

# Property Tax Abatement – A Municipal Option



## Background:

Municipalities may choose to support local farm businesses by providing an abatement of up to 50% of the property taxes for certain agricultural enterprises.

## Key Points:

- This tax abatement is a municipal option adopted at the discretion of the municipality. It is not mandated statewide.
- Municipalities adopt the abatement through an ordinance voted on by the municipal legislative body.
- The enabling state statute, **CGS Section 12-81m**, provides the language for the ordinance.
- Municipalities may choose to provide the abatement to any or all of the following agricultural enterprises:
  - 1) Dairy farms,
  - 2) Fruit orchards,
  - 3) Vineyards,
  - 4) Vegetable farms,
  - 5) Nurseries,
  - 6) Any farm that employs nontraditional farming methods, such as hydroponic farming,
  - 7) Tobacco farms,
  - 8) Commercial lobstering businesses operated on maritime heritage land.
- This abatement does not apply to farm residences, except seasonal farm worker housing for orchards.
- The abatement is in addition to the current use value assessment for land classified under PA 490.

## Statute:

**CGS Section 12-81m.** Municipal option to abate up to fifty per cent of property taxes of dairy farm, fruit orchard, vegetable, nursery, nontraditional or tobacco farm or commercial lobstering business operated on maritime heritage land. A municipality may, by vote of its legislative body or, in a municipality where the legislative body is a town meeting, by vote of the board of selectmen, and by vote of its board of finance, abate up to fifty per cent of the property taxes of any of the following properties provided such property is maintained as a business: (1) Dairy farm, (2) fruit orchard, including a vineyard for the growing of grapes for wine, (3) vegetable farm, (4) nursery farm, (5) any farm which employs nontraditional

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farming methods, including, but not limited to, hydroponic farming, (6) tobacco farms, or (7) commercial lobstering businesses operated on maritime heritage land, as defined in section 12-107b. Such a municipality may also establish a recapture in the event of sale provided such recapture shall not exceed the original amount of taxes abated and may not go back further than ten years. For purposes of this section, the municipality may include in the abatement for such fruit orchard any building for seasonal residential use by workers in such orchard which is adjacent to the fruit orchard itself, but shall not include any residence of the person receiving such abatement.

### FAQs:

**Q: If my farm is assessed under PA 490 and my municipality offers the optional exemption on farm buildings and the optional additional \$100,000 on farm machinery, would I still qualify for the abatement?**

**A:** Yes. The abatement would apply to any property taxes due after the farm building and equipment exemption has been applied and on the property taxes due for land classified under PA 490.

**Q: Are there municipalities that offer the optional farm building exemption, the optional additional \$100,000 on farm equipment and the abatement on property taxes?**

**A:** Yes. Currently there are at least two municipalities that offer all three of the exemptions: Woodstock and Mansfield.

**Q: May the municipality include a recapture of taxes in their ordinance in the event the farm is sold?**

**A:** Yes. The amount of the recapture cannot exceed the original amount of taxes abated and cannot go back further than ten years.

**Q: Do livestock operations such as beef, sheep or poultry qualify for the abatement?**

**A:** No. The current enabling legislation does not extend the abatement to livestock operations.

### Notes: