

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 11-142—sHB 6529 (VETOED)

Commerce Committee

Transportation Committee

Finance, Revenue and Bonding Committee

Planning and Development Committee

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

SUMMARY: This act creates a second airport development zone in specified census tracts as assigned on October 1, 2011 in the towns of Middlebury, Oxford, and Southbury. (The zone includes a census tract in Southbury that is outdated as of the 2010 Census.) It extends to this Oxford Airport Development Zone the same tax exemptions and corporation business tax credits that apply to the previously authorized Bradley Airport Development Zone.

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.

EFFECTIVE DATE: October 1, 2012

**AIRPORT DEVELOPMENT ZONE PROPERTY TAX EXEMPTIONS AND
CORPORATION BUSINESS TAX CREDITS**

Eligible Business Facilities

The act extends the existing enterprise zone property tax exemptions and corporation business tax credits to the Oxford Airport Development Zone, but for a narrower range of businesses. These same exemptions and credits apply in the Bradley 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.

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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 on 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. (PA 11-140, §§ 13-18, expanded the enterprise zone benefits to more types of businesses and replaced references to an obsolete business classification code DECD uses to determine if a business qualifies for these tax and financial incentives under different programs.)

Property Tax Exemptions

The act extends the enterprise zone tax exemptions for real and personal property to eligible businesses in the Oxford Airport Development Zone. The same exemptions apply in the Bradley 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

The act also extends the enterprise zone's corporation business tax credits to the Oxford zone. The same credits apply in the Bradley zone. Under the enterprise zone program, businesses that qualify for the property tax exemptions also qualify

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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.

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