



Senate

General Assembly

File No. 762

January Session, 2007

Substitute Senate Bill No. 1279

Senate, May 7, 2007

The Committee on Planning and Development reported through SEN. COLEMAN of the 2nd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING AIR AND SEAPORT TRADE DEVELOPMENT.

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

1 Section 1. Section 32-75a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) A municipality which has an enterprise zone designated under
4 section 32-70 and [an abandoned or underutilized] a railroad depot
5 that is abandoned or underutilized, an airport or a water port, which is
6 located outside of the enterprise zone may, with the approval of the
7 Commissioner of Economic and Community Development, designate
8 the property on which such (1) railroad depot is located and the
9 properties adjacent to such property as a railroad depot zone; (2)
10 airport is located and, subject to local zoning regulations, the
11 properties adjacent to such property as an air transit zone; or (3) water
12 port is located and, subject to local zoning regulations, the properties
13 adjacent to such property as a water transit zone. Businesses located
14 within a railroad depot, air transit or water transit zone shall be

15 entitled to the same benefits, subject to the same conditions, under the
 16 general statutes for which businesses located in an enterprise zone
 17 qualify. The commissioner shall adopt regulations, in accordance with
 18 the provisions of chapter 54, which [(1)] (A) further define the [term]
 19 terms "railroad depot" and "water port" for the purposes of this
 20 section, [(2)] (B) establish an application procedure for municipalities
 21 seeking the approval of the commissioner for railroad depot, air transit
 22 or water transit zone designations, and [(3)] (C) establish criteria for
 23 the issuance by the commissioner of approvals for such designations.

24 (b) Upon receipt of an application by a municipality for a railroad
 25 depot, air transit or water transit zone designation, the commissioner
 26 shall notify the chief elected official of each adjoining municipality
 27 having a boundary not more than five hundred feet from the boundary
 28 of the application. Such notice shall be made by certified mail, return
 29 receipt requested, not more than seven days after receipt of the
 30 application. The commissioner shall conduct a public hearing on the
 31 application if any chief elected official receiving a notice under this
 32 section submits a request to the commissioner for a public hearing not
 33 more than seven days after receipt of the notice.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	32-75a

PD *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect
Department of Economic & Community Development	See Below

Municipal Impact:

Municipalities	Effect
Various Municipalities	See Below

Explanation

Allowing the 17 enterprise zone towns to designate air and water transit zones, with approval of the Commissioner of the Department of Economic and Community Development, could result in a cost to the state and a revenue loss to the state and eligible municipalities to the degree that the additional designations provide financial incentives for financial services and manufacturing businesses which would have occurred without the incentives. The exact impact is indeterminate. Financial incentives available to the businesses include a loan program, a corporation business tax credit, and 80% property tax abatement (50% PILOT to the town).

The Department of Economic and Community Development would also incur administrative costs estimated at \$5,000 in FY 08 to expand the current enterprise zone regulations. To the extent that additional designations are approved by the Commissioner, the DECD could incur additional administrative costs including notification and costs associated with public hearings. The exact impact would depend on the number of approvals and the activity in each and is unknown at this time.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sSB 1279*****AN ACT CONCERNING AIR AND SEAPORT TRADE DEVELOPMENT.*****SUMMARY:**

This bill allows the 17 towns with enterprise zones to designate air and water transit zones, with the economic and community development commissioner's approval. The designation qualifies manufacturing and financial service businesses within these zones for the same economic development tax incentives available to businesses in the enterprise zones. The commissioner must adopt regulations for approving air and water transit zones.

The law already allows enterprise zone towns to designate, with the commissioner's approval, abandoned and underutilized manufacturing plant and railroad depot zones and defense plant zones. These designations also qualify manufacturers and financial service firms in the zones for the enterprise zone incentives.

The bill sets conditions under which the commissioner must notify towns about proposed railroad depot and water or air transit zones and hold a public hearing on these proposals.

EFFECTIVE DATE: Upon passage

AIR AND WATER TRANSIT ZONE DESIGNATION REQUIREMENTS

Under the bill, a town with an enterprise zone may designate an airport or water port as an air or water transit zone. The zone must encompass the airport or water port and the adjacent properties, if the zoning regulations allow it. The town must submit the proposed zone to the commissioner for his approval. The commissioner must adopt regulations defining water ports and specifying the process for

approving proposed zones.

Once approved, manufacturers and financial services firms qualify for state-reimbursed real property tax exemptions if they improve property. They qualify for corporation tax credits if they create new jobs. The property tax exemption is 80% of the assessed value of the improvement for five years. The corporate business tax credit is 50% for 10 years. A business qualifies for the credit if 30% of the new jobs it creates go to residents of the zone or residents of the town who qualify for federal job training assistance.

MUNICIPAL NOTICE AND PUBLIC HEARING REQUIREMENTS

Under the bill, when a town asks the commissioner to approve a proposed railroad depot or air or water transit zone, he must notify the chief executive official of each adjoining town whose boundary lies within 500 feet of the proposed depot or zone. The commission must also hold a public hearing on the proposal if a chief executive official requests one within seven days after receiving the commissioner's notice.

BACKGROUND

Enterprise Zones

The legislature enacted the enterprise zone program in 1981, when it authorized the economic development commissioner (now, the economic and community development commissioner) to approve six proposed zone designations. Since then, the legislature increased the number of authorized zones to 15, all of which have been approved. It also set narrow criteria under which the commissioner could designate additional zones. He has approved two zones under those criteria, bringing the total number of authorized zones to 17.

The towns with enterprise zones are: Bridgeport, Bristol, East Hartford, Groton, Hamden, Hartford, Meriden, Middletown, New Britain, New Haven, New London, Norwalk, Norwich, Southington, Stamford, Waterbury, and Windham.

Legislative History

The Senate referred the bill (File 168) to the Transportation Committee, which reported it favorably. The Senate also referred the bill to the Planning and Development Committee, which added the notice and public hearing provisions and reported the bill favorably.

COMMITTEE ACTION

Commerce Committee

Joint Favorable

Yea 19 Nay 1 (03/13/2007)

Transportation Committee

Joint Favorable

Yea 30 Nay 3 (04/11/2007)

Planning and Development Committee

Joint Favorable Substitute

Yea 16 Nay 0 (04/20/2007)