

## Glossary of Terms Related to Taxes

**Abatement:** to decrease in amount or value; the process of reducing or eliminating taxes which would normally be due and payable.

**Abstract:** a listing of the different kinds of taxable property. Assessors are required to use this in developing the Grand List of all taxable property and its valuation.

**Ad Valorem:** ‘according to value’; the property tax is an ad valorem tax because it is measured by value – in the statutes, “fair market” value.

**Alias Tax Warrant:** an instrument of collection in which the tax collector authorizes a state Marshal or Constable to collect taxes as specified in the warrant.

**Appeal:** the process in which a taxpayer challenges the value placed by the assessor on a particular property. The initial appeal is before the Board of Assessment Appeals; if relief is not granted at that level, the taxpayer has the right to appeal before the Superior Court. Appeals must be taken within a limited time, set by state law.

**Assessment/Assessed Value:** the amount of value placed by the assessor on real or personal property. Under Connecticut law assessed value of property must be its fair market value, unless the property is classified as farm, forest, or open space land.

**Assessment Ratio:** the percentage applied to an assessment of real property; simply the relationship (expressed as a percentage) of the assessment to fair market value. Connecticut has adopted a uniform assessment ratio of seventy percent (70%).

**Board of Assessment Appeals (BAA):** a citizen board, appointed by the Mayor with the consent of the Council, that holds hearings where a taxpayer may challenge the value placed by the Assessor on a property. The BAA meets twice a year. Taxpayers do not need to hire an attorney to appear before the BAA. Taxpayers are responsible for doing their own research and presenting their evidence to the BAA. The BAA’s decisions can be appealed to the Superior Court if the taxpayer remains dissatisfied.

**Board of Estimate and Taxation (BET) :** a citizen board, appointed by the Mayor with the consent of the Council, that receives, reviews, and ultimately approves the annual operating budget of the City. The BET works closely with the Director of Finance and budget office. The BET sets the annual mill rates (tax rates) and tax installment due dates when the budget is adopted, by charter, on the first Monday in May.

**Budget-Making Authority:** prepares yearly budget and presents same to the Board of Estimate and Taxation; also calculates the mill rates. In Norwalk, this is the Director of Finance.

**Certificate of Correction / Certificate of Change:** an administrative procedure in which the assessor may correct clerical errors or omissions and submit them to the tax collector. The assessor may also, at any time prior to the payment of the tax, or within one year after the tax was paid, issue a certificate of correction removing tangible personal property from a list on which it was entered in error, or adding tangible personal property to a list from which it was omitted. Certificates of change are most frequently done to allow for credits on motor vehicle bills.

**Certificate of Occupancy Pro-Ration Procedure:** any new real estate construction completed after the assessment date is liable for taxes from the date of the use of the newly contracted property, or the date of the issuance of the Certificate of Occupancy, whichever is earlier. The building official notifies the assessor, in writing, within ten days of the issuance of the certificate of occupancy. The assessor determines a pro-rated assessment, and notifies the tax collector, who issues a pro-rated tax bill.

**Collection agency:** a third party agency hired by the tax collector to locate taxpayers who have moved out of state who owe past due motor vehicle taxes that have been placed in suspense. The collection agency charges a collection fee of 15%, which is paid by the delinquent taxpayer.

**Consolidated tax statement:** the City of Norwalk's tax bill uses a consolidated format that lists all types of tax (real estate, motor vehicle, and business personal property) on one statement.

**Credit:** an amount deducted from a tax bill for various reasons. Credits are issued, for example, when taxpayers receive elderly or disabled tax relief; when taxpayers have sold and not replaced motor vehicles and are entitled to a credit on their bill; or when there are exemptions for other reasons. Credits are issued by the Assessor's Office.

**Declaration:** for tax purposes, the annual form required to be filed by business personal property taxpayers, where all taxable business personal property is 'declared' or listed.

**Deferral:** a form of tax relief in which a taxpayer is allowed to not pay a portion of their taxes and not be subject to collection enforcement. Deferral in Norwalk is offered for elderly and/or disabled residents who meet certain income guidelines. A lien is filed against the property to ensure the city will be repaid, either upon transfer of the property or the death of the taxpayer.

**Delinquent:** a debt on which payment is in arrears. A tax bill is delinquent when it has not been paid within the statutory grace period, which is one month from the due date (by August 1 or by February 1)

**Demand Notice:** request for payment when taxpayer fails to pay. The tax collector is required to make demand on the taxpayer in person, or to send a written demand at the taxpayer's last known place of abode or billing

**Dissolution Notice:** a legal notice indicating that a corporation is being dissolved and notifying the tax collector to that effect

**District:** for taxation purposes, the district in which a property is located determines what mill rate will be charged. Districts are based upon services provided and by geographic location.

**Due date:** Dates on which tax installments are due: July 1 and January 1. Taxes must be paid within one month from the due dates (by August 1 and February 1) in order to be on time .

