



General Assembly

January Session, 2001

Committee Bill No. 5736

LCO No. 4806

Referred to Committee on Commerce

Introduced by:

(CE)

AN ACT CONCERNING BENEFITS TO BUSINESSES LOCATED IN ENTERTAINMENT DISTRICTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-76 of the general statutes is repealed and the
2 following is substituted in lieu thereof:

3 (a) On and after January 1, 1997, any municipality in which an
4 enterprise zone designated under section 32-70 is located may
5 designate an entertainment district within the municipality. The
6 municipality may specify a geographic area within the entertainment
7 district where there is a concentration of tourist attractions and
8 associated retail establishments and restaurants.

9 (b) Upon designation of an entertainment district under subsection
10 (a) of this section, the municipality may apply to the Commissioner of
11 Economic and Community Development for state approval of the
12 designation. The municipality seeking the approval of the
13 Commissioner of Economic and Community Development for the
14 designation of an area of the municipality as an enterprise zone shall
15 file with the commissioner a preliminary application. Not later than

16 sixty days after receipt of such a preliminary application, the
17 commissioner shall indicate to the municipality, in writing, any
18 recommendations for improving the municipality's application. Not
19 later than sixty days after receipt of the commissioner's written
20 response, the municipality shall file a final application with the
21 commissioner.

22 (c) In approving an entertainment district designation, the
23 commissioner shall evaluate the effect of the proposal on the economic
24 development of the municipality, the region and the state, taking into
25 consideration market potential, specific development plans and private
26 commitments in the area.

27 (d) The Commissioner of Economic and Community Development
28 shall adopt regulations, in accordance with chapter 54, to implement
29 this section. Such regulations may establish additional criteria for
30 approval of districts, including establishment of a zone size. Such
31 regulations shall establish provisions for designation of geographic
32 areas with a concentration of tourist attractions and associated retail
33 establishments and shall include a list of types of retail establishments
34 that may be considered by municipalities in determining if there is a
35 concentration of retail establishments in specific geographic areas of an
36 entertainment district. The list shall not include retail establishments
37 that are gambling or gaming facilities or facilities whose primary
38 business is the sale or serving of alcoholic beverages.

39 (e) Any (1) retail establishment that is on the list of types of retail
40 establishments prepared by the commissioner pursuant to subsection
41 (d) of this section and located in a specific geographic area of an
42 entertainment district designated and approved under this section or
43 established under section 2 of public act 93-311*, and (2) plant,
44 building, other real property improvement, or part thereof, [which]
45 that is located in a municipality with an entertainment district
46 designated and approved under this section or established under
47 section 2 of public act 93-311*, and [which] that qualifies as a

48 "manufacturing facility" under subsection (d) of section 32-9p in that it
49 is to be used in the production of entertainment products, including
50 multimedia products, or as part of the airing, display or provision of
51 live entertainment for stage or broadcast, including support services
52 such as set manufacturers, scenery makers, sound and video
53 equipment providers and manufacturers, stage and screen writers,
54 providers of capital for the entertainment industry and agents for
55 talent, writers, producers and music properties and technological
56 infrastructure support including, but not limited to, fiber optics,
57 necessary to support multimedia and other entertainment formats,
58 except entertainment provided by or shown at a gambling or gaming
59 facility or a facility whose primary business is the sale or serving of
60 alcoholic beverages, and for which the department has issued an
61 eligibility certificate in accordance with section 32-9r, as amended by
62 this act, shall be entitled to the same benefits, subject to the same
63 conditions, under the general statutes for which plants, buildings and
64 other real property improvements located in an enterprise zone
65 qualify.

66 Sec. 2. Section 32-9r of the general statutes is repealed and the
67 following is substituted in lieu thereof:

68 (a) Any person may apply to the department for a determination as
69 to whether the facility described in an application qualifies as a
70 manufacturing facility or service facility or for a determination that a
71 retail establishment is on the list of types of retail establishments
72 prepared pursuant to subsection (d) of section 32-76, as amended by
73 this act. Applications for eligibility certificates are to be made on the
74 forms and in the manner prescribed by the department. In evaluating
75 each application the department may require the submission of all
76 books, records, documents, drawings, specifications, certifications and
77 other evidentiary items which it deems appropriate. No eligibility
78 certificate shall be issued after March 1, 1991, for a manufacturing
79 facility located in a distressed municipality which does not qualify as a
80 targeted investment community unless the department has issued to

81 the applicant a commitment letter for such facility prior to March 1,
82 1991. Notwithstanding the provisions of this subsection, an eligibility
83 certificate may be issued by the department after March 1, 1991, for a
84 qualified manufacturing facility acquired, constructed or substantially
85 renovated in a distressed municipality provided the commissioner
86 determines that such acquisition, construction or substantial
87 renovation was initiated prior to March 1, 1991, and was legitimately
88 induced by the prospect of assistance under section 12-217e and
89 subdivisions (59) and (60) of section 12-81, respectively. The
90 department may issue an eligibility certificate for a qualified
91 manufacturing facility or a qualified service facility located in a
92 targeted investment community upon determination by the
93 commissioner (A) that the acquisition, construction or substantial
94 renovation relating to the qualified manufacturing facility or qualified
95 service facility in such community was induced by the prospect of
96 assistance under section 12-217e and subdivisions (59) and (60) of said
97 section 12-81; and (B) the applicant demonstrates an economic need or
98 there is an economic benefit to the state. The department shall issue an
99 eligibility certificate if the commissioner determines (1) that the
100 manufacturing facility is located in an enterprise zone designated
101 pursuant to section 32-70 and is a qualified manufacturing facility, [or]
102 (2) that the facility is a plant, building, other real property
103 improvement, or part thereof, which is located in a municipality with
104 an entertainment district designated under section 32-76 or established
105 under section 2 of public act 93-311*, and which qualifies as a
106 "manufacturing facility" under subsection (d) of section 32-9p in that it
107 is to be used in the production of entertainment products, including
108 multimedia products, or as part of the airing, display or provision of
109 live entertainment for stage or broadcast, including support services
110 such as set manufacturers, scenery makers, sound and video
111 equipment providers and manufacturers, stage and screen writers,
112 providers of capital for the entertainment industry and agents for
113 talent, writers, producers and music properties and technological
114 infrastructure support including, but not limited to, fiber optics,

115 necessary to support multimedia and other entertainment formats,
116 except entertainment provided by or shown at a gambling or gaming
117 facility or a facility whose primary business is the sale or serving of
118 alcoholic beverages, or (3) is a retail establishment on the list prepared
119 pursuant to subsection (d) of section 32-76, as amended by this act, and
120 is located in a municipality with an entertainment district designated
121 under section 32-76 or established under section 2 of public act 93-311*.

122 (b) The department shall reach a determination as to the eligibility
123 of a facility or retail establishment within a reasonable time period,
124 but, in the case of a facility, may postpone the determination to the
125 extent required to verify to its satisfaction that there is a high
126 likelihood that any proposed facility will actually be constructed,
127 expanded, substantially renovated or acquired. Upon a favorable
128 finding, the department shall issue to the applicant a certificate to the
129 effect that the retail establishment is on the list of retail establishments
130 prepared pursuant to subsection (d) of section 32-76, as amended by
131 this act, or that the facility concerned is a manufacturing facility or a
132 service facility and is eligible for assistance under section 12-217e and
133 subdivisions (59) and (60) of section 12-81.

134 (c) Upon an unfavorable determination the department shall issue a
135 notice to the applicant to the effect that the retail establishment is not
136 on the list prepared pursuant to subsection (d) of section 32-76, as
137 amended by this act, or that the facility concerned has been
138 determined not to be a manufacturing facility or a service facility,
139 together with a statement in reasonable detail as to the reasons for the
140 unfavorable determination. Any aggrieved applicant shall be afforded
141 an opportunity for a public hearing on the matter within thirty days
142 following issuance of the notice. The department shall reconsider the
143 application based upon the information presented at the public
144 hearing and reaffirm or change its earlier determination within ten
145 days of the hearing.

146 (d) The decision of the department to issue an eligibility certificate

147 or to deny an application for the issuance of an eligibility certificate
148 either upon the expiration of thirty days without a public hearing
149 following an initial unfavorable determination or upon any
150 reconsideration of the application pursuant to subsection (c) of this
151 section is conclusive and final as to the matters thereby decided, and
152 chapter 54 shall not apply to the administrative determinations
153 authorized to be made by this section.

154 (e) Any person who claims a benefit under section 12-217e or
155 subdivisions (59) and (60) of section 12-81 shall notify the department
156 of any change in fact or circumstance which may bear upon the
157 continued qualification as a manufacturing facility or a service facility
158 for which an eligibility certificate has been issued. Upon receipt of such
159 information or upon independent investigation, the department may
160 revoke the eligibility certificate in the manner provided in subsection
161 (c) of this section.

162 (f) The commissioner shall adopt regulations, in accordance with
163 chapter 54, to carry out the provisions of this section. Such regulations
164 shall provide that establishments in the category of business services,
165 as defined in the Standard Industrial Classification Manual, or in
166 Sector 48, 49, 52, 54, 55, or 62, Subsector 114 or 561, or industry group
167 5621 in the North American Industrial Classification System United
168 States manual, United States Office of Management and Budget, 1997
169 edition, shall be eligible for a certificate if they are located in an
170 enterprise zone.

171 Sec. 3. (NEW) (a) Notwithstanding any provision of the general
172 statutes, any municipality with an entertainment district designated
173 under section 32-76 of the general statutes, as amended by this act, or
174 established under section 2 of public act 93-311, may by resolution
175 impose a sales tax of one per cent on any item that is taxed by the state
176 under chapter 219 of the general statutes. The resolution shall include
177 procedures for collection of revenue generated which shall be consistent
178 with collection of the comparable state tax. The Commissioner of

179 Revenue Services and the municipality shall enter into a memorandum
180 of understanding to facilitate collection of the tax and allocation to the
181 municipality.

182 (b) In the case of sales and uses of motor vehicles, aircraft, boats and
183 utilities, the situs of sales and uses of such motor vehicles, aircraft,
184 boats and utilities shall be the residence of the purchaser.

185 (c) Any revenues remitted to a municipality pursuant to this section
186 shall be used for projects located within an entertainment district
187 designated under section 32-76 of the general statutes, as amended by
188 this act, or established under section 2 of public act 93-311.

189 Sec. 4. Section 12-412 of the general statutes is amended by adding
190 subdivision (113) as follows:

191 (NEW) (113) Sales of and the use or other consumption of works of
192 art created by an artist located in a municipality with an entertainment
193 district designated under section 32-76, as amended by this act, or
194 established under section 2 of public act 93-311.

195 Sec. 5. (NEW) Any municipality with an entertainment district
196 designated and approved under section 32-76 of the general statutes,
197 as amended by this act, or established under section 2 of public act 93-
198 311, in any proceedings authorizing the issuance of bonds under the
199 general statutes for a project located within the entertainment district
200 may contain a provision that taxes, if any, identified in such
201 authorizing proceedings and levied upon taxable real or personal
202 property, or both, in a project each year, or payments in lieu of such
203 taxes authorized pursuant to the general statutes, or both, by or for the
204 benefit of the municipality after the effective date of the ordinance
205 approving such bond authorizing proceedings, shall be divided as
206 follows: (1) In each fiscal year that portion of the taxes or payments in
207 lieu of taxes, or both, which would be produced by applying the then
208 current tax rate of the taxing agency to the total sum of the assessed

209 value of the taxable property in the project on the effective date of such
210 ordinance or the date of such authorizing proceedings, as the case may
211 be, or on any date between such two dates which is identified in such
212 proceedings, shall be allocated to and when collected shall be paid into
213 the funds of the taxing agency in the same manner as taxes by or for
214 said taxing agency on all other property are paid; and (2) that portion
215 of the assessed taxes or payments in lieu of taxes, or both, each fiscal
216 year in excess of the amount referred to in subdivision (1) of this
217 section shall be allocated to and when collected shall be paid into a
218 special fund of the municipality to be used in each fiscal year, first to
219 pay the principal of and interest due in such fiscal year on loans,
220 moneys advanced to, or indebtedness, whether funded, refunded,
221 assumed, or otherwise incurred by such municipality to finance or
222 refinance in whole or in part, such redevelopment project, and then, at
223 the option of the municipality, to purchase bonds issued for the project
224 which has generated the increments in taxes or payments in lieu of
225 taxes and then, at the option of the municipality to reimburse the
226 provider of or reimbursement party with respect to any guarantee,
227 letter of credit, policy of bond insurance, funds deposited in a debt
228 service reserve fund, funds deposited as capitalized interest or other
229 credit enhancement device used to secure payment of debt service on
230 any bonds, notes or other indebtedness of a municipality. Unless and
231 until the total assessed valuation of the taxable property in a project
232 exceeds the total assessed value of the taxable property in such project
233 as shown by the last assessment list, referred to in subdivision (1) of
234 this section, all of the taxes levied and collected and all of the
235 payments in lieu of taxes due and collected upon the taxable property
236 in such project shall be paid into the funds of the taxing agency. When
237 such loans, advances, and indebtedness, if any, and interest thereon,
238 and such debt service reimbursement to the provider of or
239 reimbursement party with respect to such credits, have been paid, in
240 full, all moneys thereafter received from taxes or payments in lieu of
241 taxes, or both, upon the taxable property in such project shall be paid
242 into the funds of the respective taxing agency in the same manner as

243 taxes on all other property are paid.

244 Sec. 6. Section 9 of special act 97-1 of the June 5 special session is
245 amended to read as follows:

246 The proceeds of the sale of said bonds shall be used by the
247 Department of Economic and Community Development for the
248 purposes hereinafter stated:

249 Housing development and rehabilitation, including moderate cost
250 housing, moderate rental, congregate and elderly housing, urban
251 homesteading, community housing development corporations,
252 housing purchase and rehabilitation (no more than \$10,000,000 of the
253 total), housing for the homeless, housing for low income persons,
254 limited equity cooperatives and mutual housing projects, removal and
255 abatement of hazardous material including asbestos and lead-based
256 paint in residential structures (no more than \$2,500,000 of the total),
257 emergency repair assistance for senior citizens, housing land bank and
258 land trust, housing and community development, predevelopment
259 grants and loans, reimbursement for state and federal surplus
260 property, private rental investment mortgage and equity program,
261 housing infrastructure, septic system repair loan program, acquisition
262 and related rehabilitation, art space and housing for artists located in
263 an entertainment district designated and approved under section 32-
264 76, as amended by this act, or established under section 2 of public act
265 93-311, and participation in federal programs, including administrative
266 expenses associated with those programs eligible under the general
267 statutes, not exceeding \$18,000,000.

268 Sec. 7. Section 28 of special act 97-1 of the June 5 special session, as
269 amended by section 76 of special act 98-9, is amended to read as
270 follows:

271 The proceeds of the sale of said bond shall be used by the
272 Department of Economic and Community Development for the
273 purposes hereinafter stated:

274 Housing development and rehabilitation, including moderate cost
275 housing, moderate rental, congregate and elderly housing, urban
276 homesteading, community housing development corporations,
277 housing purchase and rehabilitation (no more than \$10,000,000 of the
278 total), housing for the homeless, housing for low income persons,
279 limited equity cooperatives and mutual housing projects, removal and
280 abatement of hazardous material including asbestos and lead-based
281 paint in residential structures (no more than \$2,500,000 of the total),
282 emergency repair assistance for senior citizens, housing land bank and
283 land trust, housing and community development, predevelopment
284 grants and loans, reimbursement for state and federal surplus
285 property, private rental investment mortgage and equity program,
286 housing infrastructure, septic system repair loan program, acquisition
287 and related rehabilitation, art space and housing for artists located in
288 an entertainment district designated and approved under section 32-
289 76, as amended by this act, or established under section 2 of public act
290 93-311, and participation in federal programs, including administrative
291 expenses associated with those programs eligible under the general
292 statutes, not exceeding \$20,000,000.

293 Sec. 8. Section 9 of public act 99-242 is amended to read as follows:

294 The proceeds of the sale of said bonds shall be used by the
295 Department of Economic and Community Development for the
296 purposes hereinafter stated:

297 Housing development and rehabilitation, including moderate cost
298 housing, moderate rental, congregate and elderly housing, urban
299 homesteading, community housing development corporations,
300 housing purchase and rehabilitation, housing for the homeless,
301 housing for low income persons, limited equity cooperatives and
302 mutual housing projects, abatement of hazardous material including
303 asbestos and lead-based paint in residential structures, emergency
304 repair assistance for senior citizens, housing land bank and land trust,
305 housing and community development, predevelopment grants and

306 loans, reimbursement for state and federal surplus property, private
307 rental investment mortgage and equity program, housing
308 infrastructure, septic system repair loan program, acquisition and
309 related rehabilitation, loan guarantees for private developers of rental
310 housing for the elderly, art space and housing for artists located in an
311 entertainment district designated and approved under section 32-76, as
312 amended by this act, or established under section 2 of public act 93-
313 311, and participation in federal programs, including administrative
314 expenses associated with those programs eligible under the general
315 statutes, not exceeding \$5,000,000.

316 Sec. 9. Section 28 of public act 99-242 is amended to read as follows:

317 The proceeds of the sale of said bonds shall be used by the
318 Department of Economic and Community Development for the
319 purposes hereinafter stated:

320 Housing development and rehabilitation, including moderate cost
321 housing, moderate rental, congregate and elderly housing, urban
322 homesteading, community housing development corporations,
323 housing purchase and rehabilitation, housing for the homeless,
324 housing for low income persons, limited equity cooperatives and
325 mutual housing projects, abatement of hazardous material including
326 asbestos and lead-based paint in residential structures, emergency
327 repair assistance for senior citizens, housing land bank and land trust,
328 housing and community development, predevelopment grants and
329 loans, reimbursement for state and federal surplus property, private
330 rental investment mortgage and equity program, housing
331 infrastructure, septic system repair loan program, acquisition and
332 related rehabilitation, loan guarantees for private developers of rental
333 housing for the elderly, art space and housing for artists located in an
334 entertainment district designated and approved under section 32-76, as
335 amended by this act, or established under section 2 of public act 93-
336 311, and participation in federal programs, including administrative
337 expenses associated with those programs eligible under the general

338 statutes, not exceeding \$5,000,000.

339 Sec. 10. (NEW) The Commissioner of Economic and Community
340 Development shall provide grants to municipalities with
341 entertainment districts designated and approved under section 32-76
342 of the general statutes, as amended by this act, or established under
343 section 2 of public act 93-311 for development and implementation of
344 marketing plans for such entertainment districts. Each marketing plan
345 shall include (1) an inventory of entertainment properties and other
346 properties that could be used for entertainment businesses, (2) an
347 analysis of location needs of different types of entertainment
348 businesses, and (3) a process to match properties with appropriate
349 businesses.

350 Sec. 11. The sum of two hundred fifty thousand dollars is
351 appropriated to the Department of Economic and Community
352 Development , from the General Fund, for the fiscal year ending June
353 30, 2002, for grants to municipalities pursuant to section 10 of this act.

354 Sec. 12. This act shall take effect July 1, 2001, and sections 3 and 4
355 shall be applicable on and after said date.

Statement of Purpose:

To encourage the arts and promote local economic development by enhancing benefits provided to businesses located in arts and entertainment districts.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]

Co-Sponsors: REP. CARUSO, 126th Dist.