



Taxation of Aquaculture in Connecticut: Review of PA 490 and PA 21-24

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This report examines the taxation of aquaculture operations in Connecticut, with a focus on how these laws affect aquaculturists and what updates may be needed to ensure their clear and equitable implementation, with a specific emphasis on Connecticut Public Act 63-490 (“PA 490”) and Public Act 21-24 (“PA 21-24”).

Section 1 of this report provides relevant background and history on aquaculture management and its legal framework in Connecticut, including the public trust doctrine (“PTD”), the state and municipal space allocation systems (1.1), and the foundational challenge of valuing and taxing submerged shellfish grounds and shoreline areas used for commercial aquacultural operations (also referred to as Maritime Heritage Lands) (1.2). Section 2 of this report examines PA 490 and PA 21-24 in depth, beginning with an overview (2.1), then detailing the distinction between PA 490 and traditional shellfish ground taxing schemes (2.2), and concluding with an analysis of the hidden consequences of PA 490 (2.3). Section 3 of this report addresses the application and documentation processes to qualify for PA 490 classifications, covering both the current documents and processes (3.1), as well as potential additions and updates to those documents and processes (3.2).

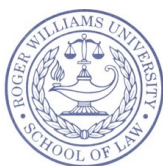
1 Background: History of Aquaculture and Shellfish Ground Taxation in Connecticut

Connecticut has a rich history of shellfish harvesting and production in the waters of Long Island Sound.¹ Shellfishing regulations have been in place as far back as the 18th century.² According to a 2022 census, the state maintains its status as one of the top shellfish producers in the nation, with the industry contributing \$33.6 million to Connecticut’s economy and supporting almost 500 jobs.³ The vital connection between Connecticut’s historic identity and current industrial output makes creating clear and easy-to-follow laws, especially as they pertain to taxation, a priority for policymakers and aquaculturists alike. Section 1.1 briefly discuss the different shellfish ground management strategies in the state. Section 1.2 explores the historical taxation of perpetual franchises both at the state and municipal level, along with recent complications and how PA 490 and PA 21-24 have influenced the taxation structure.

¹ See Zachary C.M. Arnold, *Against the Tide: Connecticut Oystering, Hybrid Property, and the Survival of the Commons*, 124 YALE L.J. 1206, 1223-35 (2015), <https://yalelawjournal.org/note/oystering-hybrid-property-and-the-commons> [<https://perma.cc/87QF-EWAC>].

² *Id.* at 1224-25.

³ TESSA L. GETCHIS ET AL., THE STATE AND ECONOMIC CONTRIBUTION OF CONNECTICUT’S AQUACULTURE SECTOR 4 (2024), https://seagrant.media.uconn.edu/wp-content/uploads/sites/1985/2025/01/CT.Aquaculture.Report.2024.final_.pdf [<https://perma.cc/8LBG-XAX4>].



1.1 Shellfish Ground Management Strategies in Connecticut

Connecticut's shellfish and aquaculture management strategies trace back to the PTD.⁴ Under the PTD, the state holds submerged and intertidal lands along the coast under the common law of public trust, meaning that members of the public may, beyond a defined boundary line,⁵ use the waters and lands of the state, even if located near private properties.⁶ However, the PTD does not provide specific protection or stability to aquaculturists because it implies that anyone can harvest shellfish that are growing in public trust waters.⁷ Therefore, the state devised a way to manage the public waters in a manner that supported the needs and interests of aquaculturists utilizing these spaces. Today, this includes submerged land held through state leases, licenses, and perpetual franchises as well as municipal leases, licenses, and perpetual franchises.

As early as 1750, the Connecticut General Assembly ("CGA") voted to allow individual municipalities to regulate shellfishing in their waters.⁸ Subsequently, in 1855, the legislature granted the municipalities authority to issue private ownership rights of up to two acres of submerged land to individual owners, also known as perpetual franchises, requiring aquaculturists to file a physical property description with the local town clerk.⁹ The issuance of municipal perpetual franchises—which are taxed, privately owned rights for planting and cultivating submerged grounds in municipal waters—was a crucial step in formalizing private oyster farming and preventing unchecked harvesting.¹⁰ However, confusion regarding boundary lines and rights, especially as they pertained to state and municipal waters, remained.¹¹ Therefore, in 1881, the state established the State Shellfish Commission, now known as the Connecticut Department of Agriculture's Bureau of Aquaculture ("DOAG"), providing it the authority to grant perpetual franchises in state waters while still allowing municipalities the authority to issue municipal perpetual franchises in the areas north of the "State Jurisdiction Line" (see Figure 1).¹² The perpetual franchise system was replaced in 1915 and transitioned to the current system of shellfish ground management, including leasing and licensing.¹³ Perpetual franchises, which provided private, transferable rights to aquaculturists, legally designating them as owners of the land, are still in effect today.¹⁴ DOAG administers the existing franchises for the towns of Westport, Milford, West Haven, and New Haven.

⁴ See Arnold, *supra* note 1, at 1209-10.

⁵ *LIS State Boundary*, CONN. DEP'T OF ENERGY & ENV'T PROT., <https://portal.ct.gov/deep/fishing/saltwater-fishing-guide/lis-state-boundary> [<https://perma.cc/8VWK-CSBK>] (last visited Aug. 25, 2026).

⁶ See *id.*

⁷ See Arnold, *supra* note 1, at 1209-10.

⁸ See *The State Shellfish*, CT.GOV, <https://portal.ct.gov/about/state-symbols/the-state-shellfish> [<https://perma.cc/WS7W-EAE5>] (last visited Aug. 25, 2026); see also DOE BOYLE, *Oystering in Connecticut, from Colonial Times to the 21st Century*, CONNECTICUTHISTORY.ORG (Aug. 27, 2020), <https://connecticuthistory.org/oystering-in-connecticut-from-colonial-times-to-today/> [<https://perma.cc/Q7J3-P2L5>].

⁹ See Arnold, *supra* note 1, at 1229-30; An Act regulating and protecting the planting of Oysters, 1855 Conn. Pub. Acts 112, § 2 (commonly known as the "Two-Acre Law").

¹⁰ Arnold, *supra* note 1, at 1229-30.

¹¹ *Id.* 1229-32.

¹² CONN. GEN. STAT. § 26-192 (referring to the state jurisdiction of the area "described in section 3294 of the general statutes, revision on 1918"); CONN. GEN. STAT. § 26-257 (providing authority for the state to manage certain local shellfish grounds); CONN. GEN. STAT. § 26-240 (explaining the designation of town ground); see also *Aquaculture Mapping Atlas*, UNIV. OF CONN., <https://experience.arcgis.com/experience/83d197010c7f4d5e8bf91ff4b1d877dc> [<https://perma.cc/Q7J3-P2L5>] (last visited Aug. 25, 2026).

¹³ An Act concerning the Leasing of Shell-Fish Grounds, 1915 Conn. Pub. Acts 2112; see CONN. GEN. STAT. § 26-239.

¹⁴ See CONN. GEN. STAT. § 26-239; OPTON-HIMMEL, J. & A. W. WHELCHER, PRIVATE SHELLFISH GROUNDS IN CONNECTICUT: AN ASSESSMENT OF LAW, POLICY AND PRACTICE, THE NATURE CONSERVANCY 34 (Jan. 2010) (on file with author).

