



Substitute Senate Bill No. 107

Public Act No. 10-98

AN ACT ESTABLISHING A BRADLEY DEVELOPMENT ZONE.

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

Section 1. (NEW) (*Effective October 1, 2011*) There is established an airport development zone, which is comprised of the following census blocks as assigned on the effective date of this section in the towns of Windsor Locks, Suffield, East Granby and Windsor:

090034701001022,	090034701003000,	090034701003001,
090034701003002,	090034701003003,	090034701003004,
090034701003005,	090034701003017,	090034701003018,
090034701003019,	090034701003020,	090034701003021,
090034701003025,	090034701003026,	090034735022009,
090034735022010,	090034735022011,	090034735022012,
090034735022013,	090034735025004,	090034735027000,
090034735029000,	090034735029001,	090034735029002,
090034735029003,	090034735029004,	090034735029006,
090034761009000,	090034761009010,	090034761009011,
090034761009012,	090034761009013,	090034762001023,
090034762001025,	090034762002009,	090034762002013,
090034763003004,	090034763009000,	090034763009001,
090034763009002,	090034763009003,	090034763009004,
090034763009005,	090034763009006,	090034763009007,
090034763009008,	090034763009009,	090034763009010,
090034763009011,	090034763009012,	090034763009013,
090034763009014,	090034763009015,	090034763009016,

Substitute Senate Bill No. 107

090034763009017,	090034763009018,	090034763009020,
090034763009021,	090034763009022,	090034763009023,
090034763009024,	090034763009025,	090034763009026,
090034763009031,	090034763009033,	090034771014005,
090034771014011,	090034771014012,	090034771014013,
090034771014014,	090034771014017,	090034771014018,
090034771014019,	090034771014020,	090034771023025,
090034771023026,	090034771023027,	090034771023036,
090034701003006,	090034701003022,	090034701003023,
090034701005000,	090034761001039,	090034763009028.

Sec. 2. Subdivision (59) of section 12-81 of the 2010 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011, and applicable to assessment years commencing on or after October 1, 2012*):

(59) (a) Any manufacturing facility, as defined in section 32-9p, as amended by this act, acquired, constructed, substantially renovated or expanded on or after July 1, 1978, in a distressed municipality, as defined in said section, [or] in a targeted investment community, as defined in section 32-222, [or] in an enterprise zone designated pursuant to section 32-70 or in an airport development zone established pursuant to section 1 of this act and for which an eligibility certificate has been issued by the Department of Economic and Community Development, and any manufacturing plant designated by the Commissioner of Economic and Community Development under subsection (a) of section 32-75c as follows: To the extent of eighty per cent of its valuation for purposes of assessment in each of the five full assessment years following the assessment year in which the acquisition, construction, renovation or expansion of the manufacturing facility is completed, except that a manufacturing facility having a standard industrial classification code of 2833 or 2834 and having at least one thousand full-time employees, as defined in subsection (f) of section 32-9j, shall be eligible to have the assessment

Substitute Senate Bill No. 107

period extended for five additional years upon approval of the commissioner, in accordance with all applicable regulations, provided such full-time employees have not been relocated from another facility in the state operated by the same eligible applicant;

(b) Any service facility, as defined in section 32-9p, as amended by this act, acquired, constructed, substantially renovated or expanded on or after July 1, 1996, and for which an eligibility certificate has been issued by the Department of Economic and Community Development, as follows: (i) In the case of an investment of twenty million dollars or more but not more than thirty-nine million dollars in the service facility, to the extent of forty per cent of its valuation for purposes of assessment in each of the five full assessment years following the assessment year in which the acquisition, construction, renovation or expansion of the service facility is completed; (ii) in the case of an investment of more than thirty-nine million dollars but not more than fifty-nine million dollars in the service facility, to the extent of fifty per cent of its valuation for purposes of assessment in each of the five full assessment years following the assessment year in which the acquisition, construction, renovation or expansion of the service facility is completed; (iii) in the case of an investment of more than fifty-nine million dollars but not more than seventy-nine million dollars in the service facility, to the extent of sixty per cent of its valuation for purposes of assessment in each of the five full assessment years following the assessment year in which the acquisition, construction, renovation or expansion of the service facility is completed; (iv) in the case of an investment of more than seventy-nine million dollars but not more than ninety million dollars in the service facility, to the extent of seventy per cent of its valuation for purposes of assessment in each of the five full assessment years following the assessment year in which the acquisition, construction, renovation or expansion of the service facility is completed; or (v) in the case of an investment of more than ninety million dollars in the service facility, to

