



General Assembly

**Amendment**

February Session, 2006

LCO No. 4504

**\*SB0070204504SR0\***

Offered by:

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SEN. COOK, 18<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 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*):

8 (NEW) (76) Effective for assessment years commencing on and after  
9 October 1, 2011, machinery and equipment used in connection with  
10 biotechnology and machinery and equipment installed in a  
11 manufacturing facility and used for manufacturing, fabricating,

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

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

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

78 (b) Except as otherwise provided by the general statutes, property  
79 subject to this section shall be valued at the same percentage of its then  
80 actual valuation as the assessors have determined with respect to the

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

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

101 (NEW) (F) The provisions of this subdivision shall terminate on  
102 October 1, 2011, and shall not apply to assessment years commencing  
103 on and after said date. Any machinery and equipment that ceases to  
104 be eligible for exemption under the provisions of this subdivision, for  
105 the assessment years commencing October 1, 2006, October 1, 2007,  
106 October 1, 2008, October 1, 2009, or October 1, 2010, shall be eligible for  
107 the manufacturing tax grant that section 504 of this act establishes, for  
108 the applicable percentage of the property tax for said machinery and  
109 equipment, as set forth in said section 504.

110 Sec. 504. (NEW) (*Effective July 1, 2006, and applicable to assessment*  
111 *years commencing on and after October 1, 2006*) (a) There is established a  
112 manufacturing tax grant program, pursuant to which the state shall  
113 pay each municipality a percentage of the property tax due for

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

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

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

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

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

179 (d) (1) On or before March 30, 2007, March 30, 2008, March 30, 2009,  
180 March 30, 2010, and March 30, 2011, the assessor of each town shall  
181 submit to the Secretary of the Office of Policy and Management, on a

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

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

216 the 2006 supplement of the general statutes.

217 (3) Not later than ten business days following the date on which a  
218 town is served with notice of an appeal, pursuant to the provisions of  
219 section 12-117a or 12-119 of the 2006 supplement to the general  
220 statutes, the resolution of which may affect the assessment of  
221 machinery and equipment for which a grant pursuant to this section is  
222 payable, the assessor of the town shall notify said secretary that said  
223 appeal has been taken.

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

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

249 before said fifteenth day of July shall be for one-half of the total  
250 amount of the grant payable to such municipality. Not later than the  
251 fifteenth day of January next following the date of said certification,  
252 said secretary shall certify to the Comptroller the remainder of the  
253 grant amount payable to such municipality and the Comptroller shall  
254 draw an order on the Treasurer on or before the fifth business day  
255 following and the Treasurer shall pay the amount thereof to such  
256 municipality on or before the first day of February following.

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

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

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

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