



# House of Representatives

General Assembly

**File No. 53**

February Session, 2012

Substitute House Bill No. 5160

*House of Representatives, March 20, 2012*

The Committee on Planning and Development reported through REP. GENTILE of the 104th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT ESTABLISHING A MUNICIPAL OPTION TO ABATE PROPERTY TAXES FOR SMALL BUSINESSES.***

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

1 Section 1. (NEW) (*Effective October 1, 2012, and applicable to assessment*  
2 *years commencing on or after said date*) Any municipality may, by  
3 ordinance, abate up to one hundred per cent of the property taxes due  
4 for any tax year with respect to new or newly acquired personal  
5 property owned by a small business. Such ordinance shall establish  
6 eligibility criteria for such abatement. No such abatement shall be valid  
7 for a period longer than three consecutive tax years. For purposes of  
8 this section, "small business" means a business entity employing not  
9 more than fifty full-time employees as of the date of assessment, and  
10 "full-time employee" means an employee required to work at least  
11 thirty-five hours or more per week, and who is not a temporary or  
12 seasonal employee.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2012, and applicable to assessment years commencing on or after said date</i>	New section

**PD**      *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.

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:**

<b>Municipalities</b>	<b>Effect</b>	<b>FY 13 \$</b>	<b>FY 14 \$</b>
Various Municipalities	Revenue Loss	Potential	Potential

**Explanation**

The bill allows municipalities to abate up to 100% of property taxes due on certain small business personal property. Municipalities electing to abate such property will experience a revenue loss. The revenue loss depends on the number of small businesses granted abatement, the value of the personal property, and the percentage of abatement.

**OLR Bill Analysis**

**sHB 5160**

***AN ACT ESTABLISHING A MUNICIPAL OPTION TO ABATE PROPERTY TAXES FOR SMALL BUSINESSES.***

**SUMMARY:**

This bill allows towns to abate up to 100% of property taxes due on certain small business personal property for up to three consecutive tax years. In order to offer the abatement, towns must adopt an ordinance that establishes its eligibility criteria. Towns may offer the abatement for new or newly acquired personal property owned by businesses that have 50 or fewer full-time employees as of the assessment date. Under the bill, a full-time employee is one who works at least 35 hours per week and is not a temporary or seasonal employee.

EFFECTIVE DATE: October 1, 2012, and applicable to assessment years starting on or after that date.

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable Substitute

Yea 14 Nay 6 (03/02/2012)