



General Assembly

**Amendment**

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LCO No. 4486

**\*SB0070204486SRO\***

Offered by:

SEN. CAPIELLO, 24<sup>th</sup> Dist.  
SEN. COOK, 18<sup>th</sup> Dist.  
SEN. DELUCA, 32<sup>nd</sup> Dist.  
SEN. FASANO, 34<sup>th</sup> Dist.  
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To: Senate Bill No. 702

File No.

Cal. No.

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

1 Strike sections 9 to 12, inclusive, in their entirety and insert in lieu  
2 thereof:

3 "Sec. 9. Section 12-81 of the 2006 supplement to the general statutes  
4 is amended by adding subdivision (76) as follows (*Effective July 1,*  
5 *2006*):

6 (NEW) (76) Effective for assessment years commencing on and after  
7 October 1, 2011, machinery and equipment used in connection with  
8 biotechnology and machinery and equipment installed in a  
9 manufacturing facility and used for manufacturing, fabricating,  
10 measuring and testing or processing, provided such machinery and  
11 equipment is owned or leased by a person who claims such machinery

12 and equipment on a federal income tax return filed in accordance with  
13 the Internal Revenue Code of 1986, or any subsequent corresponding  
14 internal revenue code of the United States, as from time to time  
15 amended. For the purposes of this subdivision: (i) "Machinery" and  
16 "equipment" means tangible personal property which is installed in a  
17 manufacturing facility, the predominant use of which is for  
18 manufacturing, processing or fabricating; for research and  
19 development, including experimental or laboratory research and  
20 development, design or engineering directly related to manufacturing;  
21 for the significant servicing, overhauling or rebuilding of machinery  
22 and equipment for industrial use or the significant overhauling or  
23 rebuilding of other products on a factory basis; for measuring or  
24 testing or for metal finishing; or used in the production of motion  
25 pictures, video and sound recordings. "Machinery" means the basic  
26 machine itself, including all of its component parts and contrivances  
27 such as belts, pulleys, shafts, moving parts, operating structures and  
28 all equipment or devices used or required to control, regulate or  
29 operate the machinery, including, without limitation, computers and  
30 data processing equipment, together with all replacement and repair  
31 parts therefor, whether purchased separately or in conjunction with a  
32 complete machine, and regardless of whether the machine or  
33 component parts thereof are assembled by the taxpayer or another  
34 party. "Equipment" means any device separate from machinery but  
35 essential to a manufacturing, processing or fabricating process. (ii)  
36 "Manufacturing facility" means that portion of a plant, building or  
37 other real property improvement used for manufacturing, processing  
38 or fabricating, for research and development, including experimental  
39 or laboratory research and development, design or engineering  
40 directly related to manufacturing, for the significant servicing,  
41 overhauling or rebuilding of machinery and equipment for industrial  
42 use or the significant overhauling or rebuilding of other products on a  
43 factory basis, for measuring or testing or for metal finishing. (iii)  
44 "Manufacturing" means the activity of converting or conditioning  
45 tangible personal property by changing the form, composition, quality  
46 or character of the property for ultimate sale at retail or use in the

47 manufacturing of a product to be ultimately sold at retail. Changing  
48 the quality of property shall include any substantial overhaul of the  
49 property that results in a significantly greater service life than such  
50 property would have had in the absence of such overhaul or with  
51 significantly greater functionality within the original service life of the  
52 property, beyond merely restoring the original functionality for the  
53 balance of the original service life. (iv) "Fabricating" means to make,  
54 build, create, produce or assemble components or tangible personal  
55 property work in a new or different manner, but does not include the  
56 presorting, sorting, coding, folding, stuffing or delivery of direct or  
57 indirect mail distribution services. (v) "Processing" means the physical  
58 application of the materials and labor in a manufacturing process  
59 necessary to modify or change the characteristics of tangible personal  
60 property. (vi) "Measuring or testing" includes both nondestructive and  
61 destructive measuring or testing, and the alignment and calibration of  
62 machinery, equipment and tools, in the furtherance of the  
63 manufacturing, processing or fabricating of tangible personal property.  
64 (vii) "Biotechnology" means the application of technologies, including  
65 recombinant DNA techniques, biochemistry, molecular and cellular  
66 biology, genetics and genetic engineering, biological cell fusion  
67 techniques, and new bioprocesses, using living organisms, or parts of  
68 organisms, to produce or modify products, to improve plants or  
69 animals, to develop microorganisms for specific uses, to identify  
70 targets for small molecule pharmaceutical development, or to  
71 transform biological systems into useful processes and products.

