



General Assembly

**Substitute Bill No. 1265**

January Session, 2007

\* SB01265FIN\_\_050107\_\_ \*

**AN ACT CONCERNING TAX INCREMENTAL FINANCING.**

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

1 Section 1. Section 32-23zz of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2007*):

3 (a) For the purpose of assisting (1) any information technology  
4 project, as defined in subsection (ee) of section 32-23d, which is located  
5 in an eligible municipality, as defined in subdivision (12) of subsection  
6 (a) of section 32-9t, or (2) any remediation project, as defined in  
7 subsection (ii) of section 32-23d, the Connecticut Development  
8 Authority may, upon a resolution of the legislative body of a  
9 municipality, issue and administer bonds which are payable solely or  
10 in part from and secured by: (A) A pledge of and lien upon any and all  
11 of the income, proceeds, revenues and property of such a project,  
12 including the proceeds of grants, loans, advances or contributions from  
13 the federal government, the state or any other source, including  
14 financial assistance furnished by the municipality or any other public  
15 body, (B) taxes or payments or grants in lieu of taxes allocated to and  
16 payable into a special fund of the Connecticut Development Authority  
17 pursuant to the provisions of subsection (b) of this section, or (C) any  
18 combination of the foregoing. Any such bonds of the Connecticut  
19 Development Authority shall mature at such time or times not  
20 exceeding thirty years from their date of issuance and shall be subject

21 to the general terms and provisions of law applicable to the issuance of  
22 bonds by the Connecticut Development Authority, except that such  
23 bonds shall be issued without a special capital reserve fund as  
24 provided in subsection (b) of section 32-23j and, for purposes of section  
25 32-23f, only the approval of the board of directors of the authority shall  
26 be required for the issuance and sale of such bonds. Any pledge made  
27 by the municipality or the Connecticut Development Authority for  
28 bonds issued as provided in this section shall be valid and binding  
29 from the time when the pledge is made, and revenues and other  
30 receipts, funds or moneys so pledged and thereafter received by the  
31 municipality or the Connecticut Development Authority shall be  
32 subject to the lien of such pledge without any physical delivery thereof  
33 or further act. The lien of such pledge shall be valid and binding  
34 against all parties having claims of any kind in tort, contract or  
35 otherwise against the municipality or the Connecticut Development  
36 Authority, even if the parties have no notice of such lien. Recording of  
37 the resolution or any other instrument by which such a pledge is  
38 created shall not be required. In connection with any such assignment  
39 of taxes or payments in lieu of taxes, the Connecticut Development  
40 Authority may, if the resolution so provides, exercise the rights  
41 provided for in section 12-195h of an assignee for consideration of any  
42 lien filed to secure the payment of such taxes or payments in lieu of  
43 taxes. All expenses incurred in providing such assistance may be  
44 treated as project costs.

45 (b) Any proceedings authorizing the issuance of bonds under this  
46 section may contain a provision that taxes or a specified portion  
47 thereof, if any, identified in such authorizing proceedings and levied  
48 upon taxable real or personal property, or both, in a project each year,  
49 or payments or grants in lieu of such taxes or a specified portion  
50 thereof, by or for the benefit of any one or more municipalities,  
51 districts or other public taxing agencies, as the case may be, shall be  
52 divided as follows: (1) In each fiscal year that portion of the taxes or  
53 payments or grants in lieu of taxes which would be produced by  
54 applying the then current tax rate of each of the taxing agencies to the

55 total sum of the assessed value of the taxable property in the project on  
56 the date of such authorizing proceedings, adjusted in the case of grants  
57 in lieu of taxes to reflect the applicable statutory rate of  
58 reimbursement, shall be allocated to and when collected shall be paid  
59 into the funds of the respective taxing agencies in the same manner as  
60 taxes by or for said taxing agencies on all other property are paid; and  
61 (2) that portion of the assessed taxes or the payments or grants in lieu  
62 of taxes, or both, each fiscal year in excess of the amount referred to in  
63 subdivision (1) of this subsection shall be allocated to and when  
64 collected shall be paid into a special fund of the Connecticut  
65 Development Authority to be used in each fiscal year, in the discretion  
66 of the Connecticut Development Authority, to pay the principal of and  
67 interest due in such fiscal year on bonds issued by the Connecticut  
68 Development Authority to finance, refinance or otherwise assist such  
69 project, to purchase bonds issued for such project, or to reimburse the  
70 provider of or reimbursement party with respect to any guarantee,  
71 letter of credit, policy of bond insurance, funds deposited in a debt  
72 service reserve fund, funds deposited as capitalized interest or other  
73 credit enhancement device used to secure payment of debt service on  
74 any bonds issued by the Connecticut Development Authority to  
75 finance, refinance or otherwise assist such project, to the extent of any  
76 payments of debt service made therefrom. Unless and until the total  
77 assessed valuation of the taxable property in a project exceeds the total  
78 assessed value of the taxable property in such project as shown by the  
79 last assessment list referred to in subdivision (1) of this subsection, all  
80 of the taxes levied and collected and all of the payments or grants in  
81 lieu of taxes due and collected upon the taxable property in such  
82 project shall be paid into the funds of the respective taxing agencies.  
83 When such bonds and interest thereof, and such debt service  
84 reimbursement to the provider of or reimbursement party with respect  
85 to such credit enhancement, have been paid in full, all moneys  
86 thereafter received from taxes or payments or grants in lieu of taxes  
87 upon the taxable property in such development project shall be paid  
88 into the funds of the respective taxing agencies in the same manner as  
89 taxes on all other property are paid. The total amount of bonds issued

90 pursuant to this section which are payable from grants in lieu of taxes  
91 payable by the state shall not exceed an amount of bonds, the debt  
92 service on which in any state fiscal year is, in total, equal to one million  
93 dollars.

94 (c) The authority may make grants or provide loans or other forms  
95 of financial assistance from the proceeds of special or general  
96 obligation notes or bonds of the authority issued without the security  
97 of a special capital reserve fund within the meaning of subsection (b)  
98 of section 32-23j, which bonds are payable from and secured by, in  
99 whole or in part, the pledge and security provided for in section 8-134,  
100 8-192, 32-227 or this section, all on such terms and conditions,  
101 including such agreements with the municipality and the developer of  
102 the project, as the authority determines to be appropriate in the  
103 circumstances, provided any such project in an area designated as an  
104 enterprise zone pursuant to section 32-70 receiving such financial  
105 assistance shall be ineligible for any fixed assessment pursuant to  
106 section 32-71, and the authority, as a condition of such grant, loan or  
107 other financial assistance, may require the waiver, in whole or in part,  
108 of any property tax exemption with respect to such project otherwise  
109 available under subsection (59) or (60) of section 12-81.

110 (d) As used in this section, "bonds" means any bonds, including  
111 refunding bonds, notes, temporary notes, interim certificates,  
112 debentures or other obligations; "legislative body" has the meaning  
113 provided in subsection (y) of section 32-222; and "municipality" means  
114 a town, city, consolidated town or city or consolidated town and  
115 borough.

116 (e) For purposes of this section, references to the Connecticut  
117 Development Authority shall include any subsidiary of the  
118 Connecticut Development Authority established pursuant to  
119 subsection (l) of section 32-11a, and a municipality may act by and  
120 through its implementing agency, as defined in subsection (k) of  
121 section 32-222.

122 [(f) No commitments for new projects shall be approved by the  
123 authority under this section on or after July 1, 2008.]

124 [(g)] (f) In the case of a remediation project, as defined in subsection  
125 (ii) of section 32-23d, that involves buildings that are vacant,  
126 underutilized or in deteriorating condition and as to which municipal  
127 real property taxes are delinquent, in whole or in part, for more than  
128 one fiscal year, the amount determined in accordance with subdivision  
129 (1) of subsection (b) of this section may, if the resolution of the  
130 municipality so provides, be established at an amount less than the  
131 amount so determined, but not less than the amount of municipal  
132 property taxes actually paid during the most recently completed fiscal  
133 year. If the Connecticut Development Authority issues bonds for the  
134 remediation project, the amount established in the resolution shall be  
135 used for all purposes of subsection (a) of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2007	32-23zz

**FIN**      *Joint Favorable Subst.*