



General Assembly

February Session, 2002

**Raised Bill No. 496**

LCO No. 2118

Referred to Committee on Finance, Revenue and Bonding

Introduced by:  
(FIN)

**AN ACT CONCERNING THE STATE'S SECURITY INTEREST IN  
CERTAIN PERSONAL PROPERTY.**

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

1 Section 1. Subdivision (70) of section 12-81 of the general statutes, as  
2 amended by section 156 of public act 01-132, is repealed and the  
3 following is substituted in lieu thereof (*Effective July 1, 2002, and*  
4 *applicable with respect to personal property tax exemptions in which the state*  
5 *has a security interest for the assessment year commencing October 1, 2001,*  
6 *and each assessment year thereafter*):

7 (70) (A) New machinery and equipment used directly in the  
8 manufacturing of goods or products and acquired through purchase  
9 by any business organization or any affiliate of such business  
10 organization as part of a technological upgrading of the manufacturing  
11 process at a location in a distressed municipality, targeted investment  
12 community, as defined in section 32-222, as amended, or enterprise  
13 zone designated pursuant to section 32-70, as amended, and for which  
14 an eligibility certificate has been issued by the Department of  
15 Economic and Community Development, which business organization  
16 [(A)] (i) is engaged in the manufacturing, processing or assembling of

17 raw materials, parts or manufactured products, [(B)] (ii) has been in  
18 continuous operation in the state for a period not less than five years  
19 prior to claiming the exemption provided in this subdivision, [(C)] (iii)  
20 had gross receipts in an amount less than twenty million dollars in the  
21 year prior to claiming the exemption provided in this subdivision,  
22 including receipts of any affiliates of the business organization, and  
23 [(D)] (iv) has incurred costs in acquiring such machinery and  
24 equipment not less than the greater of [(i)] (I) two hundred thousand  
25 dollars, or [(ii)] (II) two hundred per cent of the business organization's  
26 and affiliate's average expenditure for the acquisition of machinery  
27 and equipment used directly in the manufacturing of goods or  
28 products at the location in the distressed municipality, targeted  
29 investment community or enterprise zone designated pursuant to  
30 section 32-70, as amended, during the three years prior to claiming the  
31 exemption provided in this subdivision, as follows: To the extent of  
32 fifty per cent of its valuation for purposes of assessment in each of the  
33 five full assessment years following the assessment year in which such  
34 machinery and equipment is acquired.

35 (B) Any person who desires to claim the exemption provided in this  
36 subdivision shall file annually with the assessor or board of assessors  
37 in the distressed municipality, targeted investment community or  
38 enterprise zone designated pursuant to section 32-70, as amended, in  
39 which the business organization is located, on or before the first day of  
40 November, written application claiming such exemption on a form  
41 prescribed by the Secretary of the Office of Policy and Management.  
42 Failure to file such application in this manner and form within the time  
43 limit prescribed shall constitute a waiver of the right to such  
44 exemption for such assessment year, unless an extension of time is  
45 allowed pursuant to section 12-81k, and upon payment of the required  
46 fee for late filing. No person shall be eligible to receive the exemption  
47 provided in this subdivision if such exemption is sought for machinery  
48 and equipment located in a manufacturing facility, as defined in  
49 subsection (d) of section 32-9p, as amended, currently receiving  
50 assistance under subdivisions (59) and (60) of section 12-81, as

51 amended, and no person shall receive such exemption for eligible  
52 machinery or equipment at each location in a distressed municipality,  
53 targeted investment community or enterprise zone designated  
54 pursuant to section 32-70, as amended, more than once in any  
55 continuous five-year period.

56 (C) The state and the municipality and district shall hold a security  
57 interest, as defined in subdivision (37) of section 42a-1-201, as  
58 amended, in any machinery or equipment which is exempt from  
59 taxation pursuant to this [subsection] subdivision, in an amount equal  
60 to the tax revenue reimbursed or lost, as the case may be, which shall  
61 be subordinate to any purchase money security interest, as defined in  
62 section 42a-9-103a, as amended. Such security interest shall be  
63 enforceable against the taxpayer for a period of five years after the last  
64 assessment year in which such exemption was received in any case in  
65 which the business organization ceases all business operations or  
66 moves its business operations entirely out of this state. Any assessor  
67 who has granted an exemption under this subdivision shall provide  
68 written notification to the secretary of the cessation of such operations  
69 or the move of such operations entirely out of this state. Such  
70 notification may be made at any time after the October first of the last  
71 assessment year in which such exemption is granted and before the  
72 September thirtieth that is five years after the conclusion of said  
73 assessment year. Upon receiving such notification and complying with  
74 the provisions of section 12-35a, as amended, the state shall have a lien  
75 upon the machinery or equipment situated in this state and owned by  
76 the person that ceased all business operations or moved such  
77 operations entirely out of this state. Notwithstanding the provisions of  
78 section 12-35a, as amended, the total amount of the reimbursement  
79 made by the state for the property tax exemptions granted to the  
80 person under the provisions of this subdivision, shall be deemed to be  
81 the amount of the tax which such person failed to pay.  
82 Notwithstanding said section 12-35a, the information required to be  
83 included in the notice of lien for said tax shall be as follows: (i) The  
84 owner of the property upon which the lien is claimed, (ii) the business

85 address or residence address of such owner, (iii) the specific property  
86 claimed to be subject to such lien, (iv) the location of such property at  
87 the time it was last made tax exempt pursuant to this subdivision, (v)  
88 the total amount of the reimbursement made by the state for the  
89 property tax exemptions granted to such owner under the provisions  
90 of this subdivision, and (vi) the tax period or periods for which such  
91 lien is claimed. If more than one agency of the state perfects such a  
92 notice of lien on the same day, the priority of such liens shall be  
93 determined by the time of day such liens were perfected, and if  
94 perfected at the same time, the lien for the highest amount shall have  
95 priority. In addition to the other remedies provided in this subdivision,  
96 the Attorney General, upon request of the secretary, may bring a civil  
97 action in a court of competent jurisdiction to recover the amount of tax  
98 revenue reimbursed by the state from any person who received an  
99 exemption under this subdivision.

100       Sec. 2. Subparagraph (C) of subdivision (72) of section 12-81 of the  
101 general statutes, as amended by section 157 of public act 01-132, is  
102 repealed and the following is substituted in lieu thereof (*Effective July*  
103 *1, 2002, and applicable with respect to personal property tax exemptions in*  
104 *which the state has a security interest for the assessment year commencing*  
105 *October 1, 2001, and each assessment year thereafter*):

106       (C) Any person claiming the exemption provided under this  
107 subdivision for machinery or equipment shall not be eligible to claim  
108 the exemption provided under subdivision (60) of this section or  
109 subdivision (70) of this section, as amended by this act, for the same  
110 machinery or equipment. The state and the municipality and district  
111 shall hold a security interest, as defined in subdivision (37) of section  
112 42a-1-201, as amended, in any machinery or equipment which is  
113 exempt from taxation pursuant to this subdivision, in an amount equal  
114 to the tax revenue reimbursed or lost, as the case may be, which shall  
115 be subordinate to any purchase money security interest, as defined in  
116 section 42a-9-103a, as amended. Such security interest shall be  
117 enforceable against the claimant for a period of five years after the last

118 assessment year in which such exemption was received in any case in  
119 which [said manufacturer] such person ceases all manufacturing or  
120 biotechnology operations or moves [its] such manufacturing or  
121 biotechnology operations entirely out of this state. Any assessor who  
122 has granted an exemption under this subdivision shall provide written  
123 notification to the secretary of the cessation of such operations or the  
124 move of such operations entirely out of this state. Such notification  
125 may be made at any time after the October first of the last assessment  
126 year in which such exemption is granted and before the September  
127 thirtieth that is five years after the conclusion of said assessment year.  
128 Upon receiving such notification and complying with the provisions of  
129 section 12-35a, as amended, the state shall have a lien upon the  
130 machinery or equipment situated in this state and owned by the  
131 person that ceased all business operations or moved such operations  
132 entirely out of this state. Notwithstanding the provisions of section 12-  
133 35a, as amended, the total amount of the reimbursement made by the  
134 state for the property tax exemptions granted to the person under the  
135 provisions of this subdivision, shall be deemed to be the amount of the  
136 tax which such person failed to pay. Notwithstanding said section 12-  
137 35a, the information required to be included in the notice of lien for  
138 such tax shall be as follows: (i) The owner of the property upon which  
139 the lien is claimed, (ii) the business address or residence address of  
140 such owner, (iii) the specific property claimed to be subject to such  
141 lien, (iv) the location of such property at the time it was last made tax  
142 exempt pursuant to this subdivision, (v) the total amount of the  
143 reimbursement made by the state for the property tax exemptions  
144 granted to such owner under the provisions of this subdivision, and  
145 (vi) the tax period or periods for which such lien is claimed. If more  
146 than one agency of the state perfects such a notice of lien on the same  
147 day, the priority of such liens shall be determined by the time of day  
148 such liens were perfected, and if perfected at the same time, the lien for  
149 the highest amount shall have priority. In addition to the other  
150 remedies provided in this subdivision, the Attorney General, upon  
151 request of the secretary, may bring a civil action in a court of

152 competent jurisdiction to recover the amount of tax revenue  
153 reimbursed by the state from any person who received an exemption  
154 under this subdivision. The following shall not be eligible for the  
155 exemption provided under this subdivision: [(i)] (I) A public service  
156 company, as defined in section 16-1, as amended; and [(ii)] (II) any  
157 provider, directly or indirectly, of electricity, oil, water or gas.

This act shall take effect as follows:	
Section 1	<i>July 1, 2002, and applicable with respect to personal property tax exemptions in which the state has a security interest for the assessment year commencing October 1, 2001, and each assessment year thereafter</i>
Sec. 2	<i>July 1, 2002, and applicable with respect to personal property tax exemptions in which the state has a security interest for the assessment year commencing October 1, 2001, and each assessment year thereafter</i>

**FIN**      *Joint Favorable*