



General Assembly

Amendment

February Session, 2006

LCO No. 4484

SB0070204484SRO

Offered by:

SEN. CAPIELLO, 24th Dist.
SEN. COOK, 18th Dist.
SEN. DELUCA, 32nd Dist.
SEN. FASANO, 34th Dist.
SEN. FREEDMAN, 26th Dist.
SEN. GUGLIELMO, 35th Dist.

SEN. GUNTHER, 21st Dist.
SEN. HERLIHY, 8th Dist.
SEN. KISSEL, 7th Dist.
SEN. MCKINNEY, 28th Dist.
SEN. NICKERSON, 36th Dist.
SEN. RORABACK, 30th Dist.

To: Senate Bill No. 702

File No.

Cal. No.

"AN ACT CONCERNING JOBS FOR THE TWENTY-FIRST CENTURY."

1 Strike sections 9 to 14 in their entirety and renumber the following
2 sections and internal references accordingly

3 After the last section, add the following and renumber sections and
4 internal references accordingly:

5 "Sec. 501. Subparagraph (A) of subdivision (72) of section 12-81 of
6 the 2006 supplement to the general statutes is repealed and the
7 following is substituted in lieu thereof (*Effective July 1, 2006, and*
8 *applicable to assessment years commencing on or after October 1, 2006*):

9 (72) (A) Effective for assessment years commencing on or after
10 October 1, 2002, new machinery and equipment, as defined in this

11 subdivision, acquired after October 1, 1990, and newly-acquired
12 machinery and equipment, as defined in this subdivision, acquired on
13 or after July 1, 1992, by the person claiming exemption under this
14 subdivision, [provided this exemption shall only be applicable in the
15 five full assessment years following the assessment year in which such
16 machinery or equipment is acquired,] subject to the provisions of
17 subparagraph (B) of this subdivision. Machinery and equipment
18 acquired on or after July 1, 1996, and used in connection with
19 biotechnology shall qualify for the exemption under this subsection.
20 For the purposes of this subdivision: (i) "Machinery" and "equipment"
21 means tangible personal property which is installed in a
22 manufacturing facility and claimed on the owner's federal income tax
23 return as either five-year property or seven-year property, as those
24 terms are defined in Section 168(e) of the Internal Revenue Code of
25 1986, or any subsequent corresponding internal revenue code of the
26 United States, as from time to time amended, and the predominant use
27 of which is for manufacturing, processing or fabricating; for research
28 and development, including experimental or laboratory research and
29 development, design or engineering directly related to manufacturing;
30 for the significant servicing, overhauling or rebuilding of machinery
31 and equipment for industrial use or the significant overhauling or
32 rebuilding of other products on a factory basis; for measuring or
33 testing or for metal finishing; or used in the production of motion
34 pictures, video and sound recordings. "Machinery" means the basic
35 machine itself, including all of its component parts and contrivances
36 such as belts, pulleys, shafts, moving parts, operating structures and
37 all equipment or devices used or required to control, regulate or
38 operate the machinery, including, without limitation, computers and
39 data processing equipment, together with all replacement and repair
40 parts therefor, whether purchased separately or in conjunction with a
41 complete machine, and regardless of whether the machine or
42 component parts thereof are assembled by the taxpayer or another
43 party. "Equipment" means any device separate from machinery but
44 essential to a manufacturing, processing or fabricating process. (ii)
45 "Manufacturing facility" means that portion of a plant, building or

46 other real property improvement used for manufacturing, processing
47 or fabricating, for research and development, including experimental
48 or laboratory research and development, design or engineering
49 directly related to manufacturing, for the significant servicing,
50 overhauling or rebuilding of machinery and equipment for industrial
51 use or the significant overhauling or rebuilding of other products on a
52 factory basis, for measuring or testing or for metal finishing. (iii)
53 "Manufacturing" means the activity of converting or conditioning
54 tangible personal property by changing the form, composition, quality
55 or character of the property for ultimate sale at retail or use in the
56 manufacturing of a product to be ultimately sold at retail. Changing
57 the quality of property shall include any substantial overhaul of the
58 property that results in a significantly greater service life than such
59 property would have had in the absence of such overhaul or with
60 significantly greater functionality within the original service life of the
61 property, beyond merely restoring the original functionality for the
62 balance of the original service life. (iv) "Fabricating" means to make,
63 build, create, produce or assemble components or tangible personal
64 property work in a new or different manner, but does not include the
65 presorting, sorting, coding, folding, stuffing or delivery of direct or
66 indirect mail distribution services. (v) "Processing" means the physical
67 application of the materials and labor in a manufacturing process
68 necessary to modify or change the characteristics of tangible personal
69 property. (vi) "Measuring or testing" includes both nondestructive and
70 destructive measuring or testing, and the alignment and calibration of
71 machinery, equipment and tools, in the furtherance of the
72 manufacturing, processing or fabricating of tangible personal property.
73 (vii) "Biotechnology" means the application of technologies, including
74 recombinant DNA techniques, biochemistry, molecular and cellular
75 biology, genetics and genetic engineering, biological cell fusion
76 techniques, and new bioprocesses, using living organisms, or parts of
77 organisms, to produce or modify products, to improve plants or
78 animals, to develop microorganisms for specific uses, to identify
79 targets for small molecule pharmaceutical development, or to
80 transform biological systems into useful processes and products.

