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Special Report

Acts Affecting Taxes

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Notice to Readers

This report provides summaries of new laws (public acts and special acts) significantly affecting taxes enacted during the 2022 legislative session. OLR's other Acts Affecting reports, including Acts Affecting Business and Jobs, are, or will soon be, available on OLR's website: https://www.cga.ct.gov/olr/actsaffecting.asp.

Each summary indicates the public act (PA) or special act (SA) number. Not all provisions of the acts are included. The report does not include vetoed acts unless the veto was overridden. Complete summaries of public acts are, or will soon be, available on OLR's website: https://www.cga.ct.gov/olr/olrpasums.asp.

Readers are encouraged to obtain the full text of acts that interest them from the Connecticut State Library, House Clerk's Office, or General Assembly's website: http://www.cga.ct.gov.

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Income Tax

Child Tax Rebate

The legislature authorized a one-time rebate for qualifying taxpayers of up to $250 per child (i.e., an individual who is age 18 or under as of December 31, 2021). Taxpayers may claim the rebate for up to 3 children whom they validly claimed as dependents on their 2021 federal income tax return. To qualify for a full rebate, a taxpayer's federal adjusted gross income must be below (1) $100,000 for single filers or married people filing separately, (2) $160,000 for heads of household, and (3) $200,000 for joint filers (PA 22-118, § 411, effective upon passage).

Conveyance Tax Credit Against the Income Tax

Prior law allowed taxpayers who paid conveyance tax at the 2.25% marginal rate to claim a property tax credit against their state income tax liability based on the amount they paid in conveyance tax at this rate. A new law instead allows them to claim a credit equal to the tax they paid in excess of 1.25% on the portion of sales price exceeding $800,000. By law, the 2.25% rate applies to any portion of a residential dwelling's sales price that exceeds $2.5 million; the 1.25% rate applies to any portion that exceeds $800,000 and is less than or equal to $2.5 million (PA 22-117, § 20, effective upon passage).

Earned Income Tax Credit (EITC) Enhancement Program

The legislature created a personal income tax exemption for the 2022 tax year for any income a resident received through the 2020 and 2021 EITC enhancement program, to the extent this income was includable in gross income for federal tax purposes. Under the EITC enhancement program, taxpayers receive a payment equal to a certain percentage of the federal tax credit they received for the applicable income year, funded by federal relief funds (PA 22-118, § 410, effective upon passage).

Income Tax Credit for Stillbirths

New legislation establishes a $2,500 personal income tax credit for the birth of a stillborn child if the child would have been claimed as the taxpayer's dependent on his or her federal income tax return. Taxpayers may claim the credit for the tax year for which the Department of Public Health's State Vital Records Office issued a stillbirth certificate (PA 22-118, § 412, effective July 1, 2022, and applicable to tax years beginning on or after January 1, 2022).

Pension and Annuity Tax Exemption Acceleration

This session, the legislature accelerated the phase-in of the pension and annuity income tax exemption. Under this new law, beginning with the 2022 tax year, qualifying pension and annuity income is fully tax-exempt for income-qualifying taxpayers. Under prior law, the exemption increased incrementally each year until it reached 100% beginning in the 2025 tax year. By law, taxpayers are eligible for this exemption only if their federal adjusted gross income is below (1) $75,000 for single filers, married people filing separately, or heads of households and (2) $100,000 for married people filing jointly (PA 22-118, § 410, effective upon passage).

Property Tax Credit Increase

Beginning with the 2022 tax year, the budget act (1) increases the property tax credit against the personal income tax from $200 to $300 and (2) expands the number of people eligible to claim this credit by eliminating provisions under prior law limiting the credit to residents who are age 65 or older or claim dependents on their federal tax return (PA 22-118, § 408, effective upon passage).

Business Taxes

Captive Insurer Tax Amnesty Program

This session, the legislature created a tax amnesty program for insureds that open a branch captive insurer in Connecticut or transfer an alien or foreign captive here. (A captive insurer is an insurance company generally formed to insure or reinsure the risks of its parent or affiliated company.) If an insured establishes or transfers an applicable captive to the state by June 30, 2023, and pays all independently procured insurance premium taxes and interest due for the tax periods between July 1, 2019, and July 1, 2022, the program waives (1) taxes, interest, and penalties related to the independently procured insurance tax for tax periods before July 1, 2019, and (2) penalties for tax periods between July 1, 2019, and July 1, 2022 (PA 22-118, § 438, effective July 1, 2022).

Unemployment Taxes

The legislature enacted two changes to the unemployment taxes paid by the state's employers. The first will affect employers' experience rates in 2026 and 2027 by requiring the rates to be (1) based on a three-year experience period (rather than a one-year period in 2026 and a two-year period in 2027) and (2) lowered by dividing them by 1.125 in 2026 and 1.053 in 2027 (PA 22-67, § 5, effective upon passage).

The second change will affect the 2023 unemployment tax rates of new employers that have not been chargeable with unemployment benefits for a long enough time to have their own unemployment tax experience rate calculated. By law, these new employers must pay either 1% or the state's five-year benefit cost rate, whichever is higher. For tax years since January 1, 2022, existing law requires that the five-year benefit cost rate be calculated without the benefit payments and taxable wages for calendar years 2020 and 2021, when applicable. For 2023, the new law requires that the state's five-year benefit cost rate be calculated this same way, but then reduced by 0.2 (PA 22-118, § 211, effective July 1, 2022).

Sales and Use Tax

Exemption for Water Companies

A new law exempts from sales and use tax the goods and services water companies purchase to maintain, operate, manage, or control a pond, lake, reservoir, stream, well, or distributing plant or system that supplies water to at least 50 customers. The exemption applies to water companies regulated by the Public Utilities Regulatory Authority (i.e., private, investor-owned water companies) (PA 22-118, § 430, effective July 1, 2022, and applicable to sales occurring on or after that date).

Marketplace Car and Truck Rentals

Under new legislation, marketplace facilitators that facilitate passenger motor vehicle and truck rentals on behalf of rental companies are exempt from collecting and remitting sales tax on behalf of these sellers. This makes the rental companies themselves responsible for collecting a remitting sales tax on these sales (PA 22-118, § 483, effective July 1, 2023).

Refunds for Beer and Wine Manufacturers

This session, the legislature extended certain manufacturing-related sales and use tax exemptions to holders of manufacturer permits for a (1) farm winery and (2) wine, cider, and mead. The same exemptions apply under existing law, beginning July 1, 2023, to manufacturer permittees for beer. The new law also makes these same beer and wine manufacturer permittees eligible for a refund of any sales and use taxes they paid on these manufacturing-related purchases for the five preceding income or tax years if they are in good standing with the Department of Consumer Protection on July 1, 2023 (PA 22-118, § 429, effective July 1, 2023).

Sales and Use Tax Reassessments

The Department of Revenue Services (DRS) commissioner may now impose more than one sales and use tax deficiency assessment (i.e., reassessment) for a tax period. Prior law allowed him to impose only one assessment per tax period, except (1) in the case of fraud or tax evasion, where a return was filed, or (2) if he found new information warranting more than one assessment, regardless of whether a return was filed.

The new law similarly authorizes the commissioner to impose reassessments in sales and use tax jeopardy tax collections (i.e., when the commissioner takes action to collect sales and use taxes that are assessed but not yet due when he believes that the tax will be jeopardized by delay) (PA 22-117, §§ 21-30, effective upon passage).

Tax Credits and Incentives

Aerospace Manufacturing Projects

This session, the legislature authorized the Department of Economic and Community Development (DECD) to enter into an assistance agreement with an eligible aerospace company that intends to take on a qualifying helicopter production project in Connecticut. The agreement may provide the company with up to $50 million or $75 million in total tax benefits over its term, depending on whether it enters into federal contracts for one or two helicopter programs, respectively. These tax benefits may allow the company to first offset its sales and use tax liability and, if applicable, claim a corporation business tax credit, up to specified limits, for each year from FYs 23 to 32. Under the act, the company's aerospace manufacturing project meets specified criteria, including agreeing to minimum requirements for total employment, average employee wages, supplier spend, and capital expenditures, that continue through at least June 30, 2042 (PA 22-4, effective upon passage).

Enterprise Zone Designation

By law, the DECD commissioner may remove an enterprise zone's designation if the area no longer meets the designation criteria. A new law prohibits the commissioner from doing so if the number of residents in the zone with incomes below the poverty level has not been reduced by at least 75% from the date the zone was originally approved (based on the most recent U.S. census) (PA 22-118, § 465, effective upon passage).

