
OLR Bill Analysis

HB 7001

AN ACT CONCERNING THE DETERMINATION OF FAIR MARKET VALUE OF RETAIL SALES FACILITIES FOR PURPOSES OF PROPERTY TAXATION.

SUMMARY

This bill specifies the method assessors must use to determine retail sales facilities' present true and actual value (i.e. fair market value) for property tax purposes. Under existing law, assessors may generally use any acceptable mass appraisal methods when conducting real property valuations, including the (1) market sales comparison approach; (2) cost approach; or (3) income approach (CGS § 12-62(b), see BACKGROUND). Under the bill, assessors must use all three of these approaches when valuing retail sales facilities specifically, beginning with the October 1, 2025, assessment year. (It is unclear whether the bill requires an interim revaluation of retail properties for the 2025 assessment year.)

When doing the market sales comparison analysis for a retail sales facility, the bill requires assessors to consider reasonably similar properties. Specifically, those that are similar in age, condition, use, construction type, location, and design and with similar physical features and economic characteristics.

Under the bill, "retail sales facilities" are structures used to serve in-person customers selecting and purchasing retail goods or renting tangible personal property.

EFFECTIVE DATE: October 1, 2025, and applicable to assessment years beginning on and after that date.

BACKGROUND

Valuation Methods

Broadly, the market sales comparison approach looks at information

on similar, recently sold properties. The cost approach estimates the current cost of replacing the property, with adjustments for depreciation, the underlying land's value, and entrepreneurial profit. The income (or "income capitalization") approach considers an income-producing property's estimated gross income, vacancy and collection losses, and expenses and applies a capitalization rate.

Related Bill

sHB 1343, § 3, favorably reported by the Planning and Development Committee, requires rather than allows assessors to use a uniform personal property valuation method and depreciation schedule set in the law.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable

Yea 13 Nay 7 (03/12/2025)