Substitute Senate Bill No. 107

the extent of eighty per cent of its valuation for purposes of assessment in each of the five full assessment years following the assessment year in which the acquisition, construction, renovation or expansion of the service facility is completed, except that any financial institution, as defined in section 12-217u, having at least four thousand qualified employees, as determined in accordance with an agreement pursuant to subdivision (3) of subsection (n) of section 12-217u, shall be eligible to have the assessment period extended for five additional years upon approval of the commissioner, in accordance with all applicable regulations, provided such full-time employees have not been relocated from another facility in the state operated by the same eligible applicant. In no event shall the definition of qualified employee be more favorable to the employer than the definition provided in section 12-217u;

(c) The completion date of a manufacturing facility, manufacturing plant or a service facility will be determined by the Department of Economic and Community Development taking into account the issuance of occupancy certificates and such other factors as it deems relevant. In the case of a manufacturing facility, manufacturing plant or a service facility which consists of a constructed, renovated or expanded portion of an existing plant, the assessed valuation of the facility or manufacturing plant is the difference between the assessed valuation of the plant prior to its being improved and the assessed valuation of the plant upon completion of the improvements. In the case of a manufacturing facility, manufacturing plant or a service facility which consists of an acquired portion of an existing plant, the assessed valuation of the facility or manufacturing plant is the assessed valuation of the portion acquired. This exemption shall be applicable during each such assessment year regardless of any change in the ownership or occupancy of the facility or manufacturing plant. If during any such assessment year, however, any facility for which an eligibility certificate has been issued ceases to qualify as a

Substitute Senate Bill No. 107

manufacturing facility, manufacturing plant or a service facility, the entitlement to the exemption allowed by this subdivision shall terminate for the assessment year following the date on which the qualification ceases, and there shall not be a pro rata application of the exemption. Any person who desires to claim the exemption provided in this subdivision shall file annually with the assessor or board of assessors in the distressed municipality, targeted investment community, [or] enterprise zone designated pursuant to section 32-70 or in the town within the airport development zone established pursuant to section 1 of this act in which the manufacturing facility or service facility is located, on or before the first day of November, written application claiming such exemption on a form prescribed by the Secretary of the Office of Policy and Management. Failure to file such application in this manner and form within the time limit prescribed shall constitute a waiver of the right to such exemption for such assessment year, unless an extension of time is allowed pursuant to section 12-81k, and upon payment of the required fee for late filing;

Sec. 3. Subdivision (60) of section 12-81 of the 2010 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011, and applicable to assessment years commencing on or after October 1, 2012*):

(60) (a) (1) Machinery and equipment which represents an addition to the assessment or grand list of the municipality in which this exemption is claimed and is installed in any manufacturing facility, as defined in section 32-9p, as amended by this act, which facility is or has been constructed, or substantially renovated or expanded on or after July 1, 1978, in a distressed municipality, [or] targeted investment community, [or] enterprise zone designated pursuant to section 32-70 or in an airport development zone established pursuant to section 1 of this act and for which an eligibility certificate has been issued by the Department of Economic and Community Development, concurrently

Substitute Senate Bill No. 107

with and directly attributable to such construction, renovation or expansion, (2) machinery and equipment which represents an addition to the assessment or grand list of the municipality in which this exemption is claimed and is installed, or machinery and equipment existing, in any manufacturing facility, as defined in section 32-9p, as amended by this act, which facility is or has been acquired on or after July 1, 1978, in a distressed municipality, targeted investment community, [or] enterprise zone designated pursuant to section 32-70 or in an airport development zone established pursuant to section 1 of this act and for which an eligibility certificate has been issued by the Department of Economic and Community Development, and (3) machinery and equipment acquired and installed on or after October 1, 1986, in a manufacturing facility that is or has at one time been certified as eligible for the exemption under this subparagraph in accordance with section 32-9r, and which continues to be used for manufacturing purposes, provided such machinery and equipment is installed in conjunction with an expansion program that satisfies the requirements for a manufacturing facility, as defined in section 32-9p, as amended by this act, and is contiguous to and represents an increase in square feet of floor space of not less than fifty per cent of the floor space in the certified manufacturing facility, as follows: To the extent of eighty per cent of its valuation for purposes of assessment in each of the five full assessment years for which the manufacturing facility in which it is installed qualifies for an exemption under subdivision (59) of this section, except that a facility having a code classification 2833 or 2834 in the Standard Industrial Code Classification Manual, United States Office of Management and Budget, 1987 edition, wherein at least one thousand new full-time employees, as defined in subsection (f) of section 32-9j, are employed, shall be eligible to have the assessment period under this subdivision extended for five additional years upon approval of the commissioner, provided the commissioner approves an extension of the assessment period under subdivision (59) of this section for said facility;

