



House of Representatives

File No. 873

General Assembly

January Session, 2011

(Reprint of File No. 411)

Substitute House Bill No. 6529
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
June 2, 2011

***AN ACT PROMOTING ECONOMIC DEVELOPMENT IN THE AREA
SURROUNDING OXFORD AIRPORT.***

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

1 Section 1. Section 32-75d of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2012*):

3 There [is] are established [an] two airport development [zone,]
4 zones, one of which is comprised of the following census tracts as
5 assigned on October 1, 2011, in the towns of Middlebury, Oxford and
6 Southbury: 3442, 3461.01, 3461.02 and 3481.21, and one of which is
7 comprised of the following census blocks as assigned on October 1,
8 2011, in the towns of Windsor Locks, Suffield, East Granby and
9 Windsor:

T1	090034701001022,	090034701003000,	090034701003001,
T2	090034701003002,	090034701003003,	090034701003004,
T3	090034701003005,	090034701003017,	090034701003018,
T4	090034701003019,	090034701003020,	090034701003021,
T5	090034701003025,	090034701003026,	090034735022009,
T6	090034735022010,	090034735022011,	090034735022012,

T7	090034735022013,	090034735025004,	090034735027000,
T8	090034735029000,	090034735029001,	090034735029002,
T9	090034735029003,	090034735029004,	090034735029006,
T10	090034761009000,	090034761009010,	090034761009011,
T11	090034761009012,	090034761009013,	090034762001023,
T12	090034762001025,	090034762002009,	090034762002013,
T13	090034763003004,	090034763009000,	090034763009001,
T14	090034763009002,	090034763009003,	090034763009004,
T15	090034763009005,	090034763009006,	090034763009007,
T16	090034763009008,	090034763009009,	090034763009010,
T17	090034763009011,	090034763009012,	090034763009013,
T18	090034763009014,	090034763009015,	090034763009016,
T19	090034763009017,	090034763009018,	090034763009020,
T20	090034763009021,	090034763009022,	090034763009023,
T21	090034763009024,	090034763009025,	090034763009026,
T22	090034763009031,	090034763009033,	090034771014005,
T23	090034771014011,	090034771014012,	090034771014013,
T24	090034771014014,	090034771014017,	090034771014018,
T25	090034771014019,	090034771014020,	090034771023025,
T26	090034771023026,	090034771023027,	090034771023036,
T27	090034701003006,	090034701003022,	090034701003023,
T28	090034701005000,	090034761001039,	090034763009028.

10 Sec. 2. Subparagraph (c) of subdivision (59) of section 12-81 of the
11 general statutes, as amended by section 2 of public act 10-98, is
12 repealed and the following is substituted in lieu thereof (*Effective*
13 *October 1, 2012*):

14 (c) The completion date of a manufacturing facility, manufacturing
15 plant or a service facility will be determined by the Department of
16 Economic and Community Development taking into account the
17 issuance of occupancy certificates and such other factors as it deems
18 relevant. In the case of a manufacturing facility, manufacturing plant
19 or a service facility which consists of a constructed, renovated or
20 expanded portion of an existing plant, the assessed valuation of the
21 facility or manufacturing plant is the difference between the assessed
22 valuation of the plant prior to its being improved and the assessed
23 valuation of the plant upon completion of the improvements. In the
24 case of a manufacturing facility, manufacturing plant or a service

25 facility which consists of an acquired portion of an existing plant, the
26 assessed valuation of the facility or manufacturing plant is the assessed
27 valuation of the portion acquired. This exemption shall be applicable
28 during each such assessment year regardless of any change in the
29 ownership or occupancy of the facility or manufacturing plant. If
30 during any such assessment year, however, any facility for which an
31 eligibility certificate has been issued ceases to qualify as a
32 manufacturing facility, manufacturing plant or a service facility, the
33 entitlement to the exemption allowed by this subdivision shall
34 terminate for the assessment year following the date on which the
35 qualification ceases, and there shall not be a pro rata application of the
36 exemption. Any person who desires to claim the exemption provided
37 in this subdivision shall file annually with the assessor or board of
38 assessors in the distressed municipality, targeted investment
39 community, enterprise zone designated pursuant to section 32-70 or in
40 [the] a town within [the] an airport development zone established
41 pursuant to section 32-75d, as amended by this act, in which the
42 manufacturing facility or service facility is located, on or before the
43 first day of November, written application claiming such exemption on
44 a form prescribed by the Secretary of the Office of Policy and
45 Management. Failure to file such application in this manner and form
46 within the time limit prescribed shall constitute a waiver of the right to
47 such exemption for such assessment year, unless an extension of time
48 is allowed pursuant to section 12-81k, and upon payment of the
49 required fee for late filing;

50 Sec. 3. Subparagraph (c) of subdivision (60) of section 12-81 of the
51 general statutes, as amended by section 3 of public act 10-98, is
52 repealed and the following is substituted in lieu thereof (*Effective*
53 *October 1, 2012*):

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

59 the assessment year of such termination. Any person who desires to
60 claim the exemption provided in this subdivision shall file annually
61 with the assessor or board of assessors in the distressed municipality,
62 targeted investment community, enterprise zone designated pursuant
63 to section 32-70 or [the] a town in [the] an airport development zone
64 established pursuant to section 32-75d, as amended by this act, in
65 which the manufacturing facility or service facility is located, on or
66 before the first day of November, written application claiming such
67 exemption on a form prescribed by the Secretary of the Office of Policy
68 and Management. Failure to file such application in this manner and
69 form within the time limit prescribed shall constitute a waiver of the
70 right to such exemption for such assessment year, unless an extension
71 of time is allowed pursuant to section 12-81k, and upon payment of the
72 required fee for late filing. This exemption shall not apply to rolling
73 stock.

74 Sec. 4. Subsection (d) of section 32-9p of the general statutes, as
75 amended by section 5 of public act 10-98, is repealed and the following
76 is substituted in lieu thereof (*Effective October 1, 2012*):

77 (d) "Manufacturing facility" means any plant, building, other real
78 property improvement, or part thereof, (1) which (A) is constructed or
79 substantially renovated or expanded on or after July 1, 1978, in a
80 distressed municipality, a targeted investment community as defined
81 in section 32-222, an enterprise zone designated pursuant to section 32-
82 70 or [the] an airport development zone established pursuant to
83 section 32-75d, or (B) is acquired on or after July 1, 1978, in a distressed
84 municipality, a targeted investment community as defined in section
85 32-222, an enterprise zone designated pursuant to said section 32-70 or
86 [the] an airport development zone established pursuant to section 32-
87 75d, as amended by this act, by a business organization which is
88 unrelated to and unaffiliated with the seller, after having been idle for
89 at least one year prior to its acquisition and regardless of its previous
90 use; (2) which is to be used for the manufacturing, processing or
91 assembling of raw materials, parts or manufactured products, for
92 research and development facilities directly related to manufacturing,

93 for the significant servicing, overhauling or rebuilding of machinery
94 and equipment for industrial use, or, except as provided in this
95 subsection, for warehousing and distribution or, (A) if located in an
96 enterprise zone designated pursuant to said section 32-70, which is to
97 be used by an establishment, an auxiliary or an operating unit of an
98 establishment as such terms are defined in the Standard Industrial
99 Classification Manual, in the categories of depository institutions,
100 nondepository credit institutions, insurance carriers, holding or other
101 investment offices, business services, health services, fishing, hunting
102 and trapping, motor freight transportation and warehousing, water
103 transportation, transportation by air, transportation services, security
104 and commodity brokers, dealers, exchanges and services,
105 telemarketing or engineering, accounting, research, management and
106 related services including, but not limited to, management consulting
107 services from the Standard Industrial Classification Manual or in
108 Sector 48, 49, 52, 54, 55, or 62, Subsector 114 or 561, or industry group
109 5621 in the North American Industrial Classification System, United
110 States Manual, United States Office of Management and Budget, 1997
111 edition, which establishment, auxiliary or operating unit shows a
112 strong performance in exporting goods and services, and as further
113 defined by the commissioner through regulations adopted under
114 chapter 54, or (B) if located in an enterprise zone designated pursuant
115 to said section 32-70, which is to be used by an establishment primarily
116 engaged in supplying goods or services in the fields of computer
117 hardware or software, computer networking, telecommunications or
118 communications, or (C) if located in a municipality with an
119 entertainment district designated under section 32-76 or established
120 under section 2 of public act 93-311, is to be used in the production of
121 entertainment products, including multimedia products, or as part of
122 the airing, display or provision of live entertainment for stage or
123 broadcast, including support services such as set manufacturers,
124 scenery makers, sound and video equipment providers and
125 manufacturers, stage and screen writers, providers of capital for the
126 entertainment industry and agents for talent, writers, producers and
127 music properties and technological infrastructure support including,

128 but not limited to, fiber optics, necessary to support multimedia and
129 other entertainment formats, except entertainment provided by or
130 shown at a gambling or gaming facility or a facility whose primary
131 business is the sale or serving of alcoholic beverages, or (D) if located
132 in [the] an airport development zone established pursuant to section
133 32-75d, as amended by this act, (i) which is to be used for the
134 warehousing or motor freight distribution of goods transported by
135 aircraft to or from an airport located in such zone, or (ii) in the opinion
136 of the Commissioner of Economic and Community Development, is
137 dependent upon or directly related to such airport and which, except
138 as provided in this subparagraph, is to be used for any other business
139 service, including, but not limited to, information technology but
140 excluding any service provided by an organization that has a North
141 American Industrial Classification Code of 441110 to 454390, inclusive,
142 532111, 532112 or 812930; and (3) for which the department has issued
143 an eligibility certificate in accordance with section 32-9r, as amended
144 by this act. In the case of facilities which are acquired, the department
145 may waive the requirement of one year of idleness if it determines
146 that, absent qualification as a manufacturing facility under
147 subdivisions (59) and (60) of section 12-81, as amended by this act, and
148 sections 12-217e, 32-9p to 32-9s, inclusive, as amended by this act, and
149 32-23p, there is a high likelihood that the facility will remain idle for
150 one year. In the case of facilities located in an enterprise zone
151 designated pursuant to said section 32-70, (A) the idleness requirement
152 in subparagraph (B) of subdivision (1) of this subsection, for business
153 organizations which over the six months preceding such acquisition
154 have had an average total employment of between six and nineteen
155 employees, inclusive, shall be reduced to a minimum of six months,
156 and (B) the idleness requirement shall not apply to business
157 organizations with an average total employment of five or fewer
158 employees, provided no more than one eligibility certificate shall be
159 issued under this subparagraph for the same facility within a three-
160 year period. Of those facilities which are for warehousing and
161 distribution, only those which are newly constructed or which
162 represent an expansion of an existing facility qualify as manufacturing

163 facilities. In the event that only a portion of a plant is acquired,
164 constructed, renovated or expanded, only the portion acquired,
165 constructed, renovated or expanded constitutes the manufacturing
166 facility. A manufacturing facility which is leased may for the purposes
167 of subdivisions (59) and (60) of section 12-81, as amended by this act,
168 and sections 12-217e, 32-9p to 32-9s, inclusive, as amended by this act,
169 and 32-23p, be treated in the same manner as a facility which is
170 acquired if the provisions of the lease serve to further the purposes of
171 subdivisions (59) and (60) of section 12-81, as amended by this act, and
172 sections 12-217e, 32-9p to 32-9s, inclusive, as amended by this act, and
173 32-23p and demonstrate a substantial, long-term commitment by the
174 occupant to use the manufacturing facility, including a contract for
175 lease for an initial minimum term of five years with provisions for the
176 extension of the lease at the request of the lessee for an aggregate term
177 which shall not be less than ten years, or the right of the lessee to
178 purchase the facility at any time after the initial five-year term, or both.
179 For a facility located in an enterprise zone designated pursuant to said
180 section 32-70, and occupied by a business organization with an average
181 total employment of ten or fewer employees over the six-month period
182 preceding acquisition, such contract for lease may be for an initial
183 minimum term of three years with provisions for the extension of the
184 lease at the request of the lessee for an aggregate term which shall not
185 be less than six years, or the right of the lessee to purchase the facility
186 at any time after the initial three-year term, or both, and may also
187 include the right for the lessee to relocate to other space within the
188 same enterprise zone, provided such space is under the same
189 ownership or control as the originally leased space or if such space is
190 not under such same ownership or control as the originally leased
191 space, permission to relocate is granted by the lessor of such originally
192 leased space, and such relocation shall not extend the duration of
193 benefits granted under the original eligibility certificate. Except as
194 provided in subparagraph (B) of subdivision (1) of this subsection, a
195 manufacturing facility does not include any plant, building, other real
196 property improvement or part thereof used or usable for such
197 purposes which existed before July 1, 1978.

198 Sec. 5. Subsection (a) of section 32-9r of the general statutes, as
199 amended by section 6 of public act 10-98, is repealed and the following
200 is substituted in lieu thereof (*Effective October 1, 2012*):

201 (a) Any person may apply to the department for a determination as
202 to whether the facility described in an application qualifies as a
203 manufacturing facility or service facility. Applications for eligibility
204 certificates are to be made on the forms and in the manner prescribed
205 by the department. In evaluating each application the department may
206 require the submission of all books, records, documents, drawings,
207 specifications, certifications and other evidentiary items which it
208 deems appropriate. No eligibility certificate shall be issued after March
209 1, 1991, for a manufacturing facility located in a distressed
210 municipality which does not qualify as a targeted investment
211 community unless the department has issued to the applicant a
212 commitment letter for such facility prior to March 1, 1991.
213 Notwithstanding the provisions of this subsection, an eligibility
214 certificate may be issued by the department after March 1, 1991, for a
215 qualified manufacturing facility acquired, constructed or substantially
216 renovated in a distressed municipality provided the commissioner
217 determines that such acquisition, construction or substantial
218 renovation was initiated prior to March 1, 1991, and was legitimately
219 induced by the prospect of assistance under section 12-217e and
220 subdivisions (59) and (60) of section 12-81, as amended by this act,
221 respectively. The department may issue an eligibility certificate for a
222 qualified manufacturing facility or a qualified service facility located in
223 a targeted investment community upon determination by the
224 commissioner (A) that the acquisition, construction or substantial
225 renovation relating to the qualified manufacturing facility or qualified
226 service facility in such community was induced by the prospect of
227 assistance under section 12-217e and subdivisions (59) and (60) of said
228 section 12-81; and (B) the applicant demonstrates an economic need or
229 there is an economic benefit to the state. Notwithstanding the
230 provisions of this subsection, an eligibility certificate shall be issued by
231 the department after October 1, 2010, for a qualified manufacturing

232 facility located in [the] an airport development zone established
233 pursuant to section 32-75d, and may be issued by the department after
234 October 1, 2010, for a facility described in subparagraph (D) of
235 subdivision (2) of subsection (d) of section 32-9p, as amended by this
236 act, upon determination by the commissioner (i) that the acquisition,
237 construction or substantial renovation relating to the qualified
238 manufacturing facility or facility described in said subparagraph (D) in
239 the airport development zone was induced by the prospect of
240 assistance under section 12-217e and subdivisions (59) and (60) of said
241 section 12-81, as amended by this act; and (ii) the applicant
242 demonstrates an economic need and there is an economic benefit to the
243 state. The department shall issue an eligibility certificate if the
244 commissioner determines (1) that the manufacturing facility is located
245 in an enterprise zone designated pursuant to section 32-70 and is a
246 qualified manufacturing facility or (2) that the facility is a plant,
247 building, other real property improvement, or part thereof, which is
248 located in a municipality with an entertainment district designated
249 under section 32-76 or established under section 2 of public act 93-311,
250 and which qualifies as a "manufacturing facility" under subsection (d)
251 of section 32-9p, as amended by this act, in that it is to be used in the
252 production of entertainment products, including multimedia products,
253 or as part of the airing, display or provision of live entertainment for
254 stage or broadcast, including support services such as set
255 manufacturers, scenery makers, sound and video equipment providers
256 and manufacturers, stage and screen writers, providers of capital for
257 the entertainment industry and agents for talent, writers, producers
258 and music properties and technological infrastructure support
259 including, but not limited to, fiber optics, necessary to support
260 multimedia and other entertainment formats, except entertainment
261 provided by or shown at a gambling or gaming facility or a facility
262 whose primary business is the sale or serving of alcoholic beverages.

263 Sec. 6. Section 32-9s of the general statutes, as amended by section 7
264 of public act 10-98, is repealed and the following is substituted in lieu
265 thereof (*Effective October 1, 2012*):

266 The state shall make an annual grant payment to each municipality,
267 to each district, as defined in section 7-325, which is located in a
268 distressed municipality, targeted investment community, enterprise
269 zone or municipality within [the] an airport development zone
270 established pursuant to section 32-75d, as amended by this act, and to
271 each special services district created pursuant to chapter 105a which is
272 located in a distressed municipality, targeted investment community
273 or enterprise zone in the amount of fifty per cent of the amount of that
274 tax revenue which the municipality or district would have received
275 except for the provisions of subdivisions (59) and (60) of section 12-81,
276 as amended by this act, or subdivision (70) of said section 12-81. On or
277 before the first day of August of each year, each municipality and
278 district shall file a claim with the Secretary of the Office of Policy and
279 Management for the amount of such grant payment to which such
280 municipality or district is entitled under this section. The claim shall be
281 made on forms prescribed by the secretary and shall be accompanied
282 by such supporting information as the secretary may require. Any
283 municipality or district which neglects to transmit to the secretary such
284 claim and supporting documentation as required by this section shall
285 forfeit two hundred fifty dollars to the state, provided the secretary
286 may waive such forfeiture in accordance with procedures and
287 standards adopted by regulation in accordance with chapter 54. The
288 secretary shall review each such claim as provided in section 12-120b.
289 Any claimant aggrieved by the results of the secretary's review shall
290 have the rights of appeal as set forth in section 12-120b. The secretary
291 shall, on or before the December fifteenth next succeeding the deadline
292 for the receipt of such claims, certify to the Comptroller the amount
293 due under this section, including any modification of such claim made
294 prior to December fifteenth, to each municipality or district which has
295 made a claim under the provisions of this section. The Comptroller
296 shall draw an order on the Treasurer on or before the fifth business
297 day following December fifteenth, and the Treasurer shall pay the
298 amount thereof to each such municipality or district on or before the
299 following December thirty-first. If any modification is made as the
300 result of the provisions of this section on or after the December first

301 following the date on which the municipality or district has provided
302 the amount of tax revenue in question, any adjustment to the amount
303 due to any municipality or district for the period for which such
304 modification was made shall be made in the next payment the
305 Treasurer shall make to such municipality or district pursuant to this
306 section. In the fiscal year commencing July 1, 2003, and in each fiscal
307 year thereafter, the amount of the grant payable to each municipality
308 and district in accordance with this section shall be reduced
309 proportionately in the event that the total amount of the grants
310 payable to all municipalities and districts exceeds the amount
311 appropriated.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2012	32-75d
Sec. 2	October 1, 2012	12-81(59)(c)
Sec. 3	October 1, 2012	12-81(60)(c)
Sec. 4	October 1, 2012	32-9p(d)
Sec. 5	October 1, 2012	32-9r(a)
Sec. 6	October 1, 2012	32-9s

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:

Agency Affected	Fund-Effect	FY 12 \$	FY 13 \$
Department of Revenue Services	GF - Revenue Loss	None	75,000-175,000

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 12 \$	FY 13 \$
Oxford, Middlebury, Southbury	Grand List Expansion	Potential	Potential
Various Municipalities	Revenue Loss	None	None

Explanation

The bill extends certain tax exemptions and corporation business tax credits to a newly established airport development zone in the towns of Middlebury, Oxford, and Southbury. This is estimated to result in 1) a revenue loss to the General Fund of \$75,000-\$175,000 in FY 13 and \$100,000-\$200,000 annually thereafter; 2) a potential grand list expansion for the towns of Oxford, Middlebury, and Southbury; and 3) a potential revenue loss to various municipalities beginning in FY 14.

The General Fund revenue loss is due to the extension of certain enterprise zone corporation tax credits to the airport development zone, and is based on enterprise zone tax credit utilization data from the past three fiscal years. To the extent that these financial incentives result in economic development that otherwise would not have occurred, the revenue loss could be off-set by additional tax revenue from the creation of new or the expansion of existing businesses.

Additionally, to the extent that enactment of the bill encourages

development by eligible businesses within Middlebury, Oxford, and Southbury, a potential grand list expansion will result. A temporary (generally five years) eighty percent (80%) exemption would be applied to the assessed value of any improvements and/or machinery and equipment purchases.

House "A" clarifies the towns comprising the enterprise zone, which does not result in any fiscal impact.

The Out Years

State Impact:

Agency Affected	Fund-Effect	FY 14 \$	FY 15 \$	FY 16 \$
Department of Revenue Services	GF - Revenue Loss	100,000-200,000	100,000-200,000	100,000-200,000

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 14 \$	FY 15 \$	FY 16 \$
Oxford, Middlebury, Southbury	Grand List Expansion	Potential	Potential	Potential
Various Municipalities	Revenue Loss	Potential	Potential	Potential

The annualized revenue loss and potential grand list expansion identified above would continue into the future.

Additionally, the state reimburses municipalities up to 50% of the tax loss for facility improvements and machinery and equipment purchases for five years through the Distressed Municipalities grant administered by the Office of Policy and Management beginning in FY 14. If the appropriation is insufficient to fully fund the Distressed Municipalities grant, all payments are reduced on a pro rata basis, thus there is no cost to the state, though this may result in reduced grants to other municipalities.

Sources: Department of Revenue Services Fiscal Year 2010, 2009, and 2008 Annual Reports

OLR Bill Analysis**sHB 6529 (as amended by House "A")******AN ACT PROMOTING ECONOMIC DEVELOPMENT IN THE AREA SURROUNDING OXFORD AIRPORT.*****SUMMARY:**

PA 10-98 created a development zone around Bradley International Airport and extended enterprise zone property tax exemptions and corporation business tax credits to manufacturers and other specified businesses that develop or acquire property in the zone. The zone, called the Bradley Airport Development Zone (BADZ), encompassed specified census blocks in East Granby, Suffield, Windsor, and Windsor Locks. The act also designated those census blocks as "distressed municipalities," thus qualifying projects in the zone for state funds under different programs.

This bill creates a second airport development zone in specified census tracts as assigned on October 1, 2011 in the towns of Middlebury, Oxford, and Southbury (see COMMENT). It extends to this Oxford Airport Development Zone the same tax exemptions and corporation business tax credits that apply to the Bradley zone. But the bill does not extend to Middlebury, Oxford, and Southbury any benefits related to the distressed municipality designation, as the bill does not designate the census tracts in the Oxford Airport Development Zone as distressed municipalities.

*House Amendment "A" expands the development zone to include specified census tracts in Middlebury and Southbury, rather than only Oxford.

EFFECTIVE DATE: October 1, 2012

AIRPORT DEVELOPMENT ZONE PROPERTY TAX EXEMPTIONS AND CORPORATION BUSINESS TAX CREDITS

Eligible Business Facilities

PA 10-98 extended the existing enterprise zone property tax exemptions and corporation business tax credits to the BADZ, but for a narrower range of businesses. The bill extends these same exemptions and credits to the Oxford Airport Development Zone.

As under the enterprise zone program, a business qualifies for these tax incentives based on the facility's condition and use. The business must have (1) constructed, substantially renovated, or expanded the facility or (2) acquired it from an unrelated seller after it was idle for at least a year, although the Department of Economic and Community Development (DECD) may waive the idleness requirement in specified circumstances.

The business qualifies for the exemption if it uses the facility for manufacturing, warehousing and motor freight distribution, and certain business services. As under the enterprise zone program, manufacturing includes:

1. manufacturing, processing, or assembling raw materials, parts, and manufactured products;
2. performing manufacturing-related research and development; and
3. significantly servicing, overhauling, or rebuilding machinery and equipment for industrial uses.

Warehousing and motor freight distribution facilities qualify for the exemption, but only if they handle goods shipped by air. Those facilities located in an enterprise zone qualify for the exemption without qualification.

Facilities housing business services, including information technology, also qualify for the incentives if the DECD commissioner

determines they depend upon or are directly related to the airport. Certain facilities are excluded, such as those housing car dealerships and retailers. Facilities in the enterprise zones that house a wide range of services qualify for the incentives. These include financial and health services, and telemarketing or engineering, accounting, research, management, and related services.

Property Tax Exemptions

PA 10-98 extended the enterprise zone tax exemptions for real and personal property to eligible businesses in the BADZ. The bill also extends these exemptions to the Oxford Airport Development Zone. Businesses that construct, renovate, or expand a facility qualify for an exemption based on the facility's value. The exemption equals 80% of the improvement's assessed value, and it is generally good for five years. Businesses acquiring facilities also qualify for the same five-year exemption, which is based on the assessed value of the acquired facility.

As under the enterprise zone program, non-manufacturing businesses developing or acquiring a facility in an airport development zone also qualify for a five-year, 80% exemption on the assessed value of machinery and equipment they install in the facility as part of its development or acquisition. (The law exempts all manufacturers from paying property taxes on new and existing machinery and equipment.)

The exemptions represent property tax revenues the municipalities forgo. As under the enterprise zone law, the state must reimburse the municipalities for half of the forgone revenue.

The enterprise zone program's administrative processes are used to administer the property tax exemptions and the state reimbursements. Thus, a business must apply to DECD for a certificate certifying that the facility qualifies for the exemption. It must annually file for the exemption by November 1 with the municipality's tax assessor. It waives its right to do so if it misses this deadline, unless it is granted an extension as the law allows.

To receive reimbursements, a municipality must submit its claims to the Office of Policy and Management secretary by August 1 annually as the law provides. The secretary must certify the claim to the comptroller by December 15. The comptroller has five business days to issue the order directing the treasurer to pay the claim. The treasurer has until December 31 to do so.

Corporation Business Tax Credits. PA 10-98 also extended the enterprise zone's corporation business tax credits to the BADZ. The bill extends these same credits to the Oxford Airport Development Zone. Under the enterprise zone program, businesses that qualify for the property tax exemptions also qualify for a 10-year corporation business tax credit equal to the portion of the tax attributable to the facility. (The law specifies how businesses must calculate that amount.) The credit equals 25% of the tax.

Businesses qualify for the credit under similar terms and conditions as businesses in the enterprise zone.

DISTRESSED MUNICIPALITY

The law provides that a distressed municipality includes "the portion of any municipality that contains the airport development zone established pursuant to" the statute creating the BADZ. The bill does not change this provision, but changes other sections of the statutes which refer to "the airport development zone" to instead refer to "an airport development zone." Thus, it appears that the bill does not designate the census tracts in the Oxford Airport Development Zone as distressed municipalities (see Related Bills below).

BACKGROUND

Related Bills

sSB 1216 (File 735) corrects an effective date in PA 10-98, which created the Bradley Airport Development Zone.

sHB 6388 (File 783) eliminates the 50% state reimbursement for real and personal property tax exemptions in targeted investment

communities, enterprise zones, and the Bradley Airport Development Zone.

sHB 6602 (File 556) repeals the provision under which the Bradley Airport Development Zone is designated a “distressed municipality” and thus qualifies for funds under various programs.

COMMENT

The amendment cites to an outdated census tract in Southbury, as of the 2010 Census. The geographic area formerly encompassing census tract 3481.21 has been split into two tracts, 3481.22 and 3481.23 (U.S. Census Bureau, Topologically Integrated Geographic Encoding and Referencing (Tiger) system files).

COMMITTEE ACTION

Commerce Committee

Joint Favorable
Yea 19 Nay 0 (03/22/2011)

Transportation Committee

Joint Favorable
Yea 31 Nay 0 (04/19/2011)

Finance, Revenue and Bonding Committee

Joint Favorable
Yea 52 Nay 0 (05/10/2011)

Planning and Development Committee

Joint Favorable
Yea 13 Nay 0 (05/20/2011)