Today, the state and municipalities also have the authority to lease and license submerged land. To preface, neither leases nor licenses, unlike perpetual franchises, are subject to taxation.¹⁵ First, state shellfisheries are governed by Connecticut General Statutes (“CGS”) sections 26-187 to 26-237e.¹⁶ Within these statutes, CGS § 26-194 concerns leasing of state-regulated shellfish grounds,¹⁷ historically valuing these grounds at a flat rate of \$1.10 per acre.¹⁸ Today, the state sets a price floor of \$4.00 per acre and initiates a competitive bidding process in order for growers to acquire leases of the grounds.¹⁹ Further, along with managing perpetual franchises, the state also has jurisdiction to lease certain areas within the towns of Westport, Milford, West Haven, and New Haven.²⁰ In addition to these state leases, the Branford Initiative Area shellfish license²¹ represents a unique framework where the state acquired a large parcel of historically private municipal shellfish grounds to establish an alternative to the standard competitive bidding process.²² Second, through local shellfish commissions, municipalities offer leases or licenses in municipal waters.²³ Municipal shellfisheries are governed by CGS §§ 26-239 to 26-294.²⁴ The boundaries of aquacultural grounds within any given municipality can be found within maps lodged in that municipality’s clerk’s office, pursuant to CGS § 26-259, though some of those records have been lost through time.²⁵ Understanding the duality of state and municipal laws sets the stage for analyzing the nature of aquaculture taxation to come in this report.

¹⁵ See CONN. GEN. STAT. § 26-194; *Branford Aquaculture Initiative*, CONN. DEP’T OF AGRIC., <https://portal.ct.gov/doag/aquaculture/branford-aquaculture-initiative> [<https://perma.cc/E29J-REE2>] (last visited Aug. 25, 2026).

¹⁶ See generally CONN. GEN. STAT. §§ 26-187 – 26-237e.

¹⁷ *Id.* § 26-194.

¹⁸ J.W. COLLINS, *Notes on the Oyster Fishery of Connecticut*, 9 BULL. U.S. FISH COMM’N, 461, 473, 475 (1889), <https://spo.nmfs.noaa.gov/sites/default/files/pdf-content/fish-bull/fb9.22.pdf> [<https://perma.cc/ER7N-SGCQ>].

¹⁹ CONN. GEN. STAT. § 26-194; GETCHIS, T.L. ET AL., A GUIDE TO MARINE AQUACULTURE PERMITTING IN CONNECTICUT 10 (2024), <https://portal.ct.gov/-/media/doag/aquaculture/aquaculture-permitting-and-guidance/2024-marine-aquaculture-permitting-guide.pdf> [<https://perma.cc/7E8R-Z92U>].

²⁰ CONN. GEN. STAT. § 26-257.

²¹ *Branford Aquaculture Initiative*, *supra* note 15.

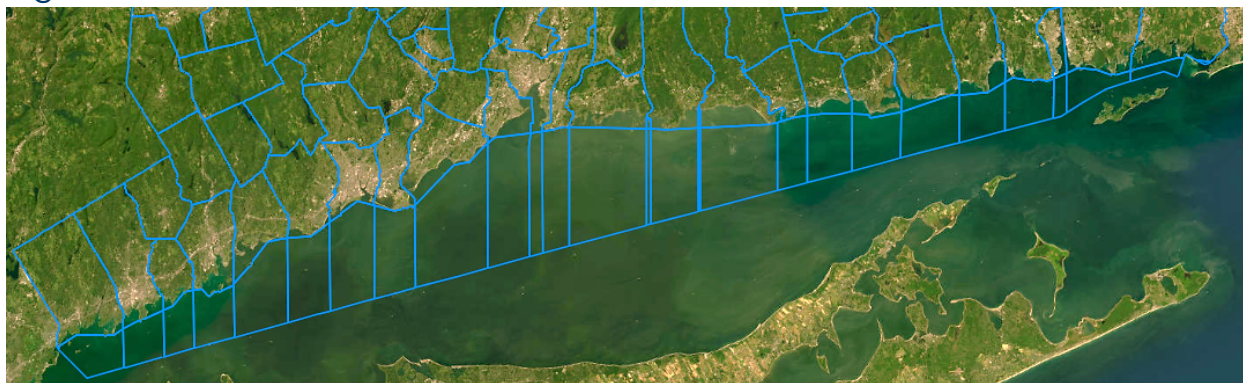
²² See Catherine Schluter, *Comprehensive Review of Connecticut Aquaculture Laws*, MARINE AFFAIRS INST., 16 (Nov. 2021), https://seagrant.uconn.edu/wp-content/uploads/sites/1985/2022/10/2022_Review-of-CT-Aquaculture-Laws-FINAL_clickable-table-of-contents.pdf [<https://perma.cc/DV62-HWKP>].

²³ See CONN. GEN. STAT. § 26-240.

²⁴ See generally *id.* §§ 26-238 – 26-294.

²⁵ *Id.* § 26-259.

Figure 1: Connecticut Shellfish Jurisdiction Line²⁶



The image above depicts the “State Jurisdiction Line” within Long Island Sound. The smaller areas between the coastline and northern water boundary fall under municipal jurisdiction. The large areas between the northern and southern (CT/NY State line) water boundaries fall under state jurisdiction. The state jurisdiction line is described in section 3294 of the 1918 revision of the Connecticut General Statutes and is drawn on a 1910 Department of Agriculture map pursuant to that section.²⁷ In certain specific instances, such as Milford, New Haven, West Haven, and Westport, the statutes give the state jurisdiction over beds north of the line as well.²⁸ Areas under the state's jurisdiction generally include only commercial shellfish grounds.²⁹

1.2 Shellfish Ground Taxation in Connecticut: Perpetual Franchises and PA 490

Like the history of shellfish ground management for aquaculture, aquaculture taxation of perpetual franchises has evolved throughout the last century. In 1915, the Connecticut state legislature enacted what is now CGS § 26-257, which is still in effect today, to hold the state responsible for the collection of taxes on franchises located within the towns of New Haven, West Haven, Milford, and Westport under the administrative authority of CGS § 26-207.³⁰ This statute intended to conform and centralize the shellfish ground taxation process.³¹ In these specific towns, the state remits all municipal taxes back to the listed municipalities at the end of each fiscal year.³² Meanwhile, municipalities not mentioned in CGS § 26-257 (East Lyme, Stonington, Guilford, Norwalk, Branford, etc.) retained administrative jurisdiction over municipal franchises under CGS § 26-250, which, as of 2021, has since been repealed and replaced by PA 21-24.³³ The Branford Initiative Area is an important exception to the previous statement. Once this policy was enacted, there were effectively two systems of aquaculture taxation within Connecticut, one for the state controlled municipal perpetual franchises and one for the purely municipally controlled perpetual franchises creating inconsistent property values and tax burdens.

PA 490, passed in 1963, provides another taxation scheme that aquaculturists may apply for. PA 490 broadly governs the system of agricultural land valuation and taxation in Connecticut to provide property tax benefits

²⁶ *Aquaculture Mapping Atlas*, *supra* note 12.

²⁷ See CONN. GEN. STAT. § 26-192 (referring to the state jurisdiction of the area “described in section 3294 of the general statutes, revision on 1918”).

²⁸ *Id.* § 26-257.

²⁹ Matthew Ranelli, *Jurisdiction Over Lobster Areas and Clam Beds*, CONN. GEN. ASSEMBLY, OFF. OF LEGIS. RSCH. (Feb. 2, 2000), <https://www.cga.ct.gov/2000/rpt/2000-R-0104.htm> [<https://perma.cc/NX7N-2SZ7>].

³⁰ See CONN. GEN. STAT. §§ 26-257, 26-207; *Shellfish Bed Types and Management*, CONN. DEPT OF AGRIC., <https://portal.ct.gov/doag/aquaculture/shellfish-bed-types-and-management> [<https://perma.cc/8LNE-GDQE>] (last visited Aug. 25, 2026).

³¹ *Id.*

³² See *id.*

³³ See CONN. GEN. STAT. § 26-250.

to farmers.³⁴ This system has since been extended to the aquaculture industry through the implementation of PA 21-24.³⁵ Importantly, PA 490 applies only to municipal perpetual franchises and shoreline areas used for commercial aquacultural operations (also known as maritime heritage lands).³⁶ As mentioned above, shellfish ground management allocations not covered by PA 490 include: perpetual franchises in state waters; perpetual municipal franchises in Westport, Milford, West Haven, and New Haven; municipal leases or licenses; state leases; and the state-issued Branford Initiative Area License.

Table 1: Shellfish Ground Management Strategies and Taxation

Shellfish Ground Management Strategy or Property Type	Ownership Interest	Taxed?	Valuation, Taxation, or Assessment Authority	PA 490 Application?
Municipal Perpetual Franchise	Privately Owned	Taxed	Municipal Ordinance	Yes
Municipal Perpetual Franchises in Westport, Milford, West Haven, and New Haven	Privately Owned	Taxed	CGS § 29-207 – 208	No
Municipal Lease or License	Leased or Licensed	Untaxed	CGS § 26-240	No
Maritime Heritage Land	Privately Owned	Taxed	Municipal Ordinance	Yes
State Perpetual Franchise	Privately Owned	Taxed	CGS §§ 29-207 – 208	No
State Lease	Leased	Untaxed	CGS § 29-194	No
Branford Initiative License	Licensed	Untaxed, annual fee per acre	CGS § 26-266	No

This complicated and often inconsistent implementation of tax schemes between different aquacultural grounds across the state and municipalities has created tangible consequences, especially when paired with other factors. For example, rising real estate values in the early 2000s further complicated matters.³⁷ Prior to PA 21-24, CGS § 26-250 provided that municipal perpetual franchises would be valued and taxed in the same manner as any other real estate within the municipality, effectively leaving no distinction between private homes and commercial aquaculture operations under municipal tax law.³⁸ Currently, increased land values may be benefitting select municipalities by generating additional tax revenue. Meanwhile, aquaculturists operating within these municipalities are likely subject to increased taxes even if they are not experiencing changes in productivity or profitability. As coastal real estate values rise, the mounting financial pressures may make it increasingly difficult for aquaculturists to continue operating in working waterfronts. When

³⁴ *Information on Public Act 490 Land Survey Values*, CONN. DEP'T OF AGRIC., <https://portal.ct.gov/doag/adarc/adarc/information-on-public-act-490> [https://perma.cc/2NA2-XWYH] (last visited Aug. 25, 2026).

³⁵ An Act Concerning Connecticut's Shellfish Restoration Program, the Connecticut Seafood Council and the Taxation of Certain Underwater Farmlands, 2021 Conn. Pub. Acts 24 [hereinafter PA 21-24].

³⁶ See CONN. GEN. STAT. § 26-250, 12-107c, g.

³⁷ See *Connecticut – Home Price Index (1975-2026)*, MACROTRENDS, <https://www.macrotrends.net/3728/connecticut-home-price-index> [https://perma.cc/9VNR-GKAG] (last visited Aug. 25, 2026).

³⁸ See CONN. GEN. STAT. § 26-250.

agricultural land is taxed as if it were developable real estate, the tax system may incentivize conversion away from agricultural use.

Beyond rising real estate values, another major issue concerning the taxation of submerged shellfish grounds is the difficulty in assessing their value.³⁹ Traditional terrestrial farms have differing soil compositions and natural variations in fertility, some of which may be more conducive for growing profitable crops.⁴⁰ Similarly, not all shellfish beds are equally productive, and the methods available to determine their natural qualities are complex and expensive to employ.⁴¹ In 1910, the Connecticut Board of Equalization addressed this issue, publishing a report proposing solutions to the state legislature.⁴² The 1910 report contains many potential methods of taxation, but the ultimate recommendations were as follows: 1) a flat valuation rate for each acre of oyster bed under state jurisdiction; 2) a productivity tax for each bushel of oysters removed from state grounds for sale or transfer; 3) a non-intrusive daily report, as well as a quarterly report, both made by captains or lead vessel operators engaged in dredging, each to be addressed to the shellfish commission; and 4) the employment of appointed State Inspectors who possess authority to enter onto the shellfish grounds at any time to investigate and verify the accuracy of the reports.⁴³ These recommendations are still relevant today, especially considering the difficulties that have emerged in valuing submerged shellfish grounds under the PA 490 taxation scheme. However, the expenses and administrative complexities required to employ these methods may prove to be a barrier in their implementation.

In the fall of 2025, DOAG updated its land use values, based on PA 490's requirement that land use values be updated every 5 years, which significantly impacted land-based farmers.⁴⁴ Specifically, unproductive land types such as forests and swamplands were valued as fertile acreage, resulting in improper taxation on land that was not producing income.⁴⁵ The data used to determine the land use values may also have been impacted by low response rates from a land-use value survey, resulting in general overvaluation of land.⁴⁶ Many terrestrial farmers experienced a 200%-400% tax increase.⁴⁷ In response, the DOAG revised its land valuations and released an updated chart in January 2026, which included a flat rate of \$170 per acre for property such as shoreside aquaculture infrastructure classified as maritime heritage land.⁴⁸ Visibly absent, however, is a clear valuation for submerged aquaculture farm land.⁴⁹ While there are four taxation tiers for

³⁹ See generally BOARD OF EQUALIZATION, REPORT OF THE INVESTIGATION OF OYSTER PROPERTIES OF THE STATE (Jan. 1910) [hereinafter INVESTIGATION OF OYSTER PROPERTIES].

⁴⁰ *Id.* at 17-18.

⁴¹ *Id.*

⁴² *Id.* at 42-43.

⁴³ *Id.*

⁴⁴ *Information on Public Act 490 Land Survey Values*, *supra* note 34.

⁴⁵ *Revised PA 490 Recommended Land Values Released*, CONN. DEP'T OF AGRIC. (Jan. 7, 2026), <https://portal.ct.gov/doag/agency-press-release-results-page/2026/january/revised-pa-490-recommended-land-values-released> [<https://perma.cc/TB8A-B6UW>].

⁴⁶ *Connecticut Department of Agriculture and CT Farm Bureau Announce Additional Clarifying Information on 2025 PA 490 Recommended Land Use Values*, CONN. DEP'T OF AGRIC. (Jan. 13, 2026) [hereinafter *Clarifying Information on PA 490 Recommended Land Use Values*], <https://portal.ct.gov/doag/agency-press-release-results-page/2026/january/clarifying-information-on-pa-490-recommended-land-use-values> [<https://perma.cc/32BR-WBEA>]; see also *PA 490 Working Group*, OFF. OF POL'Y & MGMT., [hereinafter *Off. of Pol'y & Mgmt. PA 490 Working Group Overview*], https://portal.ct.gov/opm/igpp/resources-and-forms/pa-490-work-group?language=en_US [<https://perma.cc/D4VQ-N9EA>] (last visited Aug. 25, 2026).

⁴⁷ *Revised PA 490 Recommended Land Values Released*, *supra* note 45; see Lina Feinn, *Connecticut's PA 490 Farmland Tax Crisis: What Happened and What Lies Ahead for Local Food Producers*, PULLMAN & COMLEY (Mar. 6, 2026), <https://www.pullcom.com/for-what-it-may-be-worth/connecticuts-farmland-tax-crisis-what-lies-ahead-for-local-food-producers> [<https://perma.cc/J67E-8G5H>].

⁴⁸ *Revised PA 490 Recommended Land Values Released*, *supra* note 45; *Clarifying Information on PA 490 Recommended Land Use Values*, *supra* note 46.

⁴⁹ *Clarifying Information on PA 490 Recommended Land Use Values*, *supra* note 46; NICK CELENTANO, THE VALUE OF AGRICULTURAL LAND IN CONNECTICUT: VALUATION BY THE CAPITALIZATION OF AGRICULTURAL LAND RENTS,

terrestrial farm land, denoted as “Tillable A-D,” no clear valuation —flat or tiered—exists for operations utilizing subaqueous soils.⁵⁰ The lack of specificity regarding the productive capacity of submerged lands may create inconsistent land valuations for aquaculturists across the state, potentially overtaxing some aquaculturists while under-taxing others. The 2025 valuation update and its rapid revision illustrate some of the risks inherent in a classification system that relies on survey-based data without robust response rates or industry-specific expertise. The 2025-2026 valuation adjustment demonstrates why aquaculture-specific land use values may be necessary.

In response to the land valuation issues, Governor Ned Lamont directed the Office of Policy and Management (“OPM”) to establish the PA 490 Working Group in January 2026 and froze the PA 490 rate increase, reinstating the 2020 rates until the Working Group established its recommendations, which were transmitted to the Governor on September 2, 2026.⁵¹ This group included, “representation from agricultural organizations, farmers, municipal leaders, and assessors, to recommend alternative measures to improve data collection, review, and valuation processes consistent with subsection (1) of section 12-2b of the Connecticut General Statutes.”⁵² Although most of their discussions concerned terrestrial farming, the Working Group initially explored three potential valuation rates, including: 1) a cost-based approach based on the price of development rights to an acre of farm land; 2) an income approach based on capitalization of net earnings, yields, prices, and expenses; and 3) a sales comparison approach, valuing farm lands based on purchase values of similarly classified grounds.⁵³ In its final recommendations, the Working Group endorsed “the capitalization of rental values as the primary basis for setting land assessment rates for land enrolled in the PA490 program.”⁵⁴ Specifically, this formula, which may apply to lands classified as maritime heritage and submerged land, would be determined by dividing income (annual rent) by the capitalization rate (which is developed using the traditional PA 490 formula, adding “the effective finance rate for the period considered to the statewide effective real property tax rate”).⁵⁵ Along with the determination of the valuation method, the Working Group also recommended the establishment of standardized land classifications as well as annual mandatory reporting requirements, among other things.⁵⁶ Regardless of the Working Groups

FARM CREDIT EAST 7 (2025), <https://portal.ct.gov/opm/-/media/opm/igpp/pa-490-work-group/2025-farm-credit-east-report.pdf> [https://perma.cc/5WY6-VX9L]

⁵⁰ *Clarifying Information on PA 490 Recommended Land Use Values*, *supra* note 46.

⁵¹ *See Governor Lamont Acts to Protect Connecticut Farmland and Open Space from Rising Tax Assessments*, CT.GOV (Jan. 19, 2026) [hereinafter *Governor Lamont Press Release*], https://portal.ct.gov/governor/news/press-releases/2026/01-2026/governor-lamont-acts-to-protect-connecticut-farmland-and-open-space-from-rising-tax-assessments?language=en_US [https://perma.cc/R2AH-2MCQ]; *PA 490 Working Group*, *supra* note 46; *see also PA 490 Working Group Final Recommendations*, PA 490 WORKING GROUP (Sept. 22, 2026), <https://portal.ct.gov/opm/-/media/opm/igpp/pa-490-work-group/pa490-working-group-final-recommendations-9222026.pdf?rev=e632dd98504b4e17935dd0261895b6c7&hash=29E99444F19C6D27216475DC3F0F6D46> [https://perma.cc/L288-BVR3].

⁵² *PA 490 Working Group*, *supra* note 46.

⁵³ *PA 490 Working Group Meeting Notes*, 3 (Mar. 10, 2026), [hereinafter *March 10 PA 490 Working Group Notes*], <https://portal.ct.gov/opm/-/media/opm/igpp/pa-490-work-group/march-10-26-pa-work-group-notes.pdf?rev=e79cb9dc73c347cf89622b9058b9bc19&hash=788EED52F2BF96AA3B490140853E1C3D> [https://perma.cc/J6AV-BJHL]; *PA 490 Working Group Meeting Notes*, 3, 4 (Mar. 24, 2026) [hereinafter *March 24 PA 490 Working Group Meeting Notes*], <https://portal.ct.gov/opm/-/media/opm/igpp/pa-490-work-group/march-24-pa-490-working-group-notes.pdf?rev=5f187dca154f47d38885d5b97809790f&hash=34481C790CBE07ED3E7F8104ABD2F90E> [https://perma.cc/5AN9-AE4B].

⁵⁴ *PA 490 Working Group Final Recommendations*, *supra* note 51, at 2; *see PA 490 Working Group Process and Recommendations*, STATE OF CONN. (Sept. 8, 2026) [hereinafter *PA 490 Public Presentation Recommendations*], <https://portal.ct.gov/opm/-/media/opm/igpp/pa-490-work-group/09082026-pa490-wg-public-presentation-agenda-packet.pdf?rev=c19e64de94b04d6cb482caec0dfb455a&hash=0F9F638BAD0D8F20F4E16D0DC520A6A2> [https://perma.cc/BHS2-GXFK].

⁵⁵ *PA 490 Working Group Final Recommendations*, *supra* note 51, at 2

⁵⁶ *See id.* at 2-4.

recommendations, some of its actions require legislative action in order to take effect, and the exact impact on the taxation of PA 490 classified lands, specifically maritime heritage land and submerged land is yet to be seen.

2 PA 490 (1963) and PA 21-24 (2021): Key Changes to Taxation in Connecticut

Legislatures work to pass and update laws addressing the demands and challenges of their constituencies. In the mid-1900s, the CGA devised PA 490 to preserve farm lands by offering tax incentives to property owners who maintained agricultural operations.⁵⁷ In 2021, the CGA recognized the need to expand those incentives, as the original PA 490 language did not encapsulate all agricultural industries present within Connecticut.⁵⁸ In doing so, however, PA 490 recommendations to municipalities for submerged underwater aquaculture lands has created confusion to aquaculturist and municipalities. Section 2.1 of this report provides an overview of PA 490, PA 21-24, and PA 22-143. Section 2.2 of this report details the specific taxation schemes pertaining to maritime heritage land and underwater aquaculture farm land, as well as an explanation of how taxation may differ for aquaculturists who do not apply for classification under PA 490. Section 2.3 of this report then explores potential hidden consequences of PA 490 as applied to aquaculturists.

