



General Assembly

Amendment

February Session, 2006

LCO No. 4498

SB0070204498SRO

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, inclusive, in their entirety and renumber the
2 remaining sections and internal references accordingly

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

5 "Sec. 501. Section 12-81 of the 2006 supplement to the general
6 statutes is amended by adding subdivision (76) as follows (*Effective*
7 *July 1, 2006, and applicable to assessment years commencing on or after*
8 *October 1, 2006*):

9 (NEW) (76) Effective for assessment years commencing on and after
10 October 1, 2009, machinery and equipment used in connection with

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

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

75 Sec. 502. Subsection (b) of section 12-71 of the general statutes is
76 repealed and the following is substituted in lieu thereof (*Effective July*
77 *1, 2006, and applicable to assessment years commencing on or after October*
78 *1, 2006*):

79 (b) Except as otherwise provided by the general statutes, property

80 subject to this section shall be valued at the same percentage of its then
81 actual valuation as the assessors have determined with respect to the
82 listing of real estate for the same year, except that any motor vehicle
83 for which number plates have been issued under section 14-20 shall be
84 assessed at a value of not more than five hundred dollars. The
85 provisions of this section shall not include money or property actually
86 invested in merchandise or manufacturing carried on out of this state
87 or machinery or equipment which would be eligible for exemption
88 under [subdivision] subdivisions (72) or (76) of section 12-81, as
89 amended by this act, once installed and which cannot begin or which
90 has not begun manufacturing, processing or fabricating; or which is
91 being used for research and development, including experimental or
92 laboratory research and development, design or engineering directly
93 related to manufacturing or being used for the significant servicing,
94 overhauling or rebuilding of machinery and equipment for industrial
95 use or the significant overhauling or rebuilding of other products on a
96 factory basis or being used for measuring or testing or metal finishing
97 or in the production of motion pictures, video and sound recordings.

98 Sec. 503. Subdivision (72) of section 12-81 of the 2006 supplement to
99 the general statutes is amended by adding subparagraph (F) as follows
100 (*Effective July 1, 2006, and applicable to assessment years commencing on or*
101 *after October 1, 2006*):

102 (NEW) (F) The provisions of this subdivision shall terminate on
103 October 1, 2009, and shall not apply to assessment years commencing
104 on and after said date. Any machinery and equipment that ceases to be
105 eligible for exemption under the provisions of this subdivision, for the
106 assessment years commencing October 1, 2006, October 1, 2007, and
107 October 1, 2008, shall be eligible for the manufacturing tax grant that
108 section 504 of this act establishes, for the applicable percentage of the
109 property tax for said machinery and equipment, as set forth in said
110 section 504.

111 Sec. 504. (NEW) (*Effective July 1, 2006, and applicable to assessment*
112 *years commencing on and after October 1, 2006*) (a) There is established a

113 manufacturing tax grant program, pursuant to which the state shall
114 pay each municipality a percentage of the property tax due for
115 machinery and equipment used in connection with biotechnology and
116 for machinery and equipment installed in a manufacturing facility and
117 used for manufacturing, fabricating, measuring and testing or
118 processing, when a payment in lieu of taxes pursuant to section 12-94b
119 of the 2006 supplement to the general statutes, is not issued with
120 respect to such machinery and equipment. "Municipality", as used
121 herein, means each town, city, borough, consolidated town and city,
122 consolidated town and borough and each district, as defined in section
123 7-324.

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

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

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

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

174 (d) (1) On or before March 30, 2007, March 30, 2008, and March 30,
175 2009, the assessor of each town shall submit to the Secretary of the
176 Office of Policy and Management, on a form furnished by said
177 secretary, the following information with respect to machinery and
178 equipment eligible for a grant under this section for a percentage of the
179 property tax due in the fiscal year commencing on the first day of July
180 following the date such certification is made: (1) The name and address

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

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

213 (3) Not later than ten business days following the date on which a
214 town is served with notice of an appeal, pursuant to the provisions of

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

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

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

249 draw an order on the Treasurer on or before the fifth business day
250 following and the Treasurer shall pay the amount thereof to such
251 municipality on or before the first day of February following.

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

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

278 (5) The Secretary of the Office of Policy and Management shall
279 reflect any modification to a grant payable to a municipality in the next
280 payment to such municipality that the secretary certifies in accordance
281 with this section.

282 (6) The grant payable to any municipality under the provisions of
283 this section in the state fiscal year commencing July 1, 2011, and in
284 each fiscal year thereafter, shall be equal to the grant payable to said
285 municipality, pursuant to this section, in the fiscal year commencing
286 July 1, 2010, subject only to modifications the secretary makes to the
287 amount of such grant under the provisions of this section."