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Property owners: Beware of the municipal tax phase-in of property revaluation

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The phase-in of property revaluations is the most arbitrary and unfair tax program imposed on taxpayers in the state of Connecticut.

It is arbitrary because most taxpayers are unaware of its effect on their taxes until it's too late. They do not oppose the phase-in when it is being adopted by their towns. And they don't understand how it affects their own taxes.

It is unfair because those taxpayers whose property values have increased the least over the past ten years pay the taxes for those lucky enough to own property which has increased the most. It's a direct transfer of money from those who lost, or gained the least, in the real estate market to those who profited the most.

And these are not small sums of money being transferred from the unlucky to the lucky.

The town of Groton is a very good case study. Last year the town of Groton phased in the taxes for its revaluation of 2006. Seven hotels whose property values proportionately increased the least among all properties in town paid from $7,500 to $55,000 each to those who were fortunate enough to have had their properties rise significantly in value.

And who were the winners? One apartment owner received a "subsidy" of over $54,000 and another more than $45,000. A drug store plaza got a windfall of $38,000. Again this was money taken directly from hotels, nursing homes, manufacturers and others who were the losers in the real estate market.

The following towns have held town wide revaluations for 2007 and may now be considering enacting a phase in:

Ansonia, Ashford, Berlin, Bethel, Bozrah, Bristol, Canaan, Cromwell, Danbury, Eastford, East Windsor, Farmington, Glastonbury, Goshen, Granby, Guilford, Hartland, Killingly, Madison, Middletown, Naugatuck, New Britain, Newtown, North Canaan, Plainfield, Preston, Redding, Ridgefield, Roxbury, Simsbury, Southbury, South Windsor, Sterling, Stonington, Warren, Waterbury, Waterford, Wilton, and Winchester

Here is how the phase-in works. Section 12-62c of the Connecticut General Statutes allows any municipality to phase in the results from a town wide revaluation. After the revaluation, the real estate taxes are not immediately levied on what the properties are valued as of the date of the revaluation. Rather the new values are phased in over a period of up to five years. If the phase- in is for five years, those properties that have sky-rocketed in value pay taxes only on the old assessed value plus 20% of the increase each year.

Likewise those properties that have suffered in the market, have to pay at the old assessed value plus 20% of their proportionately smaller increases or in some instances, take advantage of only 20% of their decreases in value.

There are many fair ways to safeguard people who cannot afford to pay their real estate taxes. Taking money from those who made the least or even lost in the real estate market is not one of them.

So how can one stop the phase-in? Whether a town adopts to phase in its taxes after a revaluation is a political decision made by the legislative body of the town. As a property owner you must contact your council man or selectman before any vote is taken and register your opposition and the reason for the opposition. Even better, you should enlist the help of your chamber of commerce or similarly situated property owners.

If you catch this issue before it's enacted you will have a very good chance of stopping it from being enacted. You will be surprised at the effect that a well-planned presentation will have at a public meeting.

If you find that your town is considering a phase-in, I would be happy to discuss with you an effective campaign to stop it dead in its tracks. The phase-in has no place in a tax structure that is supposed to be based on fairness and equity.

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