2.1 Overview of PA 490 and PA 21-24

PA 490, is located at CGS § 12-107a through § 12-107g⁵⁹ and its main goal is to create a structure to assess the value of farm land based on its economic productive output rather than its best-use fair market value.⁶⁰ The stated policy of CGS § 12-107a declares it “in the public interest to encourage preservation of farm land, forest land, open space land, and maritime heritage land.”⁶¹ These statutes are intended to prevent the “forced conversion” of land due to unfavorable valuations or overburdensome tax assessments that are “incompatible with their preservation.”⁶² As such, PA 490 aims to preserve and prevent the conversion of agricultural, natural, and recreational lands through tax incentive structures.⁶³ Since 1963, subsequent public acts like PA 21-24 and PA 22-143 have added to and altered the language of the original legislation.⁶⁴ These public acts changed numerous definitions and classifications contained within PA 490, significantly impacting aquaculturists by expanding the land classifications and tax exemptions for which they may qualify.

The language within PA 21-24 affects how PA 490 applies to aquaculturists in several ways. First, PA 21-24 extends the definition of “farm land” under CGS § 12-107b(1) by including “any underwater farm lands used for aquaculture.”⁶⁵ This term applies to submerged shellfish grounds and allows aquaculturists to lessen their tax burdens by having the value of their lands assessed on current use value rather than fair market value.⁶⁶ Second, PA 21-24, along with the more recently enacted PA 22-143, also expand the definition of “maritime heritage land.”⁶⁷ Under CGS § 12-107b(8), “maritime heritage land” is defined as the portion of waterfront real property owned by, (1) licensed shellstock shippers who also grow or harvest shellstock; (2) aquaculture

⁵⁷ *Public Act 490 – The Basics*, CONN. DEP’T OF AGRIC., https://portal.ct.gov/doag/commissioner/commissioner/public-act-490---the-basics?language=en_US [https://perma.cc/S97K-HPRA] (last visited Aug. 25, 2026).

⁵⁸ See *Gov. Lamont Signs Legislation Supporting Continued Growth of CT’s Shellfish Industry*, CONN. SEA GRANT (July 26, 2021), <https://seagrant.uconn.edu/2021/07/26/gov-lamont-signs-legislation-supporting-continued-growth-of-cts-shellfish-industry/> [https://perma.cc/BW3Q-8M39].

⁵⁹ CONN. GEN. STATS. §§ 12-107a – 12-107g.

⁶⁰ *Public Act 490 – The Basics*, *supra* note 57.

⁶¹ CONN. GEN. STAT. § 12-107a.

⁶² *Id.*

⁶³ Off. of Pol’y & Mgmt. PA 490 Working Group Overview, *supra* note 46.

⁶⁴ PA 21-24, *supra* note 35; An Act Concerning Revisions to Certain Environment Related Statutes, 2022 Conn. Acts 143, § 18 (Reg. Session) [hereinafter PA 22-143].

⁶⁵ CONN. GEN. STAT. § 12-107b(1).

⁶⁶ See *id.* § 12-107a.

⁶⁷ *Id.* § 107b(8); PA 22-143, *supra* note 64;

operators; and (3) commercial lobster fishers licensed under Title 26.⁶⁸ A maritime heritage land classification requires that all waterfront property and the buildings present on it be used exclusively for qualifying commercial activities, and aquaculturists must derive at least 50% of their federal adjusted gross income (“AGI”) from the qualifying commercial activity in the tax year preceding the application.⁶⁹ Maritime heritage land includes land present underneath buildings which are used for the aforementioned qualifying commercial operations, as well as for spaces like docking facilities and processing areas.⁷⁰ Maritime heritage land status does not apply to the land underneath buildings which are not used exclusively for qualifying commercial purposes (i.e. mixed-use buildings do not qualify), non-waterfront aquaculture operations, or any operation owned by a person who derives less than 50% of their AGI from qualifying maritime heritage activities.⁷¹ Shellfish aquaculturists must ensure that their onshore land and business operations meet all maritime heritage land qualifications to successfully apply; otherwise, their land will likely be assessed as regular real estate. A successful application into the PA 490 program can confer significant tax benefits to the applicant, potentially fulfilling the mission of PA 490 by incentivizing farmers and aquaculturists to continue their operations rather than selling or converting the land for a different use. The inclusion of aquaculture within both the farm land and maritime heritage land definitions underscores the importance of aquaculture as a legitimate form of agriculture that is deserving of the same tax incentives which have been extended to terrestrial farming. Including licensed shellstock shippers and aquaculture operators within the statutory definitions is helping to remove ambiguities that had previously led to inconsistent interpretations and applications of the PA 490 statutes. Ultimately, the incorporation of aquaculture into the PA 490 framework matters because it provides aquaculturists with avenues to reduce costs associated with their land, resist pressures and temptations to sell or convert their properties, and sustain operations that provide both economic and environmental value to Connecticut’s coastal communities.

2.2 Maritime Heritage Land Taxation, Farm Land Taxation, and Traditional Shellfish Ground Taxation Under PA 490

The key distinctions between the taxation on maritime heritage land and taxation of privately owned submerged shellfish land concern the type of lands to which they refer, the administrative authorities under which they are classified and assessed, and the statutory provisions under which they are governed. An operator may be liable for multiple types of taxes if utilizing onshore and offshore property.⁷² Taxation by multiple government entities, such as the state and municipality, may burden aquaculturists operating on both property types. Understanding this overlap and where each classification applies is essential for operators seeking to minimize tax liability while remaining compliant. This lack of unification means that for aquaculturists operating both onshore and offshore, understanding how these classifications are applied and interact is a must in order to take full advantage of the available tax benefits.

Maritime heritage taxation applies to privately owned waterfront property that is used for qualifying commercial operations, pursuant to CGS §§ 12-107b and 12-107g.⁷³ It is administered by municipal tax assessors and is classified by applying with the OPM-prescribed form M-66, to be discussed further in Section 3 of this report.⁷⁴ Upon classification, maritime heritage land is subject to a conveyance tax penalty if sold or changed in use within 10 years.⁷⁵ Once classified as maritime heritage land, it is assessed on a recommended

⁶⁸ CONN GEN. STAT. § 12-107b(8).

⁶⁹ *Id.*

⁷⁰ *Id.*

⁷¹ *Id.*

⁷² *See id.* §§ 12-107b(1), (8).

⁷³ *Id.* §§ 12-107b(8), 12-107g.

⁷⁴ *See id.* § 12-107g.

⁷⁵ *Form M-66 Application to the Assessor for Classification of Land as Maritime Heritage Land Pursuant to Section 12-107b of the Connecticut General Statutes*, CONN. OFF. OF POLICY & MGMT., 2 (May 2022) [hereinafter Form M-66], <https://portal.ct.gov/-/media/opm/igpp-data-grants-mgmt/igpp-forms/m-66-maritime-heritage-land-classification-application.pdf> [https://perma.cc/9SH6-FZN9].

schedule.⁷⁶ The tax reduction from a PA 490 maritime heritage land classification can be significant. For example, comparing the January 2026 value of \$171 per acre presents a dramatic difference from the municipal alternative, which can be valued well into the hundreds of thousands of dollars per acre and be taxed at a mill rate over 20.00 in towns like Branford.⁷⁷ This valuation gap illustrates the importance of the classification, but also demonstrates why the program may face backlash from municipalities concerned about lost revenue. Annual reapplications and continued proof of proper land use are critical for PA 490 because without such provisions, the classification system would create an opportunity for property owners to hold land, not utilize it, receive the benefits of the classification without any of the labor or economic contributions, and simply wait until a sale opportunity arises. Municipalities must contend with the tradeoff between lowered land values on their coastline and the community benefits gained by supporting an active local industry.

In contrast, submerged shellfish grounds privately held through perpetual franchises are taxed differently; state perpetual franchises, municipal perpetual franchises in which the owner has not applied for a farmland classification under PA 490, and municipal perpetual franchises in which the owner has applied and whose shellfish grounds have been classified under PA 490. First, and historically, state perpetual franchises were taxed at a 15-mill rate on the assessed valuation of the oyster ground franchise.⁷⁸ Currently, an annual tax is levied on the state perpetual franchise, which is separate from the operator's onshore land.⁷⁹ The value is assessed based on the franchise value of the grounds, not the operator's real property.⁸⁰ Second, municipalities that retained jurisdiction over their shellfish grounds have local shellfish commissions or selectmen administer those grounds.⁸¹ Historically, CGS § 26-250 required that municipal shellfish grounds be taxed in the same manner as any other real estate in the towns where situated.⁸² In 2021, PA 21-24 repealed CGS § 26-250, allowing for the valuation of municipal shellfish grounds to be more consistent with the PA 490 approach.⁸³ The repeal of CGS § 26-250 by PA 21-24 leaves municipal assessors with significant discretion in assigning land values to aquacultural properties. However, in Connecticut, municipalities must comply with state legislation if there is a direct conflict between a state statute and a municipal ordinance.⁸⁴ Consequently, the statewide PA 490 program supersedes any municipal legislation concerning the classification and taxation of certain lands.⁸⁵ If an aquaculturist applies to the PA 490 program, the municipal assessor must comply with the state legislation if the land qualifies for the program.⁸⁶ While the municipal assessor must follow state classification guidelines for successful PA 490 applicants, the municipality still retains discretion in assigning acreage values to certain land classifications, though the state provides recommended land-use values which it encourages municipal assessors to adopt.⁸⁷ Currently, aquaculturists with municipal perpetual franchises who have not successfully applied to the PA 490 program will be subject to local tax ordinances, which serve as the default valuation and tax structure.⁸⁸ Without specified values to replace CGS § 26-250, alternative assessment methods may prove to be no better at resolving the valuation

⁷⁶ CONN. GEN. STAT. § 12-107g; *Clarifying Information on PA 490 Recommended Land Use Values*, *supra* note 46.

⁷⁷ *Clarifying Information on PA 490 Recommended Land Use Values*, *supra* note 46; *Waterfront Properties in Branford, CT*, LANDSEARCH, <https://www.landsearch.com/waterfront/branford-ct> [<https://perma.cc/Y4W8-Y3PA>] (last visited Aug. 25, 2026); TOWN OF BRANFORD, *Mill Rates*, BRANFORD-CT.GOV, <https://www.branford-ct.gov/185/Mill-Rates> [<https://perma.cc/9JWF-4MW2>] (last visited Aug. 25, 2026).

⁷⁸ INVESTIGATION OF OYSTER PROPERTIES, *supra* note 39, at 35.

⁷⁹ CONN. GEN. STAT. § 26-207, 26-208.

⁸⁰ *Id.*

⁸¹ *See id.* §§ 26-239 - 26-294.

⁸² *See id.* § 26-250.

⁸³ PA 21-24, *supra* note 35.

⁸⁴ *See generally* TAYLORANN VIBERT, LOCAL GOVERNANCE IN CONNECTICUT, OFF. OF LEGIS. RSCH. (Apr. 30, 2024), https://ctcost.org/images/downloads/Municipal_Resources/2024_r_0073.pdf.

⁸⁵ *Id.*

⁸⁶ *Id.*

⁸⁷ *Clarifying Information on PA 490 Recommended Land Use Values*, *supra* note 46.

⁸⁸ *See generally* Public Act 490 – The Basics, *supra* note 57.

issues. More direct and consistent implementation of value schedules may be required to fulfill the intended purpose of PA 490.

2.3 Hidden Consequences of PA 490

Both aquaculturists and individual municipalities have concerns over how PA 490 may impact the taxes they pay and the revenue they receive. The tax reductions that PA 490 conveys to aquaculturists shift the tax burden to the communities in which these operations reside and may impact municipal tax revenue. The Connecticut Council of Small Towns has raised concerns that municipalities will lose tax revenue, forcing greater taxes on the remainder of the community to maintain funds.⁸⁹ The Connecticut Conference of Municipalities recommended a payment-in-lieu-of-taxes (“PILOT”) program in place of exemptions to preserve the farming industry without penalizing host communities.⁹⁰ The towns of Norwalk, Stratford, Guilford, Branford, and Stonington will be especially affected by the new tax changes, as these municipalities have a dense concentration of operations that may qualify for farm land and maritime heritage land tax exemptions.⁹¹ These new tax structures will cause shifts in Connecticut’s economy and the sources from which municipalities derive their revenue.⁹²

Valuation challenges further complicate the taxation of submerged land in Connecticut. The PA 490 Working Group, which transmitted its recommendations to the Governor on September 22, 2026, recommended that the state continue using the capitalization of rental values model, which is the current practice.⁹³ However, it was never clear how this model was impacting submerged land or maritime heritage land. Much like terrestrial soil, shellfish beds vary substantially in productivity, but no valuation method currently accounts for this variation under PA 490. The 1910 Connecticut Board of Equalization recommended that the taxation of oyster beds be tied to their actual output rather than their assessed land value.⁹⁴ The PA 490 Working Group worked to resolve this issue, however, it is likely that the discrepancies in taxation may persist under the recommended capitalization of rental values model. Market concentration, productivity variation, and limitations in valuation methodology means that even the recommended valuation method may not work perfectly for aquaculture, and a hybrid method based on the initially proposed valuation methods⁹⁵ may ultimately be necessary to achieve the intended outcomes of the PA 490 program. Further, the capitalization of rental values model, may be particularly difficult to implement to submerged lands, as one family controls a great majority of the oyster farm acreage in Connecticut, potentially skewing the valuation. However, the Working Group or state may be able to utilize the average state lease rental rate, which comprises of between 350 and 400 leases, in order to counteract the potential unintended consequences of the rental value model.

One additional consequence of PA 490 is that it seemingly lacks a system to track those who are registered in the program. A potential solution that the state could implement may involve creating a statewide catalogue or registry containing pertinent information about every property and landowner partaking in the program. In turn, municipal assessors could refer to this information as a supplement or authoritative resource when assessing farm land, both for aquaculture and terrestrial farming. Farmers could also utilize this information

⁸⁹ AN ACT CONCERNING THE TAX ASSESSMENT OF CERTAIN AQUACULTURAL PROPERTIES, STATE OF CONN. ENV’T COMM., 3 (Joint Favorable Report on S.B. 96, 2020), <https://www.cga.ct.gov/2020/jfr/s/pdf/2020SB-00096-R00ENV-JFR.pdf> [<https://perma.cc/PK2V-T4EG>].

⁹⁰ *Id.*; *Tiered Payment in Lieu of Taxes (PILOT) Program*, CONN. OFF. OF POLICY & MGMT., <https://portal.ct.gov/opm/igpp/grants/pilot/tiered-payment-in-lieu-of-taxes> [<https://perma.cc/Z776-8VHE>] (last visited Aug. 25, 2026).

⁹¹ *See generally* AN ACT CONCERNING THE TAX ASSESSMENT OF CERTAIN AQUACULTURAL PROPERTIES, *supra* note 8.

⁹² *Id.*

⁹³ *See PA 490 Working Group Final Recommendations*, *supra* note 54, at 2-4.

⁹⁴ INVESTIGATION OF OYSTER PROPERTIES, *supra* note 39, at 43.

⁹⁵ *See* March 10 PA 490 Working Group Notes, *supra* note 53, at 3; March 24 PA 490 Working Group Meeting Notes, *supra* note 53, at 3, 4.

to verify the status of their lands and use it as a form of proof in the case that an assessment appeal is required.

3 Application to Aquaculturists: PA 490 Qualification and Documentation

Aquaculturists looking to apply for PA 490 classification must certify their lands and obtain administrative approval through the appropriate governing entities. Property owners must fill out and submit specific forms, comply with strict filing windows, and provide continued proof that the land is being used appropriately for its designated purpose. Understanding these requirements is essential for any aquaculturist looking to take advantage of the tax structure provided by PA 490. Section 3.1 of this report provides an overview of the current PA 490 qualification process. Section 3.2 of this report then discusses potential additions and updates to the qualification process and documentation.

3.1 Current Qualification Process

Farm land classification under PA 490 is achieved through a multi-step process. To have land designated as farm land, the owner or franchisee of the property must file Form M-29, “Application to the Assessor for Classification of Land as Farm Land,” which is prescribed by the Commissioner of Agriculture pursuant to CGS § 12-107c.⁹⁶ The form must be filed with the municipal tax assessor of the town in which the property resides.⁹⁷ It must be submitted within thirty days either before or after the assessment date—a sixty-day period from September 1 through October 31—but may be submitted up to ninety days after the assessment date in revaluation years, by December 30.⁹⁸ Failure to file the M-29 form on time results in the property being subjected to the local default tax structure, though the owner may refile the following year.⁹⁹ Within the M-29 form, the applicant must include a description of the land, including underwater farm lands, a general description of its use, and a summary of the farm equipment used.¹⁰⁰ An additional and separate statement must be attached if there is a potential conveyance tax liability or change in land use under CGS §§ 12-504a through 12-504f.¹⁰¹ As such, accurate and timely filing is a necessity, as the M-29 process is the primary way to access the benefits of the PA 490 program and reduce property costs.

Maritime heritage land classification follows a similar, but more particular process, reflecting the importance of providing information on the use of valuable waterfront property. To have land designated as maritime heritage land, the owner of the property must file Form M-66, “Application to the Assessor for Classification of Land as Maritime Heritage Land,” prescribed by the Secretary of OPM pursuant to CGS § 12-107g.¹⁰² The form must be filed with the municipal tax assessor of the town where the property is located.¹⁰³ As with the M-29 form, the M-66 form must be submitted within thirty days either before or after the assessment date, with a ninety-day extension available in revaluation years.¹⁰⁴ If an aquaculturist does not file the M-66 form on time, they waive the right to classification for the duration of the assessment year, though refiling is permitted in subsequent years.¹⁰⁵ Within the M-66 form, the applicant must include the name and structure of the business, the qualifying industry for which the land is used, the percentage of the designated land owned and

⁹⁶ FORM M-29 APPLICATION TO THE ASSESSOR FOR CLASSIFICATION OF LAND AS FARM LAND, CONN. DEP’T OF AGRIC., [hereinafter M-29 FORM], https://portal.ct.gov/doag/-/media/doag/commissioner/m-29_farmland_application_11182021-pdf.pdf?rev=db72c197f4404092ba6ec5438efd8deb&hash=666BA55886B0649933A8AA66C52A3652 [https://perma.cc/YQT7-GZXD] (last visited Aug. 25, 2025); CONN. GEN. STAT. § 12-107c.

⁹⁷ CONN. GEN. STAT. § 12-107c.

⁹⁸ *Id.* § 12-107c.

⁹⁹ *Id.* § 12-107c.

¹⁰⁰ FORM M-29, *supra* note 96.

¹⁰¹ CONN. GEN. STAT. § 12-107c(b).

¹⁰² FORM M-66, *supra* note 75; CONN. GEN. STAT. § 12-107g.

¹⁰³ CONN. GEN. STAT. § 12-107g.

¹⁰⁴ *Id.*

¹⁰⁵ *Id.* § 12-107g(c).

adjusted gross income derived from maritime use based on their federal income tax return, a description of the uses of each section of the property broken down by square footage, a description of the land and a general description of its use, and a brief summary of farm equipment the applicant uses.¹⁰⁶ The M-66 form's income verification and square-footage breakdown requirements ensure that PA 490 classification is reserved for active maritime operations. For new or smaller farms with less established business operations, these requirements may be difficult to achieve. However, this requirement also creates a clear standard for classification. The M-66 form's additional income and use-breakdown requirements reflect that maritime heritage classification requires maritime economic activity, perhaps justifying the additional record keeping required to maintain this classification.

Under CGS § 12-2b, OPM must consult with the Commissioner of Agriculture every five years to develop and update schedules of unit prices for PA 490-classified land.¹⁰⁷ The Commissioner of Agriculture recommends that municipalities use these schedules, but individual towns retain authority to set their own assessment rates if they would like. The absence of shellfish-specific use values for aquaculture farmlands represents a gap that the PA 490 Working Group is addressing. Without aquaculture-specific benchmarks, assessors lacking in this area of expertise may use generic farm land values that do not accurately reflect the productive capacity or economic reality of aquaculture operations, potentially resulting in either over-assessment that undermines the program's purpose or under-assessment that diverts revenue from the municipality.¹⁰⁸ This gap is significant because without standardized shellfish-specific valuation benchmarks, the actual tax benefit an aquaculturist receives under PA 490 can vary dramatically from town to town, leaving the program's value uncertain and unevenly distributed.

A PA 490 classification is neither a permanent or indefinite designation, and there are a number of ways which a property may lose its status under PA 490. For instance, CGS §§ 12-504a through 12-504h govern conveyance taxes and classification termination.¹⁰⁹ Under § 12-504a, if PA 490-classified land is sold or changes ownership, a new application must be filed, unless the transfer qualifies as an excepted transfer under § 12-504c.¹¹⁰ Under § 12-504a(b), open space and maritime heritage land sold within ten years of classification triggers a conveyance tax on the total sales price: 10% within year one, declining by 1% per year, with no tax beyond year ten.¹¹¹ Under § 12-504a(c), the ten-year period for farm land and forest land runs from the date of acquisition or the date of classification, whichever comes earlier.¹¹² Under § 12-504b, lands are classified by, and taxes are paid to, the municipality; if classified land is conveyed and transferred to another owner, declassification is automatic.¹¹³ Under § 12-504c, fifteen categories of excepted transfers are not subject to the conveyance tax, including eminent domain, transfers between spouses or from parent to child, transfers on death, deeds to conservation organizations, and LLC transfers where the members are the same individuals.¹¹⁴ Under § 12-504e, a change of use within ten years triggers the conveyance tax as if the land had been conveyed, with the initial rate of 10% declining by 1% per year until the tenth year.¹¹⁵ Finally, under § 12-504f, classification is personal to the owner and does not run with the land, and the assessor must file a certificate with the town clerk annually,¹¹⁶ and classification terminates upon either a change in use by the record owner or a sale or transfer pursuant to § 12-504h.¹¹⁷ Therefore, a PA 490 classification is not an entitlement; it instead extends tax benefits to land owners in exchange for committing to continue using the

¹⁰⁶ FORM M-66, *supra* note 75.

¹⁰⁷ CONN. GEN. STAT. § 12-2b(1).

¹⁰⁸ See *Revised PA 490 Recommended Land Use Values Released*, *supra* note 45.

¹⁰⁹ CONN. GEN. STAT. §§ 12-504a – 12-504h.

¹¹⁰ *Id.* § 12-504a, c.

¹¹¹ *Id.* § 12-504a(b).

¹¹² *Id.* § 12-504a(c).

¹¹³ *Id.* § 12-504b.

¹¹⁴ *Id.* § 12-504c.

¹¹⁵ *Id.* § 12-504e.

¹¹⁶ *Id.* § 12-504f.

¹¹⁷ *Id.* § 12-504h.

property for agriculture. Aquaculturists who sell, transfer, or change the use of classified land within a decade will incur additional taxes. A PA 490 classification does not “run with the land,” meaning that a classification is tied to the owner, and its classification will cease until the new property reapplies for classification and meets the same requirements. Buyers cannot assume that they will inherit the land’s classification along with the land itself. Careful planning is therefore essential for any aquaculture operation relying on PA 490 to manage its property tax burden.

3.2 Potential Additions and Updates to the PA 490 Qualification Process and Documentation

The primary PA 490 guidance document is “Connecticut’s Current-Use Tax Law for Farm land, Forest Land, Open Space and Maritime Heritage Land: Public Act 490,” published by the Connecticut Farm Bureau Association in 2015.¹¹⁸ This document predates PA 21-24 by six years and contains no mention of aquaculture or underwater farm lands, with only limited discussion of maritime heritage land.¹¹⁹ To update the PA 490 guidance document, the PA 490 Working Group or Connecticut Farm Bureau Association could: (1) add a dedicated section on aquaculture, including an explanation of how PA 21-24 extends PA 490 to underwater farm lands; (2) provide guidance on the difference between the M-29 underwater farm land and M-66 maritime heritage land classifications, and when an aquaculture owner or operator may need to file for either or both; (3) update the maritime heritage land section to include the language of PA 22-143, clarifying that shippers and distributors must actually grow shellfish to qualify for maritime heritage land status; (4) add guidance on the OPM five-year use value update cycle and how aquaculture operators could monitor for new shellfish-specific use values from the PA 490 Working Group; (5) add practical guidance for assessors on valuing shellfish beds; and (6) incorporate reference to the 2025/2026 land use value updates and their implications for aquaculture operators. These potential updates could resolve issues caused by outdated information and policy.

In addition to the guidance document, there are several updates that could be made to the land classification applications themselves. The M-29 form does not reference “submerged,” “underwater,” or “aquaculture” lands in its land description section.¹²⁰ To address this, the M-29 form could be updated to include a section for farm land including the updated definition in CGS § 12-107b(1).¹²¹ Meanwhile, the M-66 form does not fully reflect the maritime heritage requirement amended by PA 22-143.¹²² The form could be revised to include the requirement that licensed shellstock shippers must also grow or harvest shellstock. This additional requirement may impact shippers and distributors who believe that their land classifies as maritime heritage land. As the current application forms do not include the provisions as amended by PA 21-24 and PA 22-143, aquaculturists and assessors may face some confusion. Until the M-29 and M-66 forms are updated to reflect PA 21-24 and PA 22-143, improper applications and noncompliance will likely continue being persistent issues.

Beyond updates to specific documents and forms, the PA 490 Working Group could consider several broader policy possibilities. First, the Working Group could develop shellfish-specific use values as part of the OPM five-year schedule update, incorporating the three valuation approaches initially reviewed.¹²³ Second, a standardized assessor guidance document specific to aquaculture PA 490 filings could be produced to aid assessors in valuing aquacultural properties more consistently across the state. Third, the Working

¹¹⁸ See generally CONN. FARM BUREAU ASS’N, INC., CONNECTICUT’S CURRENT-USE TAX LAW FOR FARMLAND, FOREST LAND, OPEN SPACE AND MARITIME HERITAGE LAND (2015), https://portal.ct.gov/doag/-/media/doag/commish_and_gov/ctfarmbureaup490sm4web2015pdf.pdf [<https://perma.cc/YFY9-Y76G>].

¹¹⁹ *Id.* at 4, 20-25.

¹²⁰ FORM M-29, *supra* note 96.

¹²¹ FORM M-29, *supra* note 96; see CONN. GEN. STAT. § 12-107b(1).

¹²² FORM M-66, *supra* note 75.

¹²³ See CONN. GEN. STAT. § 12-2b(1); see also *March 10 PA 490 Working Group Meeting Notes*, *supra* note 53, at 3; *March 24 PA 490 Working Group Meeting Notes*, *supra* note 53, at 3, 4.

Group could consider the PILOT structure proposed by the Connecticut Conference of Municipalities and whether it would better serve municipalities as opposed to implementing the PA 490 valuation schedule.¹²⁴ Finally, the Working Group could review the 50% AGI threshold and determine whether it creates a cliff effect for operators who fall just below that figure. A tiered benefit structure might better serve the policy goals of PA 490 without creating an all-or-nothing result. Implementing any or all of these fixes could lead to more clarity and consistency in the classification and taxation processes of aquacultural lands. These broader policy reforms may address structural features of the PA 490 framework that document and form updates may not adequately fix and serve to better integrate the PA 490 framework into Connecticut aquaculture.

Table 2: Recommendations and Policy Options

Recommendations for Updates to PA 490 Guidance Documents
1. Add a dedicated section on aquaculture, explaining PA 21-24 and PA 490's application to underwater farm land.
2. Distinguish between M-29 underwater farm land and M-66 maritime heritage land classifications.
3. Update the section on maritime heritage land to clarify the actively growing shellfish standard.
4. Provide guidance on the OPM five year use value update and PA 490 Working Group progress.
5. Provide guidance to assessors on valuing shellfish grounds.
6. Incorporate reference to the updated land use values and implications for aquaculture.
Policy Options for the PA 490 Working Group
1. Creation of shellfish-specific land use values as part of OPM's five-year schedule update.
2. Standardization of assessor guidance documents specific to PA 490 shellfish ground land values.
3. Consideration of the PILOT structure proposed by the Connecticut Conference of Municipalities.
4. Review of the 50% AGI threshold and consideration of the benefits of a tiered structure.

Conclusion

Connecticut's shellfishing and aquaculture industry operates within a complex and historically inconsistent framework. Together, PA 490, PA 21-24, and PA 22-143 represent the legislature's efforts to correct this misalignment by extending the tax benefits provided by current-use valuations and tax assessments to aquaculturists holding municipal perpetual franchises, as opposed to leases or licenses. The central takeaway of this report is that while a statutory framework exists to provide tax relief to aquaculturists, administrative entities likely need to take further steps to effectively implement and achieve the intended outcomes set out by PA 490 and subsequent amendments. To resolve these issues, the aforementioned documents used to inform and instruct policymakers, regulators, and assessors could be updated to reflect the most current information and legislation. Until those gaps are addressed and the implementation of these statutes are standardized, those affected will likely face confusion and uncertainty. Updating the guidance document, modernizing the application forms, and developing shellfish-specific land-use values are direct, actionable steps that could lead to the policy goals of PA 490 and PA 21-24 coming to fruition.

¹²⁴ *Tiered Payment in Lieu of Taxes (PILOT) Program*, *supra* note 90.