FREQUENTLY ASKED QUESTIONS

1) Who is required to complete an Income and Expense Report?

Answer: All owners of commercial property; or those that are classified as properties that have retail, office, industrial or multifamily uses.

2) My property is completely owner-occupied; meaning that I own the real estate and run the business. Do I have to complete the Income and Expense Report?

Answer: Yes. You must still complete the report and return it. If your property is 100% owner-occupied, you may write that on the Income section and complete the expense portion of the report, if you are able.

3) I notified the Assessor's Office previously that the property was owner-occupied; do I have to complete this report again?

Answer: Yes. The Assessor's Office does not know which properties convert from owner-occupied to rented from year to year, therefore the form is still required to be completed.

4) None of the information has changed about the property since the last time I completed this form. Do I still have to complete the report?

Answer: Yes. You must file the Income and Expense Report annually regardless of whether or not the data has changed.

5) What happens if I do not complete the Income and Expense Report?

Answer: If the report is not completed and returned, the Assessor's Office is required by Connecticut State Statutes to assess a penalty equal to 10% of the assessed value of the property.

6) Does the Town have the ability to waive the penalty?

Answer: No. The Connecticut General Statutes were updated in 2009 and only allow municipalities to waive the penalty if they adopted an ordinance to do so.

7) I haven't filed federal taxes yet – can I complete the Income and Expense Report without that information?

Answer: Yes. The data requested on the report is similar, but not identical, to the information filed with your Federal Tax Return. The report can be completed regardless of whether or not the previous year(s) taxes have been filed.

8) Can I get an extension for filing the Income and Expense Report?

Answer: Yes. We are willing to work with you if circumstances arise that may cause you to be unable to meet the June 1st deadline. Requests must be in writing to the Assessor prior to June 1st; call the Assessor to discuss.
Connecticut General Statues (CGS) Sec. 12-62 requires that each municipality in the State revalue all real estate every five years.

In every revaluation, each Connecticut municipality must accurately value all real estate within the municipality. This requires the municipality to appraise all real estate within the municipality every five years, then apply the State-mandated 70% assessment ratio to each appraised value.

There are three approaches to value that may be used by appraisers: 1) the Cost Approach, 2) the Sales Comparison Approach, and 3) the Income Approach.

The Cost Approach provides an opinion of value by estimating the value contributions of the property's land, then adding to that the depreciated value of buildings and improvements.

The Sales Comparison Approach provides an opinion of value by comparing individual properties to similar properties that recently sold, and using the sales data to provide an opinion of a property's value.

The Income Approach provides an opinion of value by analyzing a property as an investment. This approach values a property by converting its anticipated benefits (cash flows and reversion) into an opinion of value.

All three approaches to value are based on the principle of substitution, which states that when choosing among alternative properties to rent or buy, a prospective tenant or purchaser will only pay a price that is commensurate with obtaining a reasonable substitute. In other words, people will generally choose the most cost-effective property available to them.

The Annual Income and Expense Report you are being asked to complete is used in assisting the Town of Haddam in developing the Income Approach.

The Annual Income and Expense Reports provide valuable data that is collected, tabulated and used to determine market rental rates, market vacancy rates, and typical stabilized operating expenses.

After the general market parameters are established, each property is then compared to the market to determine that property's performance relative to the market, and the Income Approach is developed.

In order to help each municipality collect necessary rental data, the State of Connecticut adopted CGS Sec. 12.63c which states: "In determining the present true and actual value in any town of real property used primarily for the purposes of producing rental income, the assessor ... shall have the power to require ... that the owner of such property annually submit or make available to the assessor not later than the first day of June ... the best available information disclosing the actual rental and rental-related income and operating expenses applicable to such property.

Any owner of such real property required to submit or make available information to the assessor in accordance with subsection (a) of this section for any assessment year, who fails to submit such information or fails to make it available as required under said subsection (a) or who submits information or makes it available in incomplete or false form with intent to defraud, shall be subject to a penalty assessment equal to ten per cent increase in the assessed value of such property for such assessment year."

Because the information contained on the Annual Income and Expense Reports is both vital and required by statute, the Town of Haddam asks that you complete the document each year.

If you have any questions regarding your Income and Expense Report, please call the Assessor's Office at 860-345-8531, extension 213.

If you believe you received an Income and Expense Report in error, please contact the Assessor's Office as soon as possible.

In order to make filing your Annual Income and Expense Report easier each year, and in order to protect yourself in the event that your Annual Income and Expense Report does not reach us, we strongly recommend that you make a copy of your Annual Income and Expense Report for your files.