

## Tax Credits for Remediating Brownfields

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### Issue

Does Connecticut have any tax credits specifically for remediating brownfields?

### Summary

No. The state does not have a tax credit program exclusively for remediating brownfields, but investments in certain brownfield sites qualify for credits under the generic multipurpose [Urban and Industrial Sites Reinvestment Tax Credit Program](#) (i.e., Urban Sites Program) and the new “7/7 program” which the legislature created as part of the 2017 budget act ([PA 17-2, June Special Session](#), §§ 168-170). Both programs are administered by the Department of Economic and Community Development (DECD).

#### *What is a brownfield?*

*Under Connecticut law, a brownfield is an abandoned or underutilized site where redevelopment, reuse or expansion has not happened because of pollution or possible pollution in the buildings, soil, or groundwater that requires investigation or remediation before or as part of the property’s restoration, redevelopment, reuse, or expansion ([CGS § 32-760](#)).*

### Urban Sites Program

Under the Urban Sites Program, a project may receive up to \$100 million in tax credits over a ten-year period if it creates significant jobs and capital investment in certain underserved areas. Total program expenditures are capped at \$500 million.

A project that requires site remediation before it is redeveloped (i.e., industrial site investment projects) qualifies for credits regardless of its location if DECD determines that the investment will

bring the property up to a viable business condition what will add economic activity, increase jobs, and create added tax revenue. Projects that do not require remediation (i.e., urban investment projects) qualify only if they are located in a state-designated distressed municipality, enterprise zone, or a municipality with a population of greater than 100,000 ([CGS § 32-9t](#)).

## **7/7 Program**

The 7/7 program provides tax incentives to certain property owners who remediate, redevelop, and use certain properties that are contaminated, abandoned, or underutