institution, facility or hospital owning property for which a state grant in lieu of taxes (PILOT) had been made in a prior fiscal year would have been subject to taxation by the municipality on new acquisitions if Substitute House Bill 5583 had been enacted. Bill 5583 made it clear that an exemption request by an entity not already owning exempt property in the particular town would be approved upon satisfaction of all applicable legal requirements.

The impact of this legislation would have been monumental. This is the first time in memory that any meaningful attempt had been made by the General Assembly to reduce the burden of the real property tax exemption on Connecticut's economically challenged and property tax-starved municipalities. While it did not become law, new winds are clearly blowing in the General Assembly. The 2015 session figures to address property tax exemption issues again.

Elliott B. Pollack is familiar with exemption issues. He can be reached at 860-424-4340 or at ebpollack@pullcom.com.

Attorney Notes

Department member Laura Bellotti Cardillo took a few months off to deliver and enjoy bouncing baby boy Nicolas Anthony Cardillo. She returned to the office on June 9. Mom and son are doing very well!

Property Valuation Department Chair Elliott B. Pollack gave a talk at the 2014 Advanced Property Tax program sponsored by the American Bar Association and Institute for Professionals in Taxation on the valuation of low income housing tax credit properties.

Elliott also participated in a panel discussion on environmental contamination presented at the Connecticut Bar Association's annual meeting on June 16, 2014. He addressed valuation issues associated with this problem. His topic: "Who's afraid of contaminated property?"

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Summer 2014

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