Extending the Manufacturing Apprenticeship Tax Credit to Pass-Through Entities

The budget implementer extends the manufacturing apprenticeship tax credit to the affected business entity tax (i.e., pass-through entity or PE tax), allowing members of pass-through entities to claim the credit against this tax and reduce their PE tax liability. It allows pass-through entities to do so for tax years beginning on or after January 1, 2022, and requires that the available credit be based on the PE tax due before applying this credit or any other payments against the tax (PA 22-118, § 425, effective July 1, 2022, and applicable to income or tax years beginning on or after January 1, 2022).

JobsCT

The budget implementer established the JobsCT tax rebate program under which companies in specified industries may earn rebates against the insurance premiums, corporation business, and pass-through entity (PE) taxes for reaching certain job creation targets. The rebate is based on (1) the number of new full-time equivalent employees (FTEs) the business creates and maintains, (2) these FTEs' average wage, and (3) the state income tax that would be paid on this average wage for a single filer.

A business is eligible for the program if it is subject to at least one of the above taxes and in an industry related to finance, insurance, manufacturing, clean energy, bioscience, technology, digital media, or any similar industry, as determined by the DECD commissioner. Generally, the (1) business must create and maintain at least 25 new FTEs to claim a rebate, and (2) rebate equals 25% of the state income tax paid by the new FTEs (50% for FTEs in an opportunity zone or distressed municipality). The legislation caps the aggregate rebate amount awarded at $40 million per fiscal year (PA 22-118, §§ 420-424, effective July 1, 2022, and applicable to taxable years commencing on or after January 1, 2023).

Student Loan Payment Tax Credit

Existing law allows businesses that make payments on qualified employees' eligible student loans to claim a tax credit equal to 50% of the payments made, up to an annual credit maximum of $2,625 per employee. A new law (1) expands the loans eligible for this credit to include any Connecticut Higher Education Supplemental Loan Authority-issued loan and (2) allows "qualified small businesses" (i.e., those with $5 million or less in gross receipts in the year the credit is allowed) to apply to DRS for a refund equal to the credit's value (PA 22-118, § 419, effective upon passage and applicable to income years beginning on or after January 1, 2022).

Other State Taxes

Admissions Tax on Movies

Starting January 1, 2023, a new law eliminates the 6% admissions tax on movie tickets. Under prior law, this tax applied to movie tickets costing more than $5 (PA 22-118, § 435, effective July 1, 2022).

Ambulatory Surgical Center Tax Repeal

Beginning July 1, 2022, the budget implementer (1) sunsets the ambulatory surgical center (ASC) gross receipts tax (one year earlier than under prior law) and (2) eliminates the ASC net revenue tax currently scheduled to take effect on July 1, 2023 (PA 22-118, §§ 436 & 515, effective upon passage for the sunset of the gross receipts tax and July 1, 2022, for the repeal of the net revenue tax).

Estate and Gift Tax Law Technical Corrections

New legislation reestablishes definitions of "federal basic exclusion amount" under the estate and gift tax laws and corrects a reference to the taxable threshold for filing estate tax returns with the DRS commissioner (PA 22-117, §§ 17 & 19, and PA 22-110, §§ 15-17, both effective October 1, 2022).

Gas Tax Suspension

In response to rising gas prices, the legislature suspended the 25-cent-per-gallon motor vehicle fuels tax on gasoline and gasohol until June 30, 2022 (SA 22-2, effective April 1, 2022). The budget implementer extended the gas tax suspension through November 30, 2022 (PA 22-118, § 431, effective upon passage).

Motor Vehicle Fuels Tax Refund for Emergency Medical Service (EMS) Organizations

A new law allows EMS organizations to apply for a motor vehicle fuels tax refund for fuel used in ambulances the organization owns. An EMS organization is a corporation or other public, private, or voluntary organization that (1) is licensed by the Department of Public Health's Office of Emergency Medical Services and (2) offers ambulance transportation or treatment to patients primarily under emergency circumstances or a mobile integrated health care program. The law already allows hospitals and nonprofit civic organizations to get refunds for fuel used in ambulances they own (PA 22-118, § 432, effective July 1, 2022).

Municipal Gas Company Gross Earnings Tax Exemption

Beginning July 1, 2022, a new law exempts municipal gas utilities from the utility companies tax. Under prior law, municipal gas utilities paid a 4% tax on gross receipts from their residential customers and 5% on those from nonresidential customers (PA 22-118, §§ 433 & 434, effective July 1, 2022, and applicable to tax quarters beginning on or after July 1, 2022).

State Retail Cannabis Tax Revenue

The legislature extended, to FY 23, the requirement that state cannabis tax revenue be directed to the cannabis regulatory and investment account, rather than the General Fund. By law, this account must be used to pay costs state agencies incur in implementing the state's recreational cannabis law (PA 22-146, § 5, effective upon passage).

Tax Administration and Enforcement

Conditions for License or Permit Issuance or Renewal

A new law expands the circumstances under which the DRS commissioner is prohibited from issuing or renewing certain permits or licenses to include situations in which he determines that the applicant has a "related person" with outstanding returns or taxes. The related person must file any outstanding returns and pay any taxes owed, or arrange to do so, to the commissioner's satisfaction before the commissioner may issue or renew the license or permit. These provisions apply to applicants for a (1) cigarette dealer, distributor, or manufacturer license; (2) tobacco product distributor or unclassified importer license; or (3) sales tax seller's permit (PA 22-117, § 35, effective upon passage).

DRS Special Police

This session, the legislature designated DRS special police as "peace officers," thus giving them certain powers and legal protections under state law. By law, the DRS special police are appointed by the emergency services and public protection commissioner and have all the powers of state police (PA 22-117, §§ 8-14, effective upon passage).

Enforcement of Tax Debts in the District of Columbia

Existing law allows the attorney general, at the DRS commissioner's request, to bring suit in the appropriate court in any other state to collect any tax legally due to Connecticut. It also allows any political subdivision of the state to bring these suits to collect any tax due to it. Under a new law, the attorney general and political subdivisions may also file these suits in the District of Columbia.

Existing law similarly requires state courts to enforce liabilities for taxes imposed by other states and their subdivisions that are similar to those imposed in Connecticut as long as the other state extends the same privilege to Connecticut and its subdivisions. The new law extends these same provisions to taxes imposed by the District of Columbia and makes conforming changes to the related procedures for enforcing these taxes (PA 22-117, § 33, effective upon passage).

Income Tax Refunds Due to Changes Made by Another Jurisdiction

A new law expands the circumstances under which income taxpayers who claimed a credit for income tax paid to a qualifying jurisdiction (e.g., another state) must file an amended return because of changes and corrections made by the other jurisdiction. It also establishes conditions under which these taxpayers may file refund claims as a direct result of these changes and corrections (PA 22-117, §§ 2 & 3, effective upon passage and applicable to tax years beginning on or after January 1, 2022).

Interest on Tax Refunds

New legislation caps at $5 million the amount of interest (1) added to any tax refund issued by the DRS commissioner for a tax period and (2) that a court may award in any tax appeal in connection with a tax refund claim for a tax period (PA 22-117, § 4, effective upon passage).

Legislative Report on Out-of-State Tax Enforcement Efforts

A new law requires the attorney general and DRS commissioner, by February 15, 2023, to jointly report to the Finance, Revenue and Bonding Committee on the attorney general's tax enforcement efforts in other states. The report must cover the 2021 and 2022 calendar years and include the (1) number of these suits the attorney general brought during this period, (2) states in which they were brought, and (3) amount of taxes recovered as a result (PA 22-117, § 33, effective upon passage).

Limitation on Claims for Refunds for Closed Audit Periods

The period during which taxpayers may file refunds claims for closed audit periods is now limited. For any tax periods for which the results of any DRS-conducted civil audit, investigation, examination, or reexamination have become final, taxpayers must file refund claims within six months after the date the results become final by operation of law or by exhaustion of all available administrative and judicial rights of appeal, whichever is later. After this six-month period, the applicable tax period must be closed and the taxpayer may not file any additional refund claims for the period, except for specified refund claims authorized under existing corporation business and personal income tax laws (PA 22-117, § 5, effective upon passage).

Nonresident Composite Income Tax Returns

A new law codifies an existing DRS policy by allowing pass-through entities (PE) to elect, on an annual basis, to remit composite income tax on behalf of their nonresident members. Under the policy, if a PE makes this election, its nonresident members are excused from filing their own Connecticut personal income tax returns if they have no Connecticut source income other than from the electing PE.

The PEs must (1) make this election by the due date or extended due date for filing their PE tax returns and (2) file the composite returns subject to any requirements and conditions the DRS commissioner prescribes in the return form and instructions (PA 22-117, §§ 15 & 16, effective upon passage).

Responsible Party Penalty for Withholding Tax

By law, anyone required to collect, truthfully account for, and pay over Connecticut personal income tax who willfully fails to do so, or who willfully attempts to evade or defeat the tax or its payment, is liable for a penalty equal to the total amount of tax evaded or not collected, accounted for, or paid over. A new law additionally makes them liable for any penalty or interest attributable to these actions (PA 22-117, § 1, effective upon passage).

Statute of Limitations on Collection Actions

New legislation generally prohibits the DRS commissioner from collecting a tax after 10 years (1) from the date the tax was reported on a return filed with DRS or (2) in the case of an assessment, from the date the assessment became final. The 10-year statute of limitations does not apply to any taxes (1) for which the commissioner has entered into a compromise or closing agreement or (2) that have been secured by recording a lien on taxpayer's real or personal property (PA 22-117, § 31, effective upon passage).

Tax Return Information in Connection With Criminal Investigations

This session, the legislature authorized DRS special police, in connection with their official criminal tax investigation duties and the enforcement of any state criminal law, to disclose return information if doing so is necessary to obtain information that is not otherwise reasonably available. It also established conditions under which the DRS commissioner may disclose tax returns and return information to authorized members of organized local police departments upon a written request by the department's police chief (PA 22-117, §§ 6 & 7, effective upon passage).

Property Tax

Add-On Bills After a Property's Transfer

New legislation gives tax collectors 30 days, instead of 10, to send out add-on tax bills in situations where a change in property ownership affects a tax exemption or abatement. It applies the new 30-day timeframe to tax bills sent out following the transfer of property that is the subject of relief under (1) the Freeze Tax Relief Program, (2) the Circuit Breaker Program, or (3) any other provision that made it tax-exempt or eligible for an abatement prior to the transfer (PA 22-74, §§ 12, 13 & 16, effective July 1, 2022).

Assessment of CRDA Apartments

A new law expands the Capital Region Development Authority (CRDA) apartment properties that are treated as residential property for property tax assessment purposes and thus qualify for a lower assessment ratio. Under prior law, this property tax treatment applied to apartments CRDA constructed or converted in the statutorily designated Capital City Economic Development District. It now applies to CRDA apartments throughout Hartford (PA 22-146, § 10, effective October 1, 2022, and applicable to assessment years beginning on or after that date).

Assessors' Denial of Exemptions

This session, the legislature passed a law requiring assessors, upon denying a property tax exemption application, to mail a written notice of the decision to the applicant's last known address and include with it (1) the gross assessed value of the property; (2) the amount of any exemption granted; (3) the net taxable property value; and (4) a statement that the assessor's decision is appealable (PA 22-74, § 10, effective October 1, 2022, and applicable to assessment years beginning on or after that date).

Child Care Center Tax Abatement

New legislation authorizes a local option property tax abatement for property (1) used for operating a child care center, group child care home, or family child care home and (2) owned by the person, persons, association, organization, corporation, institution, or agency holding the child care license. Municipalities may abate up to 100% of property taxes due on the property for up to five tax years. They may establish the program by vote of their legislative bodies, or board of selectmen where the town meeting is the legislative body (PA 22-81, § 13, effective October 1, 2022, and applicable to assessment years beginning on or after that date).

Deferral of Property Tax Revaluations for Certain Towns

By law, municipalities must conduct a real property revaluation every five years by October 1. A new law authorizes ten specified municipalities to defer implementing their revaluations by one year. It allows Danbury, Orange, Wilton, and Stamford to defer their 2022 revaluations until the 2023 assessment year, and Barkhamsted, Norfolk, Norwalk, Suffield, Willington, and Windsor Locks to defer their 2023 revaluations until the 2024 assessment year. Municipalities that implement the deferral must conduct subsequent revaluations according to their original schedules required by law (SA 22-6, effective upon passage).

Delinquent Property Tax Interest Waiver

A new law authorizes municipalities, by vote of their legislative body, to waive any delinquent property tax interest accrued during specified periods by social or recreational clubs that are 501(c)(7) tax-exempt organizations. Under the new law, municipalities may waive (1) interest that accrued from June 30, 2019, to June 30, 2022, and (2) future interest that may accrue from July 1, 2022, to July 1, 2027 (PA 22-146, § 9, effective upon passage).

Exemption Deadline Waivers

Taxpayers in nine municipalities (Danbury, Groton, Madison, Manchester, Middletown, New Haven, Watertown, West Hartford, Windsor Locks) may now claim a property tax exemption for specified property and grand lists even though they missed the filing deadline (SA 22-20, effective upon passage).

Exemptions for EV Charging Stations and Zero-Emission School Buses

New legislation exempts from property tax (1) level two electric vehicle (EV) charging stations located on commercial or industrial property, (2) EV charging stations located on residential property, (3) refueling equipment for fuel cell electric vehicles, and (4) zero-emission school buses (PA 22-25, § 6, effective October 1, 2022, and applicable to assessment years starting on or after that date).

Homeownership Incentive Program

A new law modifies a homeownership incentive program authorized for Hartford that provides tax incentives to residents meeting specified criteria. Specifically, it (1) limits the tax benefits provided under the program to a 100% income tax exemption and (2) expands the areas Hartford must designate for the program from two census blocks to at least two census tracts (PA 22-146, § 8, effective October 1, 2022).

Local Authority to Fix Assessments

This session, the legislature made a change to the law allowing municipalities to fix assessments for up to 10 years on real property or air space undergoing improvements for various purposes, including office, manufacturing, or retail uses; multifamily housing; or transportation or parking facilities. Under the new law, in municipalities where the legislative body is a town meeting, the board of selectmen, if they have been authorized by ordinance, may enter into these fixed assessment agreements (PA 22-72, effective October 1, 2022).

Local Option Property Tax Exemption for Veterans

The legislature established a new local option property tax exemption for income-qualifying veterans' primary residences. Local option exemptions under existing law generally have a lower allowable income threshold or more restrictive eligibility requirements than that in the act establishing the new exemption. Under the new law, the exemption (1) is available to veterans with up to $50,100 in federal adjusted gross income and (2) equals 10% of the assessed value of a dwelling a veteran owns and uses as a primary residence (PA 22-34, § 33, effective October 1, 2022).

Motor Vehicle Mill Rate Cap

Beginning in FY 23, a new law decreases the motor vehicle mill rate cap from 45 to 32.46 mills. It also adjusts the reimbursement formula for motor vehicle property tax grants, also referred to as municipal transition grants, which are designed to reimburse municipalities for a portion of the revenue loss attributed to the motor vehicle mill rate cap. The new law correspondingly authorizes municipalities and districts that set their FY 23 motor vehicle mill rate before the law's passage to revise them before June 15, 2022 (PA 22-118, §§ 413-414, effective upon passage).

Motor Vehicle Property Tax Valuations and Billing

Beginning with the 2023 assessment year, new legislation revamps the processes by which municipalities determine taxable motor vehicles' values and bill for property taxes on them. It principally requires municipalities to value motor vehicles as a percentage of the manufacturer's suggested retail price (MSRP), based on a 20-year depreciation schedule. Under the law, vehicles that are 20 or more years old must be valued at no less than $500 and assessors must determine the value of vehicles for which the MSRP is unavailable. (Motor vehicle values are currently determined annually according to a schedule of values recommended by the Office of Policy Management (OPM), generally the National Automobile Dealers Association's appraisal guide, which is largely based on auction and retail sales data.)

The new valuation method applies to motor vehicles that are (1) registered with the Department of Motor Vehicles (DMV), (2) unregistered or unusable and located in this state, (3) commercial trucks meeting certain size and use requirements, or (4) included in a new OPM-established plate class created by the law.

The new law also, among other things, modifies the timeline for supplemental property taxes due on motor vehicles registered after the start of each assessment year and subjects vehicles registered in August and September to tax for those months (PA 22-118, §§ 497-509, effective July 1, 2022, with most provisions applicable to assessment years starting on or after October 1, 2023).

Municipal Assessment, Tax Collection, and Finance Personnel

A new law broadly authorizes the OPM secretary to make recommendations about assessor, tax collector, and municipal finance officer training programs to support these career pathways. It also requires the committees on tax collection personnel training, examination, and certification and assessment personnel training, examination, and certification to amend regulations to ensure that tax collector and assessor exams and training are readily available online or at various locations statewide (PA 22-122, effective upon passage).

New Exemption for Certain Motor Vehicles

Beginning with the 2023 assessment year, a new law exempts from property tax snowmobiles, all-terrain vehicles, and residential trailers that are used exclusively for personal use (PA 22-118, § 507, effective July 1, 2022, and applicable to assessment years starting on or after October 1, 2023).

Notice of Assessment Increase

By law, municipalities must provide an assessment increase notice when increasing an assessment (valuation) on property other than a motor vehicle in a non-revaluation year. Under prior law, they only had to notify property owners of the old and new valuation. New legislation instead requires them to provide information on the new and old gross valuation, exemptions, and net valuation (PA 22-74, § 9, effective October 1, 2022).

OPM List of Property Tax Relief for Veterans

A new law requires the OPM secretary, jointly with the veterans affairs commissioner, to annually provide written notice to municipalities about the property tax exemptions that a municipality may choose to approve for veterans, veterans' relatives or spouses, or people killed in action while on active military duty with the armed forces (PA 22-34, § 34, October 1, 2022).

PA 490 Program

During the 2021 session, the legislature extended the state's PA 490 program to licensed shellstock (i.e., in-shell molluscan shellfish) shippers by including waterfront property they own in the definition of "maritime heritage land." (The program allows farm, forest, open space, and maritime heritage land to be assessed for property tax purposes based on current use value rather than fair market value (CGS § 12-63).) This session, the legislature limited the applicability of the program to these shippers by requiring that they also either grow or harvest shellstock (PA 22-143, § 18, effective upon passage).

The legislature also eliminated a provision that required the OPM secretary, in consultation with the agriculture commissioner, to develop a schedule of unit prices for property classified as open space under the PA 490 Program (PA 22-74, § 21, effective July 1, 2022).

Property Appraisal Requirement for CGS § 12-117a Appeals

By law, taxpayers may appeal their property assessments to a municipality's board of assessment appeals. The appeals board must hold a hearing on each appeal, except for those on commercial, industrial, utility, or apartment properties assessed at over $1 million. A taxpayer aggrieved by an appeals board's decision can appeal to Superior Court (CGS § 12-117a).

In property tax assessment appeals brought to the Superior Court concerning the valuation of real property assessed at $1 million or more, a new law requires applicants to file a property appraisal, performed by a licensed company, with the court within 120 days after filing the appeal. It authorizes the court to (1) extend the 120-day period for good cause and (2) dismiss the appeal if the appraisal is not timely filed (PA 22-118, § 468, effective July 1, 2022, as amended by PA 22-146, § 19, effective July 1, 2022).

Regional Revaluations

A new law requires the OPM secretary to use the state's planning region boundaries (i.e., councils of governments' boundaries) to designate five revaluation zones. Municipalities in each zone will conduct their revaluations in the same year as other municipalities in the zone. Beginning with the October 1, 2023, assessment year, municipalities must conduct their revaluations pursuant to this OPM-designated revaluation schedule (PA 22-74, § 7, effective July 1, 2022, and applicable to assessment years beginning on or after October 1, 2023).

Renters' Rebate Program

New legislation changes the deadline for requesting more time to apply for a rebate under the Renters' Rebate Program, which provides partial reimbursement of rent and utility bills paid by certain elderly and totally disabled renters. The new law requires renters with extenuating health circumstances or other good cause to apply by November 15, rather than December 15, for an application deadline extension (PA 22-74, §§ 3 & 4, effective July 1, 2022).

Task Force on Veterans Property Tax Relief

The legislature established a task force this session to (1) evaluate state property tax exemptions, abatements, and other relief for veterans; (2) make recommendations about whether there should be tax relief adjustments; and (3) create a list of municipalities with local property tax relief and the type of relief available in each. The task force must report to the Veterans' Affairs and Planning and Development committees by January 1, 2023 (PA 22-34, § 31, effective upon passage).

