



House of Representatives

General Assembly

File No. 426

January Session, 2013

Substitute House Bill No. 5718

House of Representatives, April 9, 2013

The Committee on Planning and Development reported through REP. ROJAS of the 9th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING MUNICIPAL AUTHORITY TO PROVIDE TAX ABATEMENTS TO ENCOURAGE RESIDENTIAL DEVELOPMENT.

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

1 Section 1. Section 12-65b of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2013*):

3 (a) Any municipality may, by affirmative vote of its legislative body,
4 enter into a written agreement with any party owning or proposing to
5 acquire an interest in real property in such municipality, or with any
6 party owning or proposing to acquire an interest in air space in such
7 municipality, or with any party who is the lessee of, or who proposes
8 to be the lessee of, air space in such municipality in such a manner that
9 the air space leased or proposed to be leased shall be assessed to the
10 lessee pursuant to section 12-64, fixing the assessment of the real
11 property or air space which is the subject of the agreement, and all
12 improvements thereon or therein and to be constructed thereon or
13 therein, subject to the provisions of subsection (b) of this section, (1) for

14 a period of not more than seven years, provided the cost of such
 15 improvements to be constructed is not less than three million dollars,
 16 (2) for a period of not more than two years, provided the cost of such
 17 improvements to be constructed is not less than five hundred
 18 thousand dollars, or (3) to the extent of not more than fifty per cent of
 19 such increased assessment, for a period of not more than three years,
 20 provided the cost of such improvements to be constructed is not less
 21 than [twenty-five] ten thousand dollars.

22 (b) The provisions of subsection (a) of this section shall only apply if
 23 the improvements are for at least one of the following: (1) Office use;
 24 (2) retail use; (3) permanent residential use; (4) transient residential
 25 use; (5) manufacturing use; (6) warehouse, storage or distribution use;
 26 (7) structured multilevel parking use necessary in connection with a
 27 mass transit system; (8) information technology; (9) recreation
 28 facilities; [or] (10) transportation facilities; or (11) mixed-use
 29 development, as defined in section 8-13m.

30 Sec. 2. Section 12-65c of the general statutes is repealed and the
 31 following is substituted in lieu thereof (*Effective October 1, 2013*):

32 As used in sections 12-65c to 12-65f, inclusive:

33 (a) "Rehabilitation area" means any municipality, or a part thereof,
 34 [which is] that contains one or more properties that are deteriorated,
 35 deteriorating, substandard or detrimental to the safety, health, welfare
 36 or general economic well-being of the community;

37 (b) "Rehabilitation" means the improvement or repair of a structure
 38 or facilities appurtenant thereto, exclusive of general maintenance or
 39 minor repairs.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2013</i>	12-65b
Sec. 2	<i>October 1, 2013</i>	12-65c

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.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 14 \$	FY 15 \$
Various Municipalities	Grand List Reduction	None	Potential

Explanation

The bill expands eligibility for an optional property tax exemption on 50% of the assessment of certain improvements to a property. If a municipality chooses to grant such an exemption, it would reduce the municipality's grand list. This results in a loss of tax levy, given a constant mill rate.

The Out Years

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

OLR Bill Analysis

sHB 5718

AN ACT CONCERNING MUNICIPAL AUTHORITY TO PROVIDE TAX ABATEMENTS TO ENCOURAGE RESIDENTIAL DEVELOPMENT.

SUMMARY:

By law, towns can offer property tax exemptions for certain economic development projects if the town's legislative body approves. This bill decreases, from \$25,000 to \$10,000, the minimum cost of improvements eligible for a 50% tax exemption for up to three years.

The law allows towns to provide the exemption for the following uses: office; retail; permanent and transient residential; manufacturing; warehouse, storage, or distribution; recreational; transportation; information technology; and multilevel parking supporting a mass transit system. Under the bill, towns may also fix the assessment for mixed-use developments, which are developments that contain, in addition to at least one residential unit, commercial, public, institutional, retail, office, or industrial uses.

Under current law, "rehabilitation area" is defined as a municipality, or any part of a municipality, which is deteriorated, deteriorating, substandard, or detrimental to the safety, health, welfare, or general economic well-being of the community. The bill specifies that only one or more properties in a rehabilitation area need to meet these criteria to be considered a rehabilitation area.

EFFECTIVE DATE: October 1, 2013

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/22/2013)