**Escrow:** for tax purposes, when there is a mortgage on a property, and the taxpayer's mortgage agent (lender) maintains a separate account in their custody for the purpose of accumulating from the monthly mortgage payment funds that will be used twice a year to pay property taxes as they come due. The mortgage agent will act on behalf of the property owner and pay the tax bill from the taxpayer's funds that are being held in the escrow account.

**Exemption:** property which is free, in whole or part, from property taxation. Various categories or citizens are exempt from taxation, in whole or part; i.e., veterans, elderly and disabled persons; blind persons; farmers; etc. Certain properties are exempt from taxation based upon their ownership: for example, properties owned by the state. Exemptions are determined by the Assessor's office.

**Finance Department:** the branch of city government in which the Tax Assessor's Office and the Tax Collector's office are included.

**Finance Director:** the direct supervisor of the Tax Assessor and Tax Collector. The Finance Director is appointed by the Mayor with the consent of the Council.

**Garbage /non garbage distinction:** in Norwalk, mill rates are driven by services provided. If a property is in a portion of a district that receives garbage pick up, the mill rate will be higher. If a property is in a portion of a district that does not receive garbage pick up, the property owner can apply to the assessor to have the mill rate changed to reflect the absence of pick up service.

**Garnishment:** a procedure where the tax collector seizes property for back taxes, usually a taxpayer's wages, or a bank account.

**“Grace period”:** the time period between the tax installment due date (July 1 or January 1) and the last day to pay without interest (August 1 or February 1). If payment is made after the grace period, interest is charged.

**Grand list:** a listing of all taxable property located within the City as of the prior October 1. The assessor certifies the grand list annually by February 1. The primary duty of the assessor is to locate and value taxable property, and certify what was on the grand list as of the date of the prior October 1.

**Grand list year:** the term used to label the taxes for a given fiscal year. The grand list is as of October 1; the assessor determines what that is by February 1. In May, the tax rates are set, and in July and the following January, tax bills come due for that grand list year.

**Inchoate Lien:** unrecorded lien which exists from assessment date until it is replaced by the recorded lien, called a lien continuing certificate, filed annually by the tax collector in the town clerk's office.

**Interest:** a penalty charged on delinquent taxes. The interest rate is 18% year, or 1.5% per month from the due date. This is mandated by state law. The tax collector does not have the authority to waive or reduce the interest on delinquent taxes, and interest is charged on all late payments without exception.

**IPP fee:** Industrial Pretreatment Fee: A fee charged annually, set by the Water Pollution Control Authority, to entities which because of the nature of their operation exude an excessive amount of fat, oil or grease into the sanitary sewer system. The IPP fee can be reduced by installation of certain types of grease traps.

**Jeopardy Collection:** a situation in which the tax collector determines that the collection of certain taxes that are not yet due may be 'jeopardized by delay.' Upon this belief, the collector is authorized to act to enforce collection of the tax even before it is due.

**Lien:** a claim or charge upon real property or personal property for the satisfaction of a tax debt, arising by operation of law. The tax collector files tax lien continuing certificates annually in March on all real estate on which past due taxes are owed in order to secure the city's interest in collecting the taxes due. A fee of \$24 is charged to release a tax lien.

**List Number:** a tax bill number. This changes annually. Taxpayers are encouraged to write their list numbers on their tax payments for recordkeeping purposes.

**Lockbox:** a service arrangement where the city tax collector contracts with a bank to immediately deposit tax payments that are received by mail. A courier from the bank picks up the mail directly at the post office and the payments are processed by the bank. The city's tax records are updated the next day. This type of arrangement is common in the private sector with utility payments and achieves efficiency in processing a large volume of payments quickly.

**Map Block Lot:** the identification number for a parcel of real estate. Also known as parcel number. This is a permanent number and does not change.

**Mill:** a unit of monetary measure equal to 1/1000 of a dollar. Tax rates are expressed in mills and are referred to as mill rates.

**Mill Rate:** a number determined by dividing the grand levy, or the amount of revenue required to operate the City for the fiscal year by the grand list, or the total assessed value of all taxable property. The mill rate is then applied to each taxpayer's assessment to determine how much tax is due. Mill rates in Norwalk vary depending on services received and district location.

**Motor vehicle tax:** In the state of Connecticut, motor vehicles such as passenger cars, trucks, vans, trailers, and so on are subject to local property taxation. The tax year for motor vehicle taxes runs from the grand list date of October 1 through the following Sept. 30. The town of residence as of October 1 is the town to which the person will owe motor vehicle taxes the following July.

**Municipality:** each town, consolidated town and city, consolidated town and borough, school district, fire district, fire and sewer district, sewer district, lighting district, and improvement association and each municipal organization and taxing districts not previously mentioned. More generally, a political unit of local self-government.

**Parcel number:** The permanent identification number for a parcel of real estate.

**Personal property:** a type of tax; also referred to as 'business personal property' and including all items used in the operation of a business, including furniture and fixtures, but excluding inventory. Taxpayers are required to file a personal property declaration annually with the assessor's office.