Substitute Senate Bill No. 107

(b) (1) Machinery and equipment which represents an addition to the assessment or grand list of the municipality in which this exemption is claimed and is installed in any service facility, as defined in section 32-9p, as amended by this act, which facility is or has been constructed, or substantially renovated or expanded on or after July 1, 1996, and for which an eligibility certificate has been issued by the Department of Economic and Community Development, concurrently with and directly attributable to such construction, renovation or expansion, (2) machinery and equipment which represents an addition to the assessment or grand list of the municipality in which this exemption is claimed and is installed, or machinery and equipment existing, in any service facility, as defined in section 32-9p, as amended by this act, which facility is or has been acquired on or after July 1, 1996, and for which an eligibility certificate has been issued by the department, and (3) machinery and equipment acquired and installed on or after July 1, 1996, in a service facility that is or has at one time been certified as eligible for the exemption under this subparagraph in accordance with section 32-9r and which continues to be used for service purposes, provided such machinery and equipment is installed in conjunction with an expansion program that satisfies the requirements for a service facility, as defined in section 32-9p, as amended by this act, and is contiguous to and represents an increase in square feet of floor space of not less than fifty per cent of the floor space in the certified service facility, as follows: (i) In the case of an investment of twenty million dollars or more but not more than thirty-nine million dollars in the service facility, to the extent of forty per cent of its valuation for purposes of assessment in each of the five full assessment years for which the service facility in which it is installed qualifies for an exemption under subdivision (59) of this section; (ii) in the case of an investment of more than thirty-nine million dollars but not more than fifty-nine million dollars in the service facility, to the extent of fifty per cent of its valuation for purposes of assessment in each of the five full assessment years for which the service facility in

Substitute Senate Bill No. 107

which it is installed qualifies for an exemption under subdivision (59) of this section; (iii) in the case of an investment of more than fifty-nine million dollars but not more than seventy-nine million dollars in the service facility, to the extent of sixty per cent of its valuation for purposes of assessment in each of the five full assessment years for which the service facility in which it is installed qualifies for an exemption under subdivision (59) of this section; (iv) in the case of an investment of more than seventy-nine million dollars but not more than ninety million dollars in the service facility, to the extent of seventy per cent of its valuation for purposes of assessment in each of the five full assessment years for which the service facility in which it is installed qualifies for an exemption under subdivision (59) of this section; or (v) in the case of an investment of more than ninety million dollars in the service facility, to the extent of eighty per cent of its valuation for purposes of assessment in each of the five full assessment years for which the service facility in which it is installed qualifies for an exemption under subdivision (59) of this section, except that any financial institution, as defined in section 12-217u, having at least four thousand qualified employees, as determined in accordance with an agreement pursuant to subdivision (3) of subsection (n) of section 12-217u, shall be eligible to have the assessment period extended for five additional years upon approval of the commissioner, in accordance with all applicable regulations, provided such full-time employees have not been relocated from another facility in the state operated by the same eligible applicant. In no event shall the definition of qualified employee be more favorable to the employer than the definition provided in section 12-217u;

(c) This exemption shall terminate for the assessment year next following if the manufacturing facility or service facility in which such machinery and equipment is installed no longer qualifies for an exemption under said subdivision (59), and there shall not be a pro rata application of the exemption of such machinery and equipment in

Substitute Senate Bill No. 107

the assessment year of such termination. Any person who desires to claim the exemption provided in this subdivision shall file annually with the assessor or board of assessors in the distressed municipality, targeted investment community, [or] enterprise zone designated pursuant to section 32-70 or the town in the airport development zone established pursuant to section 1 of this act in which the manufacturing facility or service facility is located, on or before the first day of November, written application claiming such exemption on a form prescribed by the Secretary of the Office of Policy and Management. Failure to file such application in this manner and form within the time limit prescribed shall constitute a waiver of the right to such exemption for such assessment year, unless an extension of time is allowed pursuant to section 12-81k, and upon payment of the required fee for late filing. This exemption shall not apply to rolling stock;

Sec. 4. Section 12-217e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011, and applicable to income years commencing on or after January 1, 2013*):

(a) There shall be allowed as a credit against the tax imposed by this chapter an amount equal to twenty-five per cent of that portion of such tax which is allocable to any manufacturing facility, provided, for any such facility which is located in an enterprise zone designated pursuant to section 32-70 or in a municipality with an entertainment district designated under section 32-76 or established under section 2 of public act 93-311 and which became eligible as a manufacturing facility after the designation of such zone and for which not less than one hundred fifty full-time employees or thirty per cent of the full-time employment positions directly attributable to the manufacturing facility were, during the last quarter of the income year of the taxpayer, held by employees of the taxpayer who at the time of employment were (1) residents of such zone, or (2) residents of such

Substitute Senate Bill No. 107

municipality and eligible for training under the Federal Comprehensive Employment Training Act or any other training program that may replace the Comprehensive Employment Training Act, a credit of fifty per cent shall be allowed. A position is directly attributable to the manufacturing facility if: (A) The work is performed or the base of operations is at the facility; (B) the position did not exist prior to the construction, renovation, expansion or acquisition of the facility; and (C) but for the construction, renovation, expansion or acquisition of the facility, the position would not have existed, provided nothing in this section shall preclude a position from being considered directly attributable to a manufacturing facility if such position formerly existed in an eligible manufacturing facility in the same municipality under section 32-9, as amended by this act. For income years commencing on and after January 1, 2012, the credit under this section for that portion of the tax imposed by this chapter, which is allocable to any manufacturing facility shall be available under the same terms and conditions to that portion of such tax which is allocable to an eligible facility. For purposes of this section, "eligible facility" means any facility described in subparagraph (D) of subdivision (2) of subsection (d) of section 32-9p, as amended by this act.

(b) There shall be allowed as a credit against the tax imposed by this chapter an amount equal to the following percentage of that portion of such tax which is allocable to any service facility: (1) Fifteen per cent, if there are three hundred or more but not more than five hundred ninety-nine new employees working at such facility; (2) twenty per cent if there are six hundred or more but not more than eight hundred ninety-nine new employees working at such facility; (3) twenty-five per cent, if there are nine hundred or more but not more than one thousand one hundred ninety-nine new employees working at such facility; (4) thirty per cent if there are one thousand two hundred or more but not more than one thousand four hundred ninety-nine new

Substitute Senate Bill No. 107

employees working at such facility; (5) forty per cent, if there are one thousand five hundred or more but not more than one thousand nine hundred ninety-nine new employees working at such facility; or (6) fifty per cent if there are two thousand or more new employees working at such facility. As used in this subsection: (A) "New employee" means a person hired by a taxpayer to fill a position for a new job or a person shifted from an existing location of the taxpayer outside this state to a service facility in this state, provided (i) in no case shall the total number of new employees allowed for purposes of this credit exceed the total increase in the taxpayer's employment in this state, which increase shall be the difference between (I) the number of employees employed by the taxpayer in this state at the time of application to the Commissioner of Revenue Services for such credit plus the number of new employees who would be eligible for inclusion under the credit allowed under this subsection without regard to this calculation, and (II) the highest number of employees employed by the taxpayer in this state in the year preceding the taxpayer's application to the Commissioner of Revenue Services for such credit, and (ii) a person shall be deemed to be a "new employee" only if such person's duties in connection with the operation of the facility are on a regular, full-time or equivalent or full-time and permanent basis; and (B) "new job" means a job that did not exist in the business of a taxpayer in this state prior to the taxpayer's application to the Commissioner of Revenue Services for such credit and that is filled by a new employee, but does not include a job created when an employee is shifted from an existing location of the taxpayer in this state to a service facility.

(c) The portion of such tax which is allocable to such a manufacturing facility, [or] service facility or eligible facility shall be determined by multiplying such tax by a fraction computed as the simple arithmetical mean of the following fractions: First, a fraction the numerator of which is the average monthly net book value in the

Substitute Senate Bill No. 107

income year of the manufacturing facility, [or] service facility or eligible facility, and machinery and equipment acquired for and installed in the manufacturing facility, [or] service facility or eligible facility, without deduction on account of any encumbrance thereon, or if rented to the taxpayer, the value of the manufacturing facility, [or] service facility or eligible facility, and machinery and equipment acquired for and installed in the manufacturing facility, [or] service facility or eligible facility, computed by multiplying the gross rents payable by the taxpayer for the manufacturing facility, [or] service facility or eligible facility, and such machinery and equipment during the income year or period by eight, and the denominator of which is the sum of the average monthly net book value of all real property and machinery and equipment held and owned by the taxpayer in the state, without deduction on account of any encumbrance thereon and the value of all real property and machinery and equipment rented to the taxpayer in the state, computed by multiplying the gross rents payable during the income year by eight; and second, a fraction the numerator of which is all wages, salaries and other compensation paid during the income year to employees of the taxpayer whose positions are directly attributable to the manufacturing facility, [or] service facility or eligible facility and the denominator of which is the wages, salaries and other compensation paid during the income year to all employees of the taxpayer in the state. An employee's position is directly so attributable if (1) the employee's service is performed or his base of operations is at the manufacturing facility, [or] service facility or eligible facility, (2) the position did not exist prior to the construction, renovation, expansion or acquisition of the manufacturing facility, [or] service facility or eligible facility, and (3) but for the construction, renovation, expansion or acquisition of the manufacturing facility, [or] service facility or eligible facility the position would not have existed. For the purposes of this subsection, "gross rents" means gross rents as defined in section 12-218.

Substitute Senate Bill No. 107

(d) The credit allowed by this section may be claimed only by the initial occupant or occupants of the manufacturing facility, [or] service facility or eligible facility. The owner of the manufacturing facility, [or] service facility or eligible facility may not claim the credit unless the owner is also an occupant. The credit may first be claimed on the tax return for the taxpayer's income year which begins during the calendar year next succeeding the calendar year in which the taxpayer was issued an eligibility certificate, and may be claimed in each of the following nine income years. If within such period, however, any facility for which an eligibility certificate has been issued ceases to qualify as a manufacturing facility, [or] service facility or eligible facility, or any occupant of a manufacturing facility, [or] service facility or eligible facility ceases to be an occupant, the entitlement to the credit allowed by this section shall terminate in the income year in which the qualification or occupancy ceases, and there shall not be a pro rata application of the credit to such income year.

(e) Any subsequent occupant or occupants of a manufacturing facility, [or] service facility or eligible facility for which an eligibility certificate has been issued may claim the credit allowed by this section in accordance with subsection (c) of this section but only after obtaining a new eligibility certificate with respect to the manufacturing facility, [or] service facility or eligible facility being occupied in the manner provided in section 32-9r.

(f) The Commissioner of Economic and Community Development shall, upon request, provide a copy of the applicable eligibility certificate to the Commissioner of Revenue Services.

Sec. 5. Section 32-9p of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

As used in subdivisions (59) and (60) of section 12-81, as amended by this act, and sections 12-217e, 32-9p to 32-9s, inclusive, as amended

Substitute Senate Bill No. 107

by this act, and 32-23p, the following words and terms have the following meanings:

(a) "Area of high unemployment" means, as of the date of any final and official determination by the authority or the department to extend assistance under said sections, any municipality which is a distressed municipality as defined in subsection (b) of this section, and any other municipality in the state which in the calendar year preceding such determination had a rate of unemployment which exceeded one hundred ten per cent of the average rate of unemployment in the state for the same calendar year, as determined by the Labor Department, provided no such other municipality with an unemployment rate of less than six per cent shall be an area of high unemployment.

(b) "Distressed municipality" means, as of the date of the issuance of an eligibility certificate, any municipality in the state which, according to the United States Department of Housing and Urban Development meets the necessary number of quantitative physical and economic distress thresholds which are then applicable for eligibility for the urban development action grant program under the Housing and Community Development Act of 1977, as amended, or any town within which is located an unconsolidated city or borough which meets such distress thresholds. Any municipality which, at any time subsequent to July 1, 1978, has met such thresholds but which at any time thereafter fails to meet such thresholds, according to said department, shall be deemed to be a distressed municipality for a period of five years subsequent to the date of the determination that such municipality fails to meet such thresholds, unless such municipality elects to terminate its designation as a "distressed municipality", by vote of its legislative body, not later than September 1, 1985, or not later than three months after receiving notification from the commissioner that it no longer meets such thresholds, whichever is

Substitute Senate Bill No. 107

later. In the event a distressed municipality elects to terminate its designation, the municipality shall notify the commissioner and the Secretary of the Office of Policy and Management in writing within thirty days. In the event that the commissioner determines that amendatory federal legislation or administrative regulation has materially changed the distress thresholds thereby established, "distressed municipality" shall mean any municipality in the state which meets comparable thresholds of distress which are then applicable in the areas of high unemployment and poverty, aging housing stock and low or declining rates of growth in job creation, population and per capita income as established by the commissioner, consistent with the purposes of subdivisions (59) and (60) of section 12-81, as amended by this act, and sections 12-217e, 32-9p to 32-9s, inclusive, as amended by this act, and 32-23p, in regulations adopted in accordance with chapter 54. For purposes of sections 32-9p to 32-9s, inclusive, as amended by this act, "distressed municipality" shall also mean any municipality adversely impacted by a major plant closing, relocation or layoff, provided the eligibility of a municipality shall not exceed two years from the date of such closing, relocation or layoff. The Commissioner of Economic and Community Development shall adopt regulations, in accordance with the provisions of chapter 54, which define what constitutes a "major plant closing, relocation or layoff" for purposes of sections 32-9p to 32-9s, inclusive, as amended by this act. "Distressed municipality" shall also mean the portion of any municipality which is eligible for designation as an enterprise zone pursuant to subdivision (2) of subsection (b) of section 32-70 and the portion of any municipality that contains the airport development zone established pursuant to section 1 of this act.

(c) "Eligibility certificate" means a certificate issued by the department pursuant to section 32-9r evidencing its determination that a facility for which an application for assistance has been submitted qualifies as a manufacturing facility and is eligible for assistance under

Substitute Senate Bill No. 107

section 12-217e and subdivisions (59) and (60) of section 12-81, as amended by this act.