72 Sec. 10. Subsection (b) of section 12-71 of the 2006 supplement to the  
73 general statutes is repealed and the following is substituted in lieu  
74 thereof (*Effective July 1, 2006, and applicable to assessment years*  
75 *commencing on or after October 1, 2006*):

76 (b) Except as otherwise provided by the general statutes, property  
77 subject to this section shall be valued at the same percentage of its then  
78 actual valuation as the assessors have determined with respect to the  
79 listing of real estate for the same year, except that any motor vehicle  
80 for which number plates have been issued under section 14-20 shall be

81 assessed at a value of not more than five hundred dollars. The  
82 provisions of this section shall not include money or property actually  
83 invested in merchandise or manufacturing carried on out of this state  
84 or machinery or equipment which would be eligible for exemption  
85 under [subdivision] subdivisions (72) or (76) of section 12-81 once  
86 installed and which cannot begin or which has not begun  
87 manufacturing, processing or fabricating; or which is being used for  
88 research and development, including experimental or laboratory  
89 research and development, design or engineering directly related to  
90 manufacturing or being used for the significant servicing, overhauling  
91 or rebuilding of machinery and equipment for industrial use or the  
92 significant overhauling or rebuilding of other products on a factory  
93 basis or being used for measuring or testing or metal finishing or in the  
94 production of motion pictures, video and sound recordings.

95 Sec. 11. Subdivision (72) of section 12-81 of the 2006 supplement to  
96 the general statutes is amended by adding subparagraph (F) as follows  
97 (*Effective July 1, 2006, and applicable to assessment years commencing on or*  
98 *after October 1, 2006*):

99 (NEW) (F) The provisions of this subdivision shall terminate on  
100 October 1, 2011, and shall not apply to assessment years commencing  
101 on and after said date. Any machinery and equipment that ceases to  
102 be eligible for exemption under the provisions of this subdivision, for  
103 the assessment years commencing October 1, 2006, October 1, 2007,  
104 October 1, 2008, October 1, 2009, or October 1, 2010, shall be eligible for  
105 the manufacturing tax grant that section 12 of this act establishes, for  
106 the applicable percentage of the property tax for said machinery and  
107 equipment, as set forth in said section 12.

108 Sec. 12. (NEW) (*Effective July 1, 2006, and applicable to assessment years*  
109 *commencing on and after October 1, 2006*) (a) There is established a  
110 manufacturing tax grant program, pursuant to which the state shall  
111 pay each municipality a percentage of the property tax due for  
112 machinery and equipment used in connection with biotechnology and  
113 for machinery and equipment installed in a manufacturing facility and

114 used for manufacturing, fabricating, measuring and testing or  
115 processing, when a payment in lieu of taxes pursuant to section 12-94b  
116 of the 2006 supplement to the general statutes, is not issued with  
117 respect to such machinery and equipment. "Municipality", as used  
118 herein, means each town, city, borough, consolidated town and city,  
119 consolidated town and borough and each district, as defined in section  
120 7-324.

121 (b) The percentage of the property tax for machinery and equipment  
122 described in subsection (a) of this section payable by the state as a  
123 grant to a municipality shall be as follows: (1) Twenty per cent of such  
124 tax for the assessment year commencing October 1, 2006; (2) forty per  
125 cent of such tax for the assessment year commencing October 1, 2007;  
126 (3) sixty per cent of such tax for the assessment year commencing  
127 October 1, 2008; (4) eighty per cent of such tax for the assessment year  
128 commencing October 1, 2009; and (5) one hundred per cent of such tax  
129 for an assessment year commencing on or after October 1, 2010. The  
130 remaining portion of the property tax a municipality levies for any  
131 such machinery and equipment with respect to the assessment years  
132 commencing October 1, 2006, October 1, 2007, October 1, 2008, and  
133 October 1, 2009, shall be the responsibility of the taxpayer, and the  
134 taxpayer shall be solely responsible for the portion of any such tax that  
135 results from a penalty added to said taxpayer's personal property  
136 assessment, including, but not limited to, any penalty added pursuant  
137 to section 12-42, 12-53, 12-57a or 12-119a of the 2006 supplement to the  
138 general statutes.

139 (c) (1) For the assessment years commencing October 1, 2006,  
140 October 1, 2007, October 1, 2008, October 1, 2009, and October 1, 2010,  
141 the annual declaration of tangible personal property that a taxpayer  
142 files with the assessor of the town, shall be accompanied by a  
143 supplement to said declaration on which the taxpayer shall provide  
144 the following information for machinery and equipment eligible for a  
145 grant pursuant to this section: (A) The assessment year during which  
146 such property was acquired and installed; (B) the original cost of  
147 acquisition for such property, including charges for such property's

148 transportation and installation; (C) the value of such property  
149 depreciated in accordance with the schedule provided by the assessor;  
150 (D) the total of the original cost of acquisition for all such property;  
151 and (E) the total depreciated value of such property for all such  
152 property. The assessor shall provide a declaration of tangible personal  
153 property declaration, together with such to supplement, to the owner  
154 of each manufacturing facility, as defined in subparagraph (a) of  
155 subdivision (72) of section 12-81 of the 2006 supplement to the general  
156 statutes, and to the owner of each facility engaged in biotechnology, as  
157 defined in said subparagraph.

158 (2) For the assessment years commencing October 1, 2006, October  
159 1, 2007, October 1, 2008, October 1, 2009, and October 1, 2010, the  
160 assessor of each town shall determine the depreciated value of  
161 machinery and equipment, for the purposes of this section, in  
162 accordance with the method said assessor used to determine the  
163 depreciated value of the same or similar machinery and equipment for  
164 the assessment year commencing October 1, 2005. The supplement to  
165 the declaration of tangible personal property the assessor provides,  
166 pursuant to subdivision (2) of this subsection, for the assessment year  
167 commencing October 1, 2006, shall not reflect an alteration of the  
168 depreciation schedule that would result in an assessment increase for  
169 any such property, over the assessment of such property for the  
170 assessment year commencing October 1, 2005, and the supplement to  
171 such declaration the assessor provides for the assessment years  
172 commencing October 1, 2007, October 1, 2008, October 1, 2009, and  
173 October 1, 2010, shall not reflect an alteration of the depreciation  
174 schedule that would result in an assessment increase for any such  
175 property, over the assessment of such property for the preceding  
176 assessment year.

177 (d) (1) On or before March 30, 2007, March 30, 2008, March 30, 2009,  
178 March 30, 2010, and March 30, 2011, the assessor of each town shall  
179 submit to the Secretary of the Office of Policy and Management, on a  
180 form furnished by said secretary, the following information with  
181 respect to machinery and equipment eligible for a grant under this

182 section for a percentage of the property tax due in the fiscal year  
183 commencing on the first day of July following the date such  
184 certification is made: (1) The name and address of each taxpayer whose  
185 machinery and equipment is eligible for such grant in said fiscal year;  
186 (2) the assessment for such taxpayer's machinery and equipment on  
187 the grand list for the assessment year with respect to which said tax is  
188 due; and (3) a copy of the supplement to the annual declaration of  
189 tangible personal property that each taxpayer filed, in accordance with  
190 subsection (b) of this section, for such assessment year. In any town in  
191 which there is located a municipality that levies a separate tax for  
192 property that is eligible for a grant pursuant to this section, the  
193 assessor of the town in which such municipality is located shall submit  
194 a separate form that identifies the name of each taxpayer whose  
195 machinery and equipment is eligible for such grant and the assessment  
196 of such taxpayer's eligible machinery and equipment.

197 (2) When a change to the assessment of machinery and equipment  
198 included on a form the assessor submits, pursuant to this subsection,  
199 occurs subsequent to the date said form is submitted, the assessor shall  
200 amend said form to reflect the change to such assessment. The assessor  
201 shall submit such amended form, which shall contain an explanation  
202 of the reason for the assessment change, not later than ten business  
203 days following the date such assessment is changed. The reasons for  
204 such an assessment change may include, but are not limited to: (A)  
205 The issuance of a certificate of correction, pursuant to section 12-57 of  
206 the 2006 supplement of the general statutes; (B) the issuance of a  
207 certificate to correct a clerical error, pursuant to section 12-60 of the  
208 2006 supplement of the general statutes; (C) a determination that a  
209 board of appeals issues, pursuant to section 12-111 or section 12-113 of  
210 the 2006 supplement of the general statutes; (D) a reduction authorized  
211 pursuant to the provisions of subsection (c) of section 12-64a of the  
212 2006 supplement of the general statutes; and (E) the resolution of any  
213 appeal a taxpayer files pursuant to section 12-117a or section 12-119 of  
214 the 2006 supplement of the general statutes.

215 (3) Not later than ten business days following the date on which a

216 town is served with notice of an appeal, pursuant to the provisions of  
217 section 12-117a or 12-119 of the 2006 supplement to the general  
218 statutes, the resolution of which may affect the assessment of  
219 machinery and equipment for which a grant pursuant to this section is  
220 payable, the assessor of the town shall notify said secretary that said  
221 appeal has been taken.

222 (e) (1) On or before June 15, 2007, June 15, 2008, June 15, 2009, June  
223 15, 2010, and June 15, 2011, the tax collector of each municipality shall  
224 submit to the Secretary of the Office of Policy and Management, a  
225 claim for the amount of the grant payable under this section for the  
226 fiscal year commencing on the first day of July. The secretary shall  
227 prescribe the form of such claim which shall contain the following: (A)  
228 The name and address of each taxpayer whose machinery and  
229 equipment is eligible for such grant in said fiscal year; (B) the total net  
230 assessment of each such taxpayer's machinery and equipment for  
231 which a grant is payable, including any modification made to such  
232 assessment on or prior to the date said claim is submitted, for the  
233 assessment year for which such grant is payable; (C) the total tax due  
234 in said fiscal year for such machinery and equipment; and (D) the  
235 percentage of said tax payable by the state as a grant to the  
236 municipality.

237 (2) The Secretary of the Office of Policy and Management shall, not  
238 later than the fifteenth day of July following the date a tax collector's  
239 claim pursuant to this subsection is received, certify to the Comptroller  
240 the grant amount due each municipality that collects a tax for personal  
241 property in a single installment, and the Comptroller shall draw an  
242 order on the Treasurer on or before the fifth business day following  
243 and the Treasurer shall pay the amount thereof to such municipality  
244 on or before the first day of August following. In the event a  
245 municipality collects a tax for personal property in more than one  
246 installment, said secretary's certification to the Comptroller made on or  
247 before said fifteenth day of July shall be for one-half of the total  
248 amount of the grant payable to such municipality. Not later than the  
249 fifteenth day of January next following the date of said certification,

250 said secretary shall certify to the Comptroller the remainder of the  
251 grant amount payable to such municipality and the Comptroller shall  
252 draw an order on the Treasurer on or before the fifth business day  
253 following and the Treasurer shall pay the amount thereof to such  
254 municipality on or before the first day of February following.

255 (3) In the event a tax collector's claim for the grant due under this  
256 section is not submitted to said secretary on or before the date required  
257 due to a municipality's failure to establish a mill rate on or before said  
258 date, the Secretary of the Office of Policy and Management's  
259 certification to the Comptroller for the amount of the grant payable to  
260 such municipality under the provisions of this section, shall be delayed  
261 by not less than one month following the date said secretary receives  
262 said tax collector's claim. Said secretary may delay certification of the  
263 amount of a grant payable to a municipality if a tax collector fails to  
264 submit all the information required on the claim form as prescribed.  
265 The secretary shall certify the grant payable to such municipality not  
266 later than one month following the date the tax collector submits the  
267 information as required.

268 (4) Not later than ten business days following the date on which a  
269 taxpayer pays a tax "under protest" pursuant to the provisions of  
270 section 12-53a of the general statutes, for machinery and equipment for  
271 which a grant is payable pursuant to this section, the tax collector who  
272 receives such payment shall notify the Secretary of the Office of Policy  
273 and Management of the taxpayer's intent to appeal the valuation of  
274 such machinery and equipment to the board of assessment appeals,  
275 and said secretary shall reduce the amount of the grant payable for  
276 such machinery and equipment, to correspond to the amount of the  
277 taxpayer's payment. Upon receiving notice regarding the action of  
278 board of assessment appeals with respect to such machinery and  
279 equipment, the secretary shall modify such grant payment  
280 accordingly.

281 (5) The Secretary of the Office of Policy and Management shall  
282 reflect any modification to a grant payable to a municipality in the next

283 payment to such municipality that the secretary certifies in accordance  
284 with this section.

285 (6) The grant payable to any municipality under the provisions of  
286 this section in the state fiscal year commencing July 1, 2012, and in  
287 each fiscal year thereafter, shall be equal to the grant payable to said  
288 municipality, pursuant to this section, in the fiscal year commencing  
289 July 1, 2011, subject only to modifications the secretary makes to the  
290 amount of such grant under the provisions of this section."