Tax Levy in Special Taxing Districts

New legislation requires each special taxing district's tax collector to submit to OPM a statement of the district's mill rate and tax levy for the preceding year (PA 22-74, § 5, effective upon passage).

Various Minor Property Tax Changes

A new law makes the following minor property tax changes:

1. clarifying how calculations are rounded when property tax exemptions for veterans increase after a municipality implements a revaluation;

2. explicitly requiring a real, personal, or motor vehicle tax overpayment to be applied to other delinquent taxes the taxpayer owes in the same municipality;

3. specifying that PILOT grants should be paid to municipalities and fire districts annually by May 30;

4. explicitly authorizing tax collectors to refund motor vehicle tax payments when a vehicle was taxed in a municipality in which it was not taxable; and

5. (a) making assessors, rather than tax collectors, responsible for veterans' tax benefit determinations in cases where a veteran was erroneously denied specified tax benefits and applies for a certificate of correction and (b) specifying the modified process for the veteran to apply to the tax collector for a refund from a municipality (PA 22-74, §§ 8, 14, 15 & 17-18, effective July 1, 2022, except the veterans' exemption calculation change is effective October 1, 2022).

Veterans Property Tax Benefits

The legislature made two changes to veterans' property tax benefits. Beginning in FY 24, in conformity with current practice, a new law requires municipalities that opt to provide low-income, 100% disabled veterans with three times the base state-mandated property tax exemption to calculate income eligibility using only the veteran's federal AGI, excluding his or her disability payments.

By law, most property tax exemptions for veterans are portable between municipalities. This means veterans who have established their entitlement to an exemption remain eligible for it if they move to another municipality during the tax year. The new law adds to the list of portable tax exemptions the income-based and local option veterans' exemption granted under CGS § 12-81g (PA 22-74, §§ 1 & 2, effective October 1, 2022, and applicable to assessment years beginning on or after that date).

Tax Studies

Personal Income Tax Study

A new law requires the DRS commissioner to study alternative approaches for imposing the personal income tax with respect to taxpayer residency and identify legislative changes to (1) improve income tax collection or (2) implement an alternative approach for imposing the tax. He must report his findings and recommendations to the Finance, Revenue and Bonding Committee by January 1, 2023 (PA 22-117, § 36, effective upon passage).

Solar Projects and Property Tax Study

New legislation requires OPM to study how property taxes apply to commercial solar generation projects with a nameplate capacity rating of at least 50 kilowatts. The act requires OPM to summarize the current statutory framework for personal and real estate property taxes on these projects and recommend changes that would remove inconsistencies in these statutes and allow for equitable property tax treatment of these projects across the state. OPM must report its findings to the Energy and Technology and Planning and Development committees by January 1, 2023 (PA 22-14, § 5, effective upon passage).

Study on DRS-Administered Taxes and Fees

Under a new law, the DRS commissioner must study each DRS-administered tax and fee to determine its overall effectiveness. The study must identify (1) the amount of revenue generated by the tax and fee and its associated administrative costs and (2) any legislative changes that could be made to improve its administration. The commissioner must report his findings and recommendations to the Finance, Revenue and Bonding Committee by January 1, 2023 (PA 22-117, § 36, effective upon passage).

Study on Extending R&D Tax Credit to Pass-Through Entities

The legislature required the DECD commissioner to (1) study, in consultation with the DRS commissioner, extending the research and development tax credit to pass-through entities and (2) report his findings to the Commerce Committee by January 1, 2023 (PA 22-50, § 5, and PA 22-118, § 158, effective upon passage).

Study on Sale of Outstanding Tax Liabilities

A new law requires the DRS commissioner to study the feasibility of selling outstanding state tax liabilities and report his findings and recommendations to the Finance, Revenue and Bonding Committee by January 1, 2023 (PA 22-117, § 32, effective upon passage).

Tax Incidence Study

By law, the DRS tax incidence study must provide the overall incidence of the income tax, sales and excise taxes, corporation business tax, and property tax. A new law requires that it (1) provide this information for each of the most recent 10 tax years for which complete data are available and (2) include incidence projections for each of these taxes. It also (1) requires that the study present information on the tax burden distribution for the top 1% and 5% of all income taxpayers, rather than just by income deciles, and (2) advances the deadline for the next study, from February 15, 2024, to December 15, 2023 (PA 22-118, § 460, effective July 1, 2022).

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