(d) "Manufacturing facility" means any plant, building, other real property improvement, or part thereof, (1) which (A) is constructed or substantially renovated or expanded on or after July 1, 1978, in a distressed municipality, a targeted investment community as defined in section 32-222, [or] an enterprise zone designated pursuant to section 32-70 or the airport development zone established pursuant to section 1 of this act, or (B) is acquired on or after July 1, 1978, in a distressed municipality, a targeted investment community as defined in section 32-222, [or] an enterprise zone designated pursuant to said section 32-70 or the airport development zone established pursuant to section 1 of this act, by a business organization which is unrelated to and unaffiliated with the seller, after having been idle for at least one year prior to its acquisition and regardless of its previous use; (2) which is to be used for the manufacturing, processing or assembling of raw materials, parts or manufactured products, for research and development facilities directly related to manufacturing, for the significant servicing, overhauling or rebuilding of machinery and equipment for industrial use, or, except as provided in this subsection, for warehousing and distribution or, (A) if located in an enterprise zone designated pursuant to said section 32-70, which is to be used by an establishment, an auxiliary or an operating unit of an establishment as such terms are defined in the Standard Industrial Classification Manual, in the categories of depository institutions, nondepository credit institutions, insurance carriers, holding or other investment offices, business services, health services, fishing, hunting and trapping, motor freight transportation and warehousing, water transportation, transportation by air, transportation services, security and commodity brokers, dealers, exchanges and services, telemarketing or engineering, accounting, research, management and related services including, but not limited to, management consulting

Substitute Senate Bill No. 107

services from the Standard Industrial Classification Manual or in Sector 48, 49, 52, 54, 55, or 62, Subsector 114 or 561, or industry group 5621 in the North American Industrial Classification System, United States Manual, United States Office of Management and Budget, 1997 edition, which establishment, auxiliary or operating unit shows a strong performance in exporting goods and services, and as further defined by the commissioner through regulations adopted under chapter 54, or (B) if located in an enterprise zone designated pursuant to said section 32-70, which is to be used by an establishment primarily engaged in supplying goods or services in the fields of computer hardware or software, computer networking, telecommunications or communications, or (C) if located in a municipality with an entertainment district designated under section 32-76 or established under section 2 of public act 93-311, is to be used in the production of entertainment products, including multimedia products, or as part of the airing, display or provision of live entertainment for stage or broadcast, including support services such as set manufacturers, scenery makers, sound and video equipment providers and manufacturers, stage and screen writers, providers of capital for the entertainment industry and agents for talent, writers, producers and music properties and technological infrastructure support including, but not limited to, fiber optics, necessary to support multimedia and other entertainment formats, except entertainment provided by or shown at a gambling or gaming facility or a facility whose primary business is the sale or serving of alcoholic beverages, or (D) if located in the airport development zone established pursuant to section 1 of this act, (i) which is to be used for the warehousing or motor freight distribution of goods transported by aircraft to or from an airport located in such zone, or (ii) in the opinion of the Commissioner of Economic and Community Development, is dependent upon or directly related to such airport and which, except as provided in this subparagraph, is to be used for any other business service, including, but not limited to, information technology but excluding any service

Substitute Senate Bill No. 107

provided by an organization that has a North American Industrial Classification Code of 441110 to 454390, inclusive, 532111, 532112 or 812930; and (3) for which the department has issued an eligibility certificate in accordance with section 32-9r. In the case of facilities which are acquired, the department may waive the requirement of one year of idleness if it determines that, absent qualification as a manufacturing facility under subdivisions (59) and (60) of section 12-81, as amended by this act, and sections 12-217e, 32-9p to 32-9s, inclusive, as amended by this act, and 32-23p, there is a high likelihood that the facility will remain idle for one year. In the case of facilities located in an enterprise zone designated pursuant to said section 32-70, (A) the idleness requirement in subparagraph (B) of subdivision (1) of this subsection, for business organizations which over the six months preceding such acquisition have had an average total employment of between six and nineteen employees, inclusive, shall be reduced to a minimum of six months, and (B) the idleness requirement shall not apply to business organizations with an average total employment of five or fewer employees, provided no more than one eligibility certificate shall be issued under this subparagraph for the same facility within a three-year period. Of those facilities which are for warehousing and distribution, only those which are newly constructed or which represent an expansion of an existing facility qualify as manufacturing facilities. In the event that only a portion of a plant is acquired, constructed, renovated or expanded, only the portion acquired, constructed, renovated or expanded constitutes the manufacturing facility. A manufacturing facility which is leased may for the purposes of subdivisions (59) and (60) of section 12-81, as amended by this act, and sections 12-217e, 32-9p to 32-9s, inclusive, as amended by this act, and 32-23p, be treated in the same manner as a facility which is acquired if the provisions of the lease serve to further the purposes of subdivisions (59) and (60) of section 12-81, as amended by this act, and sections 12-217e, 32-9p to 32-9s, inclusive, as amended by this act, and 32-23p and demonstrate a substantial, long-term

