



# OLR RESEARCH REPORT

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## **ECONOMIC DEVELOPMENT INCENTIVES**

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You asked us to describe the local economic development incentives that towns comparable in population size to Ansonia provide.

### **SUMMARY**

We surveyed officials in 11 towns comparable in population size to Ansonia about property tax breaks, loans, grants, technical assistance, land assembly, and other incentives they provide for economic development projects. We spoke to officials in six of the towns (Avon, Berlin, Madison, New Canaan, Rocky Hill, and Waterford). We are awaiting calls back from Stonington, Bethel, East Lyme, Monroe, and Montville and will forward you their responses when we receive them.

Of the towns responding to our questions, only Rocky Hill and Berlin have formal tax incentive, grant, or loan programs. Both have adopted property tax abatement programs for major development projects under CGS § [12-65b](#) and provide loans or grants for specific economic development improvements. Ansonia offers state-reimbursed property tax exemptions available only to businesses in towns in state-designated enterprise zones. It is also in the process of developing a business grant program.

Waterford, Avon, and Ansonia indicated that they provide technical assistance to businesses and developers. Waterford's planning department, for example, provides mapping services to developers submitting land use applications. Avon's tax assessors help businesses relocating to the town ensure that their tax bills are accurate. Ansonia's economic development office helps businesses access state and federal economic development funds, tax incentives, and other assistance.

Rocky Hill was the only town that indicated that it had assembled parcels of property and conveyed them to private developers for economic development twice in the past 12 years. New Canaan noted that it had swapped parcels of land with developers in the past. In addition, Berlin has remediated contaminated properties for economic development purposes.

## **PROPERTY TAX INCENTIVES**

CGS § [12-65b](#) allows towns to offer property tax exemptions for certain economic development projects if the town's legislative body approves. Some towns establish criteria and an application process for the exemptions, while others authorize them on an individual basis. Two of the towns we surveyed, [Rocky Hill](#) and [Berlin](#), have established formal programs based on CGS § [12-65b](#). Madison also used this property tax abatement in the past, but not as part of a formal program. Under CGS § [12-65b](#), towns may exempt commercial and other types of development projects from real property taxes according to a statutory schedule, based on a project's value:

1. 100% exemption for up to seven years for projects over \$3 million,
2. 100% exemption for up to two years for projects over \$500,000, and
3. up to 50% exemption for up to three years for projects over \$25,000.

Avon's town manager indicated that while the town has not adopted a formal property tax incentive program, it would evaluate tax breaks for individual projects on a case-by-case basis. Waterford and New Canaan indicated that they do not offer any economic development-related tax breaks.

Ansonia differs from these six towns in that it is located in a multi-town enterprise corridor zone and thus must offer certain state-reimbursed property tax incentives. The law requires towns located in

these designated zones to exempt real and personal property taxes for manufacturers, financial service firms, and other specified businesses that build, expand, or rehabilitate a facility and install new or newly acquired machinery and equipment in it ([CGS § 12-81 \(59\) and \(60\)](#)). The exemption is generally for 80% of the improvement's value. The state reimburses the town for half of the property tax revenue it foregoes because of the exemption.

As with other towns located in an enterprise corridor zone, Ansonia must also fix the assessment for commercial and residential real property improvements (other than for manufacturing facilities), according to a seven-year schedule. The percentage of increase deferred is 100% for the first two years, 50% for the third year, and decreases by 10% in each of the remaining four years. The fixed assessment ends for residential rental properties renting to people above certain income limits. The state does not reimburse towns for this mandatory exemption ([CGS § 32-71](#)). New companies locating in these zones are also eligible for 10-year corporate income tax credits ([CGS § 12-217v](#)).

## **LOANS, GRANTS, AND TECHNICAL ASSISTANCE**

Berlin and Rocky Hill are the only two towns providing loans or grants for specific economic development improvements. Under its [Infrastructure Loan/Grant Fund program](#), Berlin provides forgivable loans for public infrastructure improvements associated with major facility improvements for office, manufacturing, warehouse, information technology, research and development, and certain retail uses. The town grants the loans for up to 3 years and forgives them if the project's net increase in real property taxes in its first three years in use equals or exceeds the loan amount. According to Berlin's town planner, the grants are awarded infrequently.

Rocky Hill offers grants to commercial property owners and tenants on the Silas Deane Highway for façade improvements. The [Façade Improvement Grants program](#) provides a 75% rebate for eligible exterior building façade and site improvements, up to a maximum of \$50,000, within available funds. It is funded by a state Small Town Economic Assistance Program grant.

While they do not award economic development grants or loans, Waterford and Avon indicated that they provide businesses and developers technical assistance. Avon's assessor, for instance, works closely with businesses relocating to the town to ensure that their business personal property is assessed correctly. Waterford's planning department provides other technical assistance, such as mapping.

Ansonia's economic development commission chairman indicated that the town works closely with businesses to help them access state and federal economic development resources. It is also in the process of developing a business grant program.

## **HYPERLINKS**

Berlin's Tax Abatement Program,  
<http://www.town.berlin.ct.us/content/195/225/2498/2595/default.aspx>, last visited December 20, 2012

Berlin's Infrastructure Loan/Grant Fund,  
<http://www.town.berlin.ct.us/content/195/225/2498/2598/default.aspx>, last visited December 20, 2012

Rocky Hill's Business Development Incentive Policy,  
<http://www.rockyhillct.gov/EconomicDev/IncentPol.pdf>, last visited December 20, 2012

Rocky Hill's Façade Improvements Grant Program,  
<http://www.rockyhillct.gov/EconomicDev/FacadeProgram/program.pdf>, last visited December 20, 2012

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