



General Assembly

January Session, 2009

Raised Bill No. 935

LCO No. 3653

03653_____FIN

Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

**AN ACT CONCERNING A PROPERTY TAX EXEMPTION FOR
MACHINERY AND EQUIPMENT IN MOBILE MANUFACTURING
OPERATIONS.**

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

1 Section 1. Subparagraph (A) of subdivision (72) of section 12-81 of
2 the general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective July 1, 2009, and applicable to assessment years*
4 *commencing on and after October 1, 2009*):

5 (72) (A) Effective for assessment years commencing on or after
6 October 1, 2002, but prior to assessment years commencing on or after
7 October 1, 2011, new machinery and equipment, as defined in this
8 subdivision, acquired after October 1, 1990, and prior to October 1,
9 2011, and newly-acquired machinery and equipment, as defined in this
10 subdivision, acquired on or after July 1, 1992, and prior to October 1,
11 2011, by the person claiming exemption under this subdivision,
12 provided this exemption shall only be applicable in the five full
13 assessment years following the assessment year in which such
14 machinery or equipment is acquired, subject to the provisions of
15 subparagraph (B) of this subdivision. Machinery and equipment

16 acquired on or after July 1, 1996, and prior to October 1, 2011, and used
17 in connection with biotechnology shall qualify for the exemption
18 under this subdivision. Machinery and equipment acquired on or after
19 July 1, 2006, and used in connection with recycling shall qualify for the
20 exemption under this subdivision. For the purposes of this
21 subdivision: (i) "Machinery" and "equipment" means tangible personal
22 property which is installed in a manufacturing facility and claimed on
23 the owner's federal income tax return as either five-year property or
24 seven-year property, as those terms are defined in Section 168(e) of the
25 Internal Revenue Code of 1986, or any subsequent corresponding
26 internal revenue code of the United States, as from time to time
27 amended, and the predominant use of which is for manufacturing,
28 processing or fabricating; for research and development, including
29 experimental or laboratory research and development, design or
30 engineering directly related to manufacturing; for the significant
31 servicing, overhauling or rebuilding of machinery and equipment for
32 industrial use or the significant overhauling or rebuilding of other
33 products on a factory basis; for measuring or testing or for metal
34 finishing; or used in the production of motion pictures, video and
35 sound recordings. "Machinery" means the basic machine itself,
36 including all of its component parts and contrivances such as belts,
37 pulleys, shafts, moving parts, operating structures and all equipment
38 or devices used or required to control, regulate or operate the
39 machinery, including, without limitation, computers and data
40 processing equipment, together with all replacement and repair parts
41 therefor, whether purchased separately or in conjunction with a
42 complete machine, and regardless of whether the machine or
43 component parts thereof are assembled by the taxpayer or another
44 party. "Equipment" means any device separate from machinery but
45 essential to a manufacturing, processing or fabricating process. (ii)
46 "Manufacturing facility" means that portion of a mobile manufacturing
47 operation, or a plant, building or other real property improvement
48 used for manufacturing, processing or fabricating, for research and
49 development, including experimental or laboratory research and

50 development, design or engineering directly related to manufacturing,
51 for the significant servicing, overhauling or rebuilding of machinery
52 and equipment for industrial use or the significant overhauling or
53 rebuilding of other products on a factory basis, for measuring or
54 testing or for metal finishing. (iii) "Manufacturing" means the activity
55 of converting or conditioning tangible personal property by changing
56 the form, composition, quality or character of the property for ultimate
57 sale at retail or use in the manufacturing of a product to be ultimately
58 sold at retail. Changing the quality of property shall include any
59 substantial overhaul of the property that results in a significantly
60 greater service life than such property would have had in the absence
61 of such overhaul or with significantly greater functionality within the
62 original service life of the property, beyond merely restoring the
63 original functionality for the balance of the original service life. (iv)
64 "Fabricating" means to make, build, create, produce or assemble
65 components or tangible personal property work in a new or different
66 manner, but does not include the presorting, sorting, coding, folding,
67 stuffing or delivery of direct or indirect mail distribution services. (v)
68 "Processing" means the physical application of the materials and labor
69 in a manufacturing process necessary to modify or change the
70 characteristics of tangible personal property. (vi) "Measuring or
71 testing" includes both nondestructive and destructive measuring or
72 testing, and the alignment and calibration of machinery, equipment
73 and tools, in the furtherance of the manufacturing, processing or
74 fabricating of tangible personal property. (vii) "Biotechnology" means
75 the application of technologies, including recombinant DNA
76 techniques, biochemistry, molecular and cellular biology, genetics and
77 genetic engineering, biological cell fusion techniques, and new
78 bioprocesses, using living organisms, or parts of organisms, to produce
79 or modify products, to improve plants or animals, to develop
80 microorganisms for specific uses, to identify targets for small molecule
81 pharmaceutical development, or to transform biological systems into
82 useful processes and products. (viii) "Recycling" means the processing
83 of solid waste to reclaim material, as defined in section 22a-260.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2009, and applicable to assessment years commencing on and after October 1, 2009</i>	12-81(72)(A)

Statement of Purpose:

To allow machinery and equipment in mobile manufacturing operations to be eligible for the same property tax exemption as machinery and equipment in fixed facilities.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]