



General Assembly

January Session, 2005

Raised Bill No. 1322

LCO No. 4539

04539_____FIN

Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

**AN ACT CONCERNING THE PERSONAL PROPERTY TAX ON
MANUFACTURING EQUIPMENT.**

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

1 Section 1. Section 12-63 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage and*
3 *applicable to assessment years commencing on or after October 1, 2005*):

4 (a) (1) The present true and actual value of land classified as farm
5 land pursuant to section 12-107c, as forest land pursuant to section 12-
6 107d, or as open space land pursuant to section 12-107e shall be based
7 upon its current use without regard to neighborhood land use of a
8 more intensive nature, provided in no event shall the present true and
9 actual value of open space land be less than it would be if such open
10 space land comprised a part of a tract or tracts of land classified as
11 farm land pursuant to section 12-107c. The present true and actual
12 value of all other property shall be deemed by all assessors and boards
13 of assessment appeals to be the fair market value thereof and not its
14 value at a forced or auction sale.

15 (b) [(1)] For the purposes of this [subsection, (A)] section, (1)

16 "electronic data processing equipment" means computers, printers,
17 peripheral computer equipment, bundled software and any computer-
18 based equipment acting as a computer, as defined in Section 168 of the
19 Internal Revenue Code of 1986, or any subsequent corresponding
20 internal revenue code of the United States, as from time to time
21 amended; [(B)] (2) "leased personal property" means tangible personal
22 property which is the subject of a written or oral lease or loan on the
23 assessment date, or any such property which has been so leased or
24 loaned by the then current owner of such property for three or more of
25 the twelve months preceding such assessment date; and [(C)] (3)
26 "original selling price" means the price at which tangible personal
27 property is most frequently sold in the year that it was manufactured.

28 [(2)] (c) (1) Any municipality may, by ordinance, adopt the
29 provisions of this subsection to be applicable for the assessment year
30 commencing October first of the assessment year in which a
31 revaluation of all real property required pursuant to section 12-62 is
32 performed in such municipality, and for each assessment year
33 thereafter. If so adopted, the present true and actual value of tangible
34 personal property, other than motor vehicles, shall be determined in
35 accordance with the provisions of this subsection. If such property is
36 purchased, its true and actual value shall be established in relation to
37 the cost of its acquisition, including transportation and installation,
38 and shall reflect depreciation in accordance with the schedules set
39 forth in subdivisions [(3) to (6)] (2) to (4), inclusive, of this subsection.
40 If such property is developed and produced by the owner of such
41 property for a purpose other than wholesale or retail sale or lease, its
42 true and actual value shall be established in relation to its cost of
43 development, production and installation and shall reflect
44 depreciation in accordance with the schedules provided in
45 subdivisions [(3) to (6)] (2) to (4), inclusive, of this subsection. The
46 provisions of this subsection shall not apply to property owned by a
47 public service company, as defined in section 16-1.

48 [(3)] (2) The following schedule of depreciation shall be applicable

49 with respect to electronic data processing equipment:

50 (A) Group I: Computer and peripheral hardware, including, but not
51 limited to, personal computers, workstations, terminals, storage
52 devices, printers, scanners, computer peripherals and networking
53 equipment:

T1		Depreciated Value
T2	Assessment Year	As Percentage
T3	Following Acquisition	Of Acquisition Cost Basis
T4	First year	Seventy per cent
T5	Second year	Forty per cent
T6	Third year	Twenty per cent
T7	Fourth year and thereafter	Ten per cent

54 (B) Group II: Other hardware, including, but not limited to, mini-
55 frame and main-frame systems with an acquisition cost of more than
56 twenty-five thousand dollars.

T8		Depreciated Value
T9	Assessment Year	As Percentage
T10	Following Acquisition	Of Acquisition Cost Basis
T11	First year	Ninety per cent
T12	Second year	Sixty per cent
T13	Third year	Forty per cent
T14	Fourth year	Twenty per cent
T15	Fifth year and thereafter	Ten per cent

57 [(4)] (3) The following schedule of depreciation shall be applicable
58 with respect to copiers, facsimile machines, medical testing equipment,
59 and any similar type of equipment that is not specifically defined as
60 electronic data processing equipment, but is considered by the assessor
61 to be technologically advanced:

T16		Depreciated Value
T17	Assessment Year	As Percentage
T18	Following Acquisition	Of Acquisition Cost Basis
T19	First year	Ninety-five per cent
T20	Second year	Eighty per cent
T21	Third year	Sixty per cent
T22	Fourth year	Forty per cent
T23	Fifth year and thereafter	Twenty per cent

62 [(5) The following schedule of depreciation shall be applicable with
63 respect to machinery and equipment used in the manufacturing
64 process:

T24		Depreciated Value
T25	Assessment Year	As Percentage
T26	Following Acquisition	Of Acquisition Cost Basis
T27	First year	Ninety per cent
T28	Second year	Eighty per cent
T29	Third year	Seventy per cent
T30	Fourth year	Sixty per cent
T31	Fifth year	Fifty per cent
T32	Sixth year	Forty per cent
T33	Seventh year	Thirty per cent
T34	Eighth year and thereafter	Twenty per cent]

65 [(6)] (4) The following schedule of depreciation shall be applicable
66 with respect to all tangible personal property other than that described
67 in subdivisions [(3) to (5), inclusive,] (2) and (3) of this subsection or in
68 subsection (d) of this section:

T35		Depreciated Value
T36	Assessment Year	As Percentage

T37	Following Acquisition	Of Acquisition Cost Basis
T38	First year	Ninety-five per cent
T39	Second year	Ninety per cent
T40	Third year	Eighty per cent
T41	Fourth year	Seventy per cent
T42	Fifth year	Sixty per cent
T43	Sixth year	Fifty per cent
T44	Seventh year	Forty per cent
T45	Eighth year and thereafter	Thirty per cent

69 (d) (1) Each municipality shall, by ordinance, adopt the provisions
 70 of this subsection to be applicable for the assessment year commencing
 71 October first of the assessment year in which a revaluation of all real
 72 property required pursuant to section 12-62 is performed in such
 73 municipality, and for each assessment year thereafter. The present true
 74 and actual value of machinery and equipment used in the
 75 manufacturing process shall be determined in accordance with the
 76 provisions of this subsection. If such machinery and equipment is
 77 purchased, its true and actual value shall be established in relation to
 78 the cost of its acquisition, including transportation and installation,
 79 and shall reflect depreciation in accordance with the schedules set
 80 forth in this subsection. The provisions of this subsection shall not
 81 apply to property owned by a public service company, as defined in
 82 section 16-1. For purposes of this subsection, "machinery" and
 83 "equipment" shall have the same meanings as provided in subdivision
 84 (72) of section 12-81.

85 (2) For the assessment year commencing on October 1, 2005, the
 86 following schedule of depreciation shall be applicable with respect to
 87 machinery and equipment used in the manufacturing process:

T46		<u>Depreciated Value</u>
T47	<u>Assessment Year</u>	<u>As Percentage</u>
T48	<u>Following Acquisition</u>	<u>Of Acquisition Cost Basis</u>

T49	<u>First year</u>	<u>Seventy-five per cent</u>
T50	<u>Second year</u>	<u>Sixty-five per cent</u>
T51	<u>Third year</u>	<u>Fifty-five per cent</u>
T52	<u>Fourth year</u>	<u>Forty-five per cent</u>
T53	<u>Fifth year</u>	<u>Thirty-five per cent</u>
T54	<u>Sixth year</u>	<u>Twenty-five per cent</u>
T55	<u>Seventh year</u>	<u>Fifteen per cent</u>
T56	<u>Eighth year and thereafter</u>	<u>Five per cent</u>

88 (3) For the assessment year commencing on October 1, 2006, the
 89 following schedule of depreciation shall be applicable with respect to
 90 machinery and equipment used in the manufacturing process:

T57		<u>Depreciated Value</u>
T58	<u>Assessment Year</u>	<u>As Percentage</u>
T59	<u>Following Acquisition</u>	<u>Of Acquisition Cost Basis</u>
T60	<u>First year</u>	<u>Sixty per cent</u>
T61	<u>Second year</u>	<u>Fifty per cent</u>
T62	<u>Third year</u>	<u>Forty per cent</u>
T63	<u>Fourth year</u>	<u>Thirty per cent</u>
T64	<u>Fifth year</u>	<u>Twenty per cent</u>
T65	<u>Sixth year</u>	<u>Ten per cent</u>
T66	<u>Seventh year and thereafter</u>	<u>Zero per cent</u>

91 (4) For the assessment year commencing on October 1, 2007, the
 92 following schedule of depreciation shall be applicable with respect to
 93 machinery and equipment used in the manufacturing process:

T67		<u>Depreciated Value</u>
T68	<u>Assessment Year</u>	<u>As Percentage</u>
T69	<u>Following Acquisition</u>	<u>Of Acquisition Cost Basis</u>
T70		
T71	<u>First year</u>	<u>Forty-five per cent</u>
T72	<u>Second year</u>	<u>Thirty-five per cent</u>
T73	<u>Third year</u>	<u>Twenty-five per cent</u>
T74	<u>Fourth year</u>	<u>Fifteen per cent</u>

T75	<u>Fifth year</u>	<u>Five per cent</u>
T76	<u>Sixth year and thereafter</u>	<u>Zero per cent</u>

94 (5) For the assessment year commencing on October 1, 2008, the
 95 following schedule of depreciation shall be applicable with respect to
 96 machinery and equipment used in the manufacturing process:

T77		<u>Depreciated Value</u>
T78	<u>Assessment Year</u>	<u>As Percentage</u>
T79	<u>Following Acquisition</u>	<u>Of Acquisition Cost Basis</u>
T80		
T81	<u>First year</u>	<u>Thirty per cent</u>
T82	<u>Second year</u>	<u>Twenty per cent</u>
T83	<u>Third year</u>	<u>Ten per cent</u>
T84	<u>Fourth year and thereafter</u>	<u>Zero per cent</u>

97 (6) For the assessment year commencing on October 1, 2009, the
 98 following schedule of depreciation shall be applicable with respect to
 99 machinery and equipment used in the manufacturing process:

T85		<u>Depreciated Value</u>
T86	<u>Assessment Year</u>	<u>As Percentage</u>
T87	<u>Following Acquisition</u>	<u>Of Acquisition Cost Basis</u>
T88		
T89	<u>First year</u>	<u>Fifteen per cent</u>
T90	<u>Second year</u>	<u>Five per cent</u>
T91	<u>Third year and thereafter</u>	<u>Zero per cent</u>

100 (7) For the assessment year commencing on October 1, 2010, and for
 101 all following assessment years, there shall be no allowable schedule of
 102 depreciation applicable with respect to machinery and equipment used
 103 in the manufacturing process.

104 [(7)] (e) The present true and actual value of leased personal
 105 property shall be determined in accordance with the provisions of this
 106 [subdivision] subsection. Such value for any assessment year shall be
 107 established in relation to the original selling price for self-

108 manufactured property or acquisition cost for acquired property and
109 shall reflect depreciation in accordance with the schedules provided in
110 subdivisions [(3) to (6), inclusive, of this subsection] (2) to (4),
111 inclusive, of subsection (c) of this section and subdivisions (2) to (7),
112 inclusive, of subsection (d) of this section. If the assessor is unable to
113 determine the original selling price of leased personal property, the
114 present true and actual value thereof shall be its current selling price.

115 [(8)] (f) With respect to any personal property which is prohibited
116 by law from being sold, the present true and actual value of such
117 property shall be established with respect to such property's original
118 manufactured cost increased by a ratio the numerator of which is the
119 total proceeds from the manufacturer's salable equipment sold and the
120 denominator of which is the total cost of the manufacturer's salable
121 equipment sold. Such value shall then be depreciated in accordance
122 with the appropriate schedule in [this] subsection (c) or (d) of this
123 section.

124 [(9)] (g) The schedules of depreciation set forth in subdivisions [(3)
125 to (6), inclusive, of this subsection] (2) to (4), inclusive, of subsection (c)
126 of this section and subdivisions (2) to (7), inclusive, of subsection (d) of
127 this section shall not be used with respect to videotapes, horses or
128 other taxable livestock or electric cogenerating equipment.

129 [(10)] (h) If the assessor determines that the value of any item of
130 personal property produced by the application of the schedules set
131 forth in [this subsection] subsections (c) and (d) of this section does not
132 accurately reflect the present true and actual value of such item, the
133 assessor shall adjust such value to reflect the present true and actual
134 value of such item.

135 [(11)] (i) Nothing in this [subsection] section shall prevent any
136 taxpayer from appealing any assessment made pursuant to this
137 [subsection] section if such assessment does not accurately reflect the
138 present true and actual value of any item of such taxpayer's personal
139 property.

140 Sec. 2. Section 12-94c of the general statutes is repealed and the
 141 following is substituted in lieu thereof (*Effective from passage and*
 142 *applicable to assessment years beginning on or after October 1, 2005*):

143 (1) With respect to machinery or equipment exempt from property
 144 tax in accordance with subdivision (72) of section 12-81, for purposes
 145 of the annual valuation required with respect to the determination of
 146 tax revenue loss required under section 12-94b, the present true and
 147 actual value of such machinery or equipment shall be determined in
 148 relation to the cost of acquisition, including costs related to
 149 transportation and installation, and shall reflect depreciation in
 150 accordance with the following schedule:

T92		Depreciated Value
T93	Assessment Year	As Percentage
T94	Following Acquisition	Of Acquisition Cost Basis
T95	First	[Ninety] <u>Seventy-five</u> per cent
T96	Second	[Eighty] <u>Sixty-five</u> per cent
T97	Third	[Seventy] <u>Fifty-five</u> per cent
T98	Fourth	[Sixty] <u>Forty-five</u> per cent
T99	Fifth	[Fifty] <u>Thirty-five</u> per cent

151 (2) For the assessment year commencing on October 1, 2006, with
 152 respect to such machinery or equipment, the following schedule of
 153 depreciation shall apply:

T100		<u>Depreciated Value</u>
T101	<u>Assessment Year</u>	<u>As Percentage</u>
T102	<u>Following Acquisition</u>	<u>Of Acquisition Cost Basis</u>
T103	<u>First</u>	<u>Sixty</u> per cent
T104	<u>Second</u>	<u>Fifty</u> per cent
T105	<u>Third</u>	<u>Forty</u> per cent
T106	<u>Fourth</u>	<u>Thirty</u> per cent
T107	<u>Fifth</u>	<u>Twenty</u> per cent

154 (3) For the assessment year commencing on October 1, 2007, with
155 respect to such machinery or equipment, the following schedule of
156 depreciation shall apply:

T108	<u>Assessment Year</u>	<u>Depreciated Value</u>
T109	<u>Following Acquisition</u>	<u>As Percentage</u>
T110		<u>Of Acquisition Cost Basis</u>
T111	<u>First</u>	<u>Forty-five per cent</u>
T112	<u>Second</u>	<u>Thirty-five per cent</u>
T113	<u>Third</u>	<u>Twenty-five per cent</u>
T114	<u>Fourth</u>	<u>Fifteen per cent</u>
T115	<u>Fifth</u>	<u>Five per cent</u>

157 (4) For the assessment year commencing on October 1, 2008, with
158 respect to such machinery or equipment, the following schedule of
159 depreciation shall apply:

T116	<u>Assessment Year</u>	<u>Depreciated Value</u>
T117	<u>Following Acquisition</u>	<u>As Percentage</u>
T118		<u>Of Acquisition Cost Basis</u>
T119	<u>First</u>	<u>Thirty per cent</u>
T120	<u>Second</u>	<u>Twenty per cent</u>
T121	<u>Third</u>	<u>Ten per cent</u>
T122	<u>Fourth and thereafter</u>	<u>Zero per cent</u>

160 (5) For the assessment year commencing on October 1, 2009, with
161 respect to such machinery or equipment, the following schedule of
162 depreciation shall apply:

T123	<u>Assessment Year</u>	<u>Depreciated Value</u>
T124	<u>Following Acquisition</u>	<u>As Percentage</u>
T125		<u>Of Acquisition Cost Basis</u>
T126	<u>First</u>	<u>Fifteen per cent</u>
T127	<u>Second</u>	<u>Five per cent</u>
T128	<u>Third and thereafter</u>	<u>Zero per cent</u>

163 (6) For the assessment year commencing on October 1, 2010, and for
164 all following assessment years, there shall be no allowable schedule of
165 depreciation applicable to such machinery or equipment.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to assessment years commencing on or after October 1, 2005</i>	12-63
Sec. 2	<i>from passage and applicable to assessment years beginning on or after October 1, 2005</i>	12-94c

Statement of Purpose:

To adjust the depreciation schedules for manufacturing machinery and equipment, and make such schedules uniform for all municipalities.

[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.]