Substitute Senate Bill No. 107

commitment by the occupant to use the manufacturing facility, including a contract for lease for an initial minimum term of five years with provisions for the extension of the lease at the request of the lessee for an aggregate term which shall not be less than ten years, or the right of the lessee to purchase the facility at any time after the initial five-year term, or both. For a facility located in an enterprise zone designated pursuant to said section 32-70, and occupied by a business organization with an average total employment of ten or fewer employees over the six-month period preceding acquisition, such contract for lease may be for an initial minimum term of three years with provisions for the extension of the lease at the request of the lessee for an aggregate term which shall not be less than six years, or the right of the lessee to purchase the facility at any time after the initial three-year term, or both, and may also include the right for the lessee to relocate to other space within the same enterprise zone, provided such space is under the same ownership or control as the originally leased space or if such space is not under such same ownership or control as the originally leased space, permission to relocate is granted by the lessor of such originally leased space, and such relocation shall not extend the duration of benefits granted under the original eligibility certificate. Except as provided in subparagraph (B) of subdivision (1) of this subsection, a manufacturing facility does not include any plant, building, other real property improvement or part thereof used or usable for such purposes which existed before July 1, 1978.

(e) "Service facility" means a manufacturing facility described in subparagraph (A) or (B) of subdivision (2) of subsection (d) of this section, provided such facility is located outside of an enterprise zone in a targeted investment community.

(f) "Authority", "capital reserve fund bond", "commissioner", "department", "industrial project" and "insurance fund" shall have the

Substitute Senate Bill No. 107

meaning such words and terms are given in section 32-23d.

(g) "Municipality" means any town, city or borough in the state.

Sec. 6. Section 32-9r of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

(a) Any person may apply to the department for a determination as to whether the facility described in an application qualifies as a manufacturing facility or service facility. Applications for eligibility certificates are to be made on the forms and in the manner prescribed by the department. In evaluating each application the department may require the submission of all books, records, documents, drawings, specifications, certifications and other evidentiary items which it deems appropriate. No eligibility certificate shall be issued after March 1, 1991, for a manufacturing facility located in a distressed municipality which does not qualify as a targeted investment community unless the department has issued to the applicant a commitment letter for such facility prior to March 1, 1991. Notwithstanding the provisions of this subsection, an eligibility certificate may be issued by the department after March 1, 1991, for a qualified manufacturing facility acquired, constructed or substantially renovated in a distressed municipality provided the commissioner determines that such acquisition, construction or substantial renovation was initiated prior to March 1, 1991, and was legitimately induced by the prospect of assistance under section 12-217e, as amended by this act, and subdivisions (59) and (60) of section 12-81, as amended by this act, respectively. The department may issue an eligibility certificate for a qualified manufacturing facility or a qualified service facility located in a targeted investment community upon determination by the commissioner (A) that the acquisition, construction or substantial renovation relating to the qualified manufacturing facility or qualified service facility in such community was induced by the prospect of assistance under section 12-217e, as

Substitute Senate Bill No. 107

amended by this act, and subdivisions (59) and (60) of said section 12-81, as amended by this act; and (B) the applicant demonstrates an economic need or there is an economic benefit to the state. Notwithstanding the provisions of this subsection, an eligibility certificate shall be issued by the department after October 1, 2010, for a qualified manufacturing facility located in the airport development zone established pursuant to section 1 of this act, and may be issued by the department after October 1, 2010, for a facility described in subparagraph (D) of subdivision (2) of subsection (d) of section 32-9p, as amended by this act, upon determination by the commissioner (i) that the acquisition, construction or substantial renovation relating to the qualified manufacturing facility or facility described in said subparagraph (D) in the airport development zone was induced by the prospect of assistance under section 12-217e, as amended by this act, and subdivisions (59) and (60) of said section 12-81; and (ii) the applicant demonstrates an economic need and there is an economic benefit to the state. The department shall issue an eligibility certificate if the commissioner determines (1) that the manufacturing facility is located in an enterprise zone designated pursuant to section 32-70 and is a qualified manufacturing facility or (2) that the facility is a plant, building, other real property improvement, or part thereof, which is located in a municipality with an entertainment district designated under section 32-76 or established under section 2 of public act 93-311, and which qualifies as a "manufacturing facility" under subsection (d) of section 32-9p, as amended by this act, in that it is to be used in the production of entertainment products, including multimedia products, or as part of the airing, display or provision of live entertainment for stage or broadcast, including support services such as set manufacturers, scenery makers, sound and video equipment providers and manufacturers, stage and screen writers, providers of capital for the entertainment industry and agents for talent, writers, producers and music properties and technological infrastructure support including, but not limited to, fiber optics, necessary to support

Substitute Senate Bill No. 107

multimedia and other entertainment formats, except entertainment provided by or shown at a gambling or gaming facility or a facility whose primary business is the sale or serving of alcoholic beverages.

(b) The department shall reach a determination as to the eligibility of a facility within a reasonable time period, but may postpone the determination to the extent required to verify to its satisfaction that there is a high likelihood that any proposed facility will actually be constructed, expanded, substantially renovated or acquired. Upon a favorable finding, the department shall issue to the applicant a certificate to the effect that the facility concerned is a manufacturing facility or a service facility and is eligible for assistance under section 12-217e and subdivisions (59) and (60) of section 12-81, as amended by this act.

(c) Upon an unfavorable determination the department shall issue a notice to the applicant to the effect that the facility concerned has been determined not to be a manufacturing facility or a service facility, together with a statement in reasonable detail as to the reasons for the unfavorable determination. Any aggrieved applicant shall be afforded an opportunity for a public hearing on the matter within thirty days following issuance of the notice. The department shall reconsider the application based upon the information presented at the public hearing and reaffirm or change its earlier determination within ten days of the hearing.

(d) The decision of the department to issue an eligibility certificate or to deny an application for the issuance of an eligibility certificate either upon the expiration of thirty days without a public hearing following an initial unfavorable determination or upon any reconsideration of the application pursuant to subsection (c) of this section is conclusive and final as to the matters thereby decided, and chapter 54 shall not apply to the administrative determinations authorized to be made by this section.

Substitute Senate Bill No. 107

(e) Any person who claims a benefit under section 12-217e or subdivisions (59) and (60) of section 12-81, as amended by this act, shall notify the department of any change in fact or circumstance which may bear upon the continued qualification as a manufacturing facility or a service facility for which an eligibility certificate has been issued. Upon receipt of such information or upon independent investigation, the department may revoke the eligibility certificate in the manner provided in subsection (c) of this section.

(f) The commissioner shall adopt regulations, in accordance with chapter 54, to carry out the provisions of this section. Such regulations shall provide that establishments in the category of business services, as defined in the Standard Industrial Classification Manual, or manufacturing facilities, as defined in subsection (d) of section 32-9p, as amended by this act, may be eligible for a certificate if they are located in an enterprise zone.

Sec. 7. Section 32-9s of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

The state shall make an annual grant payment to each municipality, to each district, as defined in section 7-325, which is located in a distressed municipality, targeted investment community, [or] enterprise zone or municipality within the airport development zone established pursuant to section 1 of this act and to each special services district created pursuant to chapter 105a which is located in a distressed municipality, targeted investment community or enterprise zone in the amount of fifty per cent of the amount of that tax revenue which the municipality or district would have received except for the provisions of subdivisions (59) [] and (60) [and (70)] of section 12-81, as amended by this act, or subdivision (70) of said section 12-81. On or before the first day of August of each year, each municipality and district shall file a claim with the Secretary of the Office of Policy and Management for the amount of such grant payment to which such

Substitute Senate Bill No. 107

municipality or district is entitled under this section. The claim shall be made on forms prescribed by the secretary and shall be accompanied by such supporting information as the secretary may require. Any municipality or district which neglects to transmit to the secretary such claim and supporting documentation as required by this section shall forfeit two hundred fifty dollars to the state, provided the secretary may waive such forfeiture in accordance with procedures and standards adopted by regulation in accordance with chapter 54. The secretary shall review each such claim as provided in section 12-120b. Any claimant aggrieved by the results of the secretary's review shall have the rights of appeal as set forth in section 12-120b. The secretary shall, on or before the December fifteenth next succeeding the deadline for the receipt of such claims, certify to the Comptroller the amount due under this section, including any modification of such claim made prior to December fifteenth, to each municipality or district which has made a claim under the provisions of this section. The Comptroller shall draw an order on the Treasurer on or before the fifth business day following December fifteenth, and the Treasurer shall pay the amount thereof to each such municipality or district on or before the following December thirty-first. If any modification is made as the result of the provisions of this section on or after the December first following the date on which the municipality or district has provided the amount of tax revenue in question, any adjustment to the amount due to any municipality or district for the period for which such modification was made shall be made in the next payment the Treasurer shall make to such municipality or district pursuant to this section. In the fiscal year commencing July 1, 2003, and in each fiscal year thereafter, the amount of the grant payable to each municipality and district in accordance with this section shall be reduced proportionately in the event that the total amount of the grants payable to all municipalities and districts exceeds the amount appropriated.

Substitute Senate Bill No. 107

Approved June 2, 2010