



# Senate

General Assembly

**File No. 296**

February Session, 2026

Substitute Senate Bill No. 363

*Senate, April 1, 2026*

The Committee on Planning and Development reported through SEN. RAHMAN of the 4th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT ALLOWING MUNICIPALITIES TO IMPOSE COMMERCIAL VACANCY ASSESSMENTS IN CERTAIN DISTRICTS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2026, and applicable to assessment*  
2 *years commencing on or after October 1, 2026*) (a) As used in this section:

3 (1) "Active renovation" means construction or repair work lasting not  
4 less than ninety consecutive days and undertaken pursuant to an  
5 approved building permit;

6 (2) "Municipality" has the same meaning as provided in section 7-148  
7 of the general statutes; and

8 (3) "Vacant" means not occupied or actively used for greater than one  
9 hundred eighty days, consecutive or nonconsecutive, in an assessment  
10 year.

11 (b) Any municipality may, by vote of its legislative body, or, in a

12 municipality where the legislative body is a town meeting, its board of  
13 selectmen, adopt an ordinance imposing an assessment on any real  
14 property that is (1) vacant, (2) located in a zone that allows for  
15 commercial use and not used for any residential purpose, (3) located at  
16 ground level, if such real property is part of a building or structure  
17 containing two or more levels, and (4) located in a defined area adopted  
18 by the municipality in which such assessment is applicable. Such  
19 assessment shall be at a rate determined by the municipality, provided  
20 such rate does not exceed five dollars per square foot for any assessment  
21 year during which such property remains vacant.

22 (c) Notwithstanding the provisions of subsection (b) of this section,  
23 no assessment shall be imposed on real property pursuant to this section  
24 if:

25 (1) The owner of such real property is engaged in active renovation  
26 of the property, or a permit application concerning such property is  
27 pending;

28 (2) The owner identifies specific legal or regulatory barriers,  
29 including pending litigation, environmental reviews or permitting  
30 delays that have prevented occupancy or use of the real property during  
31 the preceding assessment year; or

32 (3) Such real property has been impacted by a natural disaster, or is  
33 deemed uninhabitable by state or local authorities.

34 (d) If a municipality adopts an ordinance imposing an assessment on  
35 vacant real property pursuant to this section, such municipality shall  
36 specify the form and manner of application for any owner of such  
37 property to claim an exemption from such assessment pursuant to  
38 subsection (c) of this section.

39 (e) Any assessment on real property pursuant to this section shall be  
40 due and payable on the same date as real property taxes collected  
41 pursuant to chapter 204 of the general statutes. Any such assessment  
42 may be appealed pursuant to the provisions of section 12-111 of the

43 general statutes.

44 (f) Any assessment collected pursuant to this section shall be  
 45 deposited into a fund established by the municipality. Such fund shall  
 46 be used solely for infrastructure improvements, the remediation of  
 47 blight or the promotion of development in the area defined by the  
 48 municipality pursuant to subdivision (4) of subsection (b) of this section.  
 49 The proceeds of such fund shall not be used for operating expenses of  
 50 any kind or be considered a part of the municipal general fund.  
 51 Expenditures from such fund shall be authorized in the same manner as  
 52 any other capital expenditure of the municipality. Any income earned  
 53 by any moneys on deposit in such fund shall accrue to the fund.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2026, and applicable to assessment years commencing on or after October 1, 2026</i>	New section

**Statement of Legislative Commissioners:**

Subdiv. (a)(1) was rewritten for clarity; in Subdiv. (b)(2), "zoned" was changed to "located in a zone that allows", for accuracy; in Subdiv. (b)(4), "identified" was changed to "adopted", for accuracy, and "in which such assessment is applicable" was added for clarity; and in Subdiv. (c)(2), "or use" was added after "occupancy", for accuracy.

**PD**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:**

Municipalities	Effect	FY 27 \$	FY 28 \$
All Municipalities	Potential Revenue Gain	None	Potential

**Explanation**

The bill allows municipalities to impose a fine on vacant commercial property that meets certain criteria. This results in a revenue gain to municipalities beginning in FY 28 to the extent this fine is imposed. Any revenue gain is dependent on the number of fines imposed and the amount of the fine.<sup>1</sup>

The bill specifies how the revenue from fines must be spent which does not result in a fiscal impact.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to the number and amount of fines.

<sup>1</sup> The bill allows the fine to be set at up to \$5 per square foot and charge it for each assessment year that the space is vacant.

**OLR Bill Analysis****sSB 363*****AN ACT ALLOWING MUNICIPALITIES TO IMPOSE COMMERCIAL VACANCY ASSESSMENTS IN CERTAIN DISTRICTS.*****SUMMARY**

This bill allows municipalities to impose fines on certain property owners if their property (1) is in a municipally defined area; (2) is zoned for commercial use; and (3) has been vacant (meaning not occupied or actively used) for more than 180 days, either in a row or nonconsecutively. Under the bill, municipalities may impose the fine on vacant real property (generally land, buildings, and other improvements permanently attached to the land) that is not used for residential purposes, but only on the ground level of multi-story buildings.

It allows municipalities to set the fine at up to \$5 per square foot and charge it for each assessment year the space is vacant. Revenue from the fines must be used to improve the defined area, as described below.

Under the bill, a property is exempt from the fine if:

1. its owner is actively renovating it (doing permitted construction or repair work lasting at least 90 consecutive days);
2. a permit application for it is pending;
3. a natural disaster impacted it;
4. its owner identifies specific legal or regulatory barriers that kept it from being occupied or used during the last assessment year (including pending litigation, environmental reviews, or permitting delays); or

5. state or local authorities deemed it uninhabitable.

The bill requires municipalities to deposit collected fines into a fund the municipality establishes and use these funds and any interest that accrues solely to improve infrastructure, remediate blight, or promote development in the defined area. It specifies funds may not be used for the municipality’s operating expenses or treated as part of its general fund. It requires that authorizations to use these funds be made in the same way as for other capital expenditures.

Under the bill, to establish this fine and defined area, the municipality’s legislative body (or board of selectmen if the legislative body is a town meeting) must (1) vote to adopt an ordinance and (2) establish how owners may claim an exemption.

The bill makes the fines due on the same date as taxes on real property and allows people to appeal the fines to the board of assessment appeals in the same way as property taxes are appealed under existing law.

EFFECTIVE DATE: October 1, 2026, and applicable to assessment years starting on and after that date.

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable Substitute

Yea 16 Nay 5 (03/13/2026)