**Pro Rated:** a term used to describe the mechanism where a property is taxed only for a portion of a year.

**Put-On:** adding unpaid motor vehicle accounts to Connecticut Department of Motor Vehicles delinquency list. This is done semiannually after the July and January collection periods. The

taxpayer will not be allowed to register any vehicle or renew any registration until all motor vehicle taxes in their name are paid.

**Rate Book:** the annual listing of taxes due from each taxpayer.

**Real estate tax:** a tax levied on real property, including land and buildings thereon.

**Refund:** return of monies erroneously collected or overpaid. Refunds are processed strictly in accordance with state law. Application must be made within three years from the due date of the tax, and must include proof of payment and a signed affidavit (including an original signature) from the taxpayer. Refunds in excess of \$5,000 must be approved by the City Council.

**Release:** either a paper document or a stamp applied to a motor vehicle registration, allowing a taxpayer who owed past due motor vehicle taxes to now register vehicles. A release is given to show that all taxes due in that taxpayer's name have been paid.

**Revaluation:** a state mandated process that occurs (presently) every four years where the assessor's office reviews real estate values and re-values all properties as of a given date. The revaluation process is meant to achieve equity in taxation by re-assessing property as of a more current date and acknowledging that changes in value have occurred since the last revaluation. Revaluation is itself value neutral and has nothing to do with raising taxes. An individual's tax bill after revaluation will either go up or down depending on two things – whether their individual property went up or down in value more or less compared to other properties; and depending on how much more money the city needs to raise by taxation.

**Sewer use fee:** a separate charge on the real estate tax bill to pay for the use of the sanitary sewer system. Sewer use fees are set annually by the Water Pollution Control Authority and are collected in Norwalk as part of the real estate tax bill.

**Supplemental motor vehicle tax:** a prorated tax for vehicles that were registered (first time registration) after the grand list date of October 1. The motor vehicle tax year starts on October 1, but if you register a car after that (for example, November 1), you will owe only for 11 months instead of 12. You will get a supplemental motor vehicle bill for the vehicle not the following July, as you would for regular motor vehicle taxes, but rather the following January – more than a year after you registered that car. Supplemental motor vehicle bills are due January 1 and are payable by February 1. After that initial supplemental bill, you will get a regular annual motor vehicle bill annually in July.

**Suspense:** A term for uncollectible taxes that refers to the fact that action on them is suspended. Taxes may be deemed uncollectible and placed in suspense for various reasons. These are usually motor vehicle taxes when a taxpayer has moved out of state and is not able to be located; motor vehicle taxes of deceased taxpayers; or taxes that are uncollectible due to a federal bankruptcy discharge. Items transferred to suspense are removed from consideration as assets of the city, but are not abated and remain collectible for 15 years from the due date. The suspense list is prepared annually in May, and presented to the Board of Estimate and Taxation for oversight.

**Take-Off:** removal of a paid up motor vehicle account from Connecticut Department of Motor Vehicle's delinquency list. The City charges \$5 per name per year for take offs in order to pay for the costs incurred in reporting the accounts as put-ons.

**Tax:** each property tax or installment as increased by interest, penalties, fees and charges.

**Taxable property :** property that is subject to taxation. Includes real estate; motor vehicle; and business personal property.

**Tax relief:** a process in which the ad valorem (according to value) tax is adjusted or modified to allow an individual to pay less. Tax relief is granted under state and city programs for individuals who meet certain criteria, such as low to moderate income elderly; disabled taxpayers; volunteer firefighters; etc.

**Tax service:** the term given to agencies that act as middlemen between the city and the banks or mortgage agents who hold escrow accounts for Norwalk taxpayers. Tax services typically gather payments from various banks and mortgage agents and consolidate the payments into a package which is delivered to the tax collector. This transaction may occur weeks after the funds have actually been taken from the taxpayer's escrow account. The taxpayer's payment history will often reflect that an installment payment was made by a particular tax service as part of an automated transaction involving numerous properties. Tax services will also frequently search tax records on behalf of lenders to determine payment status or delinquency.

**Tax Sale:** a process in which the tax collector seizes tax delinquent real estate and sells it at a public auction to recover the taxes due. In Norwalk tax sales are typically held every two years. Most properties involved in a tax sale pay the taxes due at some point in the process, and will not go to tax sale. The tax sale process involves a series of notifications to the taxpayer and to anybody who has an encumbrance or lien on the property, as well as public postings in the newspaper and other statutory requirements.

**Tax Warrant:** a legal instrument issued annually by the state to the tax collector which empowers the collector to demand and collect payment of taxes as set in the rate book.

**Uniform Fiscal Year:** July 1 through June 30. Taxes are based on the Grand List of the preceding October 1.

**WPCA (Water Pollution Control Authority):** a citizen body, appointed by the Mayor with the consent of the Council, that is responsible for policy concerning the sanitary sewer system. The WPCA's administrative duties are delegated to Department of Public Works employees. Sewer use fees are collected by the tax collector's office. The WPCA sets the sewer use rates annually in the spring prior to the adoption of the city budget.