81 Sec. 502. Subparagraph (C) of subdivision (72) of section 12-81 of the
82 2006 supplement to the general statutes is repealed and the following
83 is substituted in lieu thereof (*Effective July 1, 2006, and applicable to*
84 *assessment years commencing on or after October 1, 2006*):

85 (C) Any person claiming the exemption provided under this
86 subdivision for machinery or equipment shall not be eligible to claim
87 the exemption provided under subdivision (60) of this section or
88 subdivision (70) of this section for the same machinery or equipment.
89 The state and the municipality and district shall hold a security
90 interest, as defined in subdivision (35) of subsection (b) of section 42a-
91 1-201, as amended, in any machinery or equipment which is exempt
92 from taxation pursuant to this subdivision, in an amount equal to the
93 tax revenue reimbursed or lost, as the case may be, which shall be
94 subordinate to any purchase money security interest, as defined in
95 section 42a-9-103a. Such security interest shall be enforceable against
96 the claimant [for a period of five years after the last assessment year in
97 which such exemption was received] in any case in which such person
98 ceases all manufacturing or biotechnology operations or moves such
99 manufacturing or biotechnology operations entirely out of this state.
100 Any assessor who has granted an exemption under this subdivision
101 shall provide written notification to the secretary of the cessation of
102 such operations or the move of such operations entirely out of this
103 state. Such notification may be made at any time after the October first
104 of the last assessment year in which such exemption is granted and
105 before the September thirtieth that is five years after the conclusion of
106 said assessment year. Upon receiving such notification and complying
107 with the provisions of section 12-35a, the state shall have a lien upon
108 the machinery or equipment situated in this state and owned by the
109 person that ceased all business operations or moved such operations
110 entirely out of this state. Notwithstanding the provisions of section 12-
111 35a, the total amount of the reimbursement made by the state for the
112 property tax exemptions granted to the person under the provisions of
113 this subdivision, shall be deemed to be the amount of the tax which
114 such person failed to pay. Notwithstanding said section 12-35a, the

115 information required to be included in the notice of lien for such tax
116 shall be as follows: (i) The owner of the property upon which the lien
117 is claimed, (ii) the business address or residence address of such
118 owner, (iii) the specific property claimed to be subject to such lien, (iv)
119 the location of such property at the time it was last made tax-exempt
120 pursuant to this subdivision, (v) the total amount of the
121 reimbursement made by the state for the property tax exemptions
122 granted to such owner under the provisions of this subdivision, and
123 (vi) the tax period or periods for which such lien is claimed. If more
124 than one agency of the state perfects such a notice of lien on the same
125 day, the priority of such liens shall be determined by the time of day
126 such liens were perfected, and if perfected at the same time, the lien for
127 the highest amount shall have priority. In addition to the other
128 remedies provided in this subdivision, the Attorney General, upon
129 request of the secretary, may bring a civil action in a court of
130 competent jurisdiction to recover the amount of tax revenue
131 reimbursed by the state from any person who received an exemption
132 under this subdivision. The following shall not be eligible for the
133 exemption provided under this subdivision: (I) A public service
134 company, as defined in section 16-1, as amended; and (II) any
135 provider, directly or indirectly, of electricity, oil, water or gas.

136 Sec. 503. (NEW) (*Effective July 1, 2006, and applicable to assessment*
137 *years commencing on and after October 1, 2006*):

138 (a) On or before November fifteenth, annually, commencing
139 November 15, 2006, the assessor or board of assessors of each
140 municipality shall certify to the Secretary of the Office of Policy and
141 Management, on a form furnished by said secretary, the amount of
142 property tax due on all machinery and equipment located in such
143 municipality. The grant payable for such property to any municipality
144 under the provisions of this section shall be equal to eighty per cent of
145 such property taxes. The secretary shall, on or before thirty days prior
146 to the date such tax is due to the municipality, certify to the
147 Comptroller the amount due to each town under the provisions of this
148 section. The Comptroller shall draw an order on the Treasurer on or

149 before fourteen days prior to the date such tax is due to the
150 municipality, and the Treasurer shall pay such amount to such town
151 on or before five days prior to the date such tax is due to the
152 municipality. If for any reason any modification is made to the amount
153 of tax due, any adjustments to the tax due to any municipality for the
154 period for which such modification was made shall be made in the
155 next payment the Treasurer shall make to such municipality pursuant
156 to this section.

157 (b) All municipal valuation and enforcement procedures pursuant
158 to chapters 203, 204 and 205 of the general statutes shall continue to
159 apply to machinery and equipment covered by this section. The
160 assessment of any machinery and equipment for which a state
161 payment is being made pursuant to this section may be appealed by
162 the taxpayer in the same manner in which any taxpayer may appeal an
163 assessment to the board of assessment appeals pursuant to chapter 203
164 of the general statutes."