



# House of Representatives

General Assembly

**File No. 614**

February Session, 2010

Substitute House Bill No. 5482

*House of Representatives, April 21, 2010*

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT EXTENDING THE DEADLINE FOR CERTAIN TAX CREDITS AND EXEMPTIONS.***

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

1 Section 1. (*Effective from passage*) Notwithstanding the provisions of  
2 subdivisions (59) and (60) of section 12-81 of the general statutes, any  
3 person otherwise eligible for a 2007 grand list exemption or a 2008  
4 grand list exemption pursuant to said subdivisions (59) and (60) in the  
5 city of Bridgeport, except that such person failed to file the required  
6 exemption applications within the time period prescribed, shall be  
7 regarded as having filed said applications in a timely manner if such  
8 person files said applications not later than thirty days after the  
9 effective date of this section and pays the late filing fees pursuant to  
10 section 12-81k of the general statutes. Upon confirmation of the receipt  
11 of such fees and verification of the exemption eligibility of the real and  
12 personal property included in such applications, the assessor shall  
13 approve the exemptions for such property. If taxes have been paid on  
14 the property for which such exemptions are approved, the city of

15 Bridgeport shall reimburse such person in an amount equal to the  
16 amount by which such taxes exceed the taxes payable if the  
17 applications had been filed in a timely manner. Notwithstanding the  
18 provisions of section 32-9s of the general statutes, the assessor of the  
19 city of Bridgeport may submit such approved exemption applications  
20 to the Secretary of the Office of Policy and Management together with  
21 a request for reimbursement of the tax loss resulting from such  
22 exemptions. Subject to the secretary's review and approval of such  
23 exemptions, such reimbursement shall be included in the next  
24 certification the secretary makes to the Comptroller under the  
25 provisions of said section 32-9s.

26       Sec. 2. (*Effective from passage*) Notwithstanding the provisions of  
27 section 12-89 of the general statutes, any person otherwise eligible for a  
28 2008 grand list exemption and a 2009 grand list exemption, pursuant to  
29 subdivision (58) of section 12-81 of the general statutes, in the city of  
30 Middletown, except that such person failed to file the required  
31 exemption applications within the time periods prescribed, shall be  
32 regarded as having filed said applications in a timely manner if such  
33 person files said applications not later than thirty days after the  
34 effective date of this section. Upon confirmation of the receipt of such  
35 applications and verification of the exemption eligibility of the  
36 property included in such applications, the assessor shall approve the  
37 exemption for such property. If taxes have been paid on the property  
38 for which such exemptions are approved, the city of Middletown shall  
39 reimburse such person in an amount equal to the amount by which  
40 such taxes exceed the taxes payable if the applications had been filed in  
41 a timely manner.

42       Sec. 3. (*Effective from passage*) Notwithstanding the provisions of  
43 subsection (k) of section 12-632 of the general statutes, the  
44 Commissioner of Revenue Services shall approve funding under  
45 chapter 228a of the general statutes in excess of one hundred fifty  
46 thousand dollars for an organization conducting programs that have  
47 been approved, pursuant to said section 12-632, by the city of Hartford  
48 and the Department of Revenue Services for the 2009 income year.

49       Sec. 4. (*Effective from passage*) Notwithstanding the provisions of  
50 subparagraph (B) of subdivision (72) of section 12-81 of the general  
51 statutes, any person otherwise eligible for a 2008 grand list exemption  
52 pursuant to said subdivision (72) in the City of New Britain, except  
53 that such person failed to file the required exemption application  
54 within the time period prescribed, shall be regarded as having filed  
55 said application in a timely manner if such person files said application  
56 not later than thirty days after the effective date of this section and  
57 pays the late filing fee pursuant to section 12-81k of the general  
58 statutes. Upon confirmation of the receipt of such fee and verification  
59 of the exemption eligibility of the machinery and equipment included  
60 in such application, the assessor shall approve the exemption for such  
61 property. If taxes have been paid on the property for which such  
62 exemption is approved, the City of New Britain shall reimburse such  
63 person in an amount equal to the amount by which such taxes exceed  
64 the taxes payable if the application had been filed in a timely manner.  
65 Notwithstanding the provisions of subsection (c) of section 12-94b of  
66 the general statutes and section 12-94e of the general statutes, the  
67 assessor of the City of New Britain may submit such approved  
68 exemption application to the Secretary of the Office of Policy and  
69 Management together with a request for reimbursement of the tax loss  
70 resulting from such exemption. Subject to the secretary's review and  
71 approval of such exemption, such reimbursement shall be included in  
72 the next certification the secretary makes to the Comptroller under the  
73 provisions of section 12-94b of the general statutes.

74       Sec. 5. (*Effective from passage*) Notwithstanding the provisions of  
75 subparagraph (B) of subdivision (72) of section 12-81 of the general  
76 statutes, any person otherwise eligible for a 2009 grand list exemption  
77 pursuant to said subdivision (72) in the town of Milford, except that  
78 such person failed to file the required exemption application within  
79 the time period prescribed, shall be regarded as having filed said  
80 application in a timely manner if such person files said application not  
81 later than thirty days after the effective date of this section and pays  
82 the late filing fee pursuant to section 12-81k of the general statutes.  
83 Upon confirmation of the receipt of such fee and verification of the

84 exemption eligibility of the machinery and equipment included in such  
 85 application, the assessor shall approve the exemption for such  
 86 property. If taxes have been paid on the property for which such  
 87 exemption is approved, the town of Milford shall reimburse such  
 88 person in an amount equal to the amount by which such taxes exceed  
 89 the taxes payable if the application had been filed in a timely manner.  
 90 Notwithstanding the provisions of subsection (c) of section 12-94b of  
 91 the general statutes and section 12-94e of the general statutes, the  
 92 assessor of the town of Milford may submit such approved exemption  
 93 application to the Secretary of the Office of Policy and Management  
 94 together with a request for reimbursement of the tax loss resulting  
 95 from such exemption. Subject to the secretary's review and approval of  
 96 such exemption, such reimbursement shall be included in the next  
 97 certification the secretary makes to the Comptroller under the  
 98 provisions of section 12-94b of the general statutes.

99       Sec. 6. (*Effective from passage*) Notwithstanding the provisions of  
 100 sections 12-632 and 12-633 of the general statutes, a business firm that  
 101 applied for a tax credit under chapter 228a of the general statutes  
 102 during the calendar year 2009, and received approval from the  
 103 Department of Revenue Services for such credit, may take such credit  
 104 for the income year commencing during 2009, provided such firm  
 105 establishes, to the satisfaction of said department, that the donation  
 106 was made to the program on or before June 30, 2010.

|   |                     |             |
|---|---------------------|-------------|
| This act shall take effect as follows and shall amend the following sections: |                     |             |
| Section 1   | <i>from passage</i> | New section |
| Sec. 2  | <i>from passage</i> | New section |
| Sec. 3  | <i>from passage</i> | New section |
| Sec. 4  | <i>from passage</i> | New section |
| Sec. 5  | <i>from passage</i> | New section |
| Sec. 6  | <i>from passage</i> | New section |

**FIN**       *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

### **OFA Fiscal Note**

#### **State Impact:**

| <b>Agency Affected</b>         | <b>Fund-Effect</b>  | <b>FY 11 \$</b> | <b>FY 12 \$</b> |
|--------------------------------|---------------------|-----------------|-----------------|
| Department of Revenue Services | GF - Revenue Impact | See Below       | See Below       |

Note: GF=General Fund

#### **Municipal Impact:**

| <b>Municipalities</b>            | <b>Effect</b> | <b>FY 11 \$</b> | <b>FY 12 \$</b> |
|----------------------------------|---------------|-----------------|-----------------|
| Bridgeport; Milford; New Britain | Revenue Gain  | Significant     | Significant     |
| Various Municipalities           | Revenue Loss  | See Below       | See Below       |

### **Explanation**

The bill will result in a significant revenue increase in the Payment-in-Lieu-of Taxes for Manufacturing Machinery and Equipment (PILOT MME) grant to Milford and New Britain in FY 11. Pursuant to PA 10-3, "AAC Deficit Mitigation for the Fiscal Year Ending June 30, 2010", the PILOT MME grant is underfunded by an anticipated \$22.10 million for FY 11, resulting in a pro rata reduction to all grants. This existing underfunding combined with the known reimbursements of \$6.98 million granted by PA 10-01 that are payable in FY 11 further increases the amount of underfunding to an estimated \$29.08 million. The bill increases the amount of underfunding by an estimated \$196,675<sup>1</sup> to \$29.27 million for FY 11, which will result in no state fiscal impact but will reduce grants to all other municipalities.

This bill will result in a revenue increase in the Distressed

<sup>1</sup>It should be noted that if another eligible firm in the same town failed to file during that particular grand list year, the amount of exemption and state reimbursement could be greater. It is unknown whether any such firms would be eligible and file

Municipalities grant to Bridgeport in FY 11. Based on sHB 5018, the Appropriations Committee FY 11 Revised Budget, the appropriation for the Distressed Municipalities grant is insufficient in FY 11. This existing underfunding combined with the known reimbursements of \$2.15 million granted by PA 10-01 that are payable in FY 11 further increases the amount of underfunding to \$2.25 million. The bill increases the amount of underfunding by an estimated \$47,000<sup>2</sup> to \$2.29 million for FY 11, which will result in no state fiscal impact but reduces grants to all other municipalities.

The bill is anticipated to result in a one-time General Fund revenue loss to the Corporation Business Tax of \$325,000 in FY 11 as a result of increasing the organization contribution cap for the 2009 income year. The bill may shift \$118,750 worth of corporation business tax credits to FY 11 instead of FY 12. This would result in a revenue loss of as much as \$118,750 in FY 11 and preclude a revenue loss of as much as \$118,750 in FY 12.

### ***The Out Years***

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

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<sup>2</sup> It should be noted that if another eligible firm in the same town failed to file during that particular grand list year, the amount of exemption and state reimbursement could be greater. It is unknown whether any such firms would be eligible and file.

**OLR Bill Analysis**

**sHB 5482**

***AN ACT EXTENDING THE DEADLINE FOR CERTAIN TAX CREDITS AND EXEMPTIONS.***

**SUMMARY:**

This bill gives certain taxpayers who missed deadlines for filing for property tax exemptions or qualifying for Neighborhood Assistance Act business tax credits additional time to do so and receive the exemptions or credits retroactively. It also allows a qualifying program that received Neighborhood Assistance Act donations for 2009 that exceeded the annual limit on such donations to keep the excess donations.

EFFECTIVE DATE: Upon passage

**§ 1 — PROPERTY LOCATED IN A DISTRESSED MUNICIPALITY, TARGETED INVESTMENT COMMUNITY, OR ENTERPRISE ZONE**

The bill allows a Bridgeport taxpayer to receive the following property tax exemptions for the 2007 and 2008 grand list years even though it missed the filing deadlines for the exemptions for:

1. manufacturing and service facilities located in distressed municipalities, targeted investment communities, or enterprise zones (CGS § 12-81 (59)) and
2. machinery and equipment in manufacturing or service facilities located in distressed municipalities, targeted investment communities, or enterprise zones (CGS § 12-81 (60)).

By law, property owners must apply to local assessors for these exemptions by November 1 annually. The bill waives the deadline for the Bridgeport property owners if they apply within 30 days of the bill's passage and pay the statutory late fee.

The bill requires the Bridgeport assessor to (1) verify eligibility for, and approve the exemption; (2) refund any excess taxes paid on the property; and (3) submit the request for a tax loss reimbursement to the Office of Policy and Management (OPM) secretary. Subject to the secretary's review and approval, the bill requires the state to include the required 50% tax loss reimbursement for the property in its next annual grant payment to Bridgeport for property tax losses on such property.

## **§ 2 — PROPERTY LEASED TO A CHARITABLE, RELIGIOUS, OR NONPROFIT ORGANIZATION**

A municipality may, by ordinance, exempt real or personal property from property tax when it is leased to a charitable, religious, or nonprofit organization. To be exempt, the property must be used exclusively for the organization's purposes.

The bill allows a Middletown taxpayer who failed to file the required application for the exemption in time but who was otherwise eligible for it for the 2008 and 2009 grand list years, to apply for the exemption for those years within 30 days after the bill's effective date. The Middletown assessor must verify the taxpayer's eligibility for, and approve, the exemption, and Middletown must refund any excess taxes paid on the property.

## **§§ 3 & 6 — NEIGHBORHOOD ASSISTANCE ACT CREDITS**

The Neighborhood Assistance Act provides business tax credits to companies that donate to municipal and nonprofit organization programs approved by municipalities. The law limits the total contributions an eligible program may receive from companies claiming the credits to \$150,000 per year.

The bill overrides this limit and requires the Department of Revenue Services (DRS) commissioner to approve funding in excess of \$150,000 for the 2009 income year for an organization conducting programs approved by the city of Hartford and DRS.

It also allows a business to claim a Neighborhood Assistance Act tax

credit for the 2009 tax year for certain qualifying donations if (1) it applied to DRS for approval of the qualifying donations during 2009, (2) DRS approved the donations for a tax credit, and (3) the business establishes to DRS' satisfaction that it made the donation by June 30, 2010.

**§§ 4 & 5 — MANUFACTURING MACHINERY AND EQUIPMENT**

The bill allows New Britain and Milford taxpayers to receive property tax exemptions for manufacturing machinery and equipment (§ 12-81 (72)) for the 2008 and 2009 grand list years, respectively, even though they missed the filing deadlines for the exemption.

By law, property owners must apply to local assessors for this exemption by November 1 annually. The bill waives the deadline for the New Britain and Milford property owners if they apply within 30 days of the bill's passage and pay the statutory late fee.

The bill requires the New Britain and Milford assessors to (1) verify eligibility for, and approve the exemptions; (2) refund any excess taxes paid on the property; and (3) submit the requests for a tax loss reimbursement to the OPM secretary. Subject to the secretary's review and approval, the bill requires the state to reimburse New Britain and Milford for their respective property tax losses on the property.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 55 Nay 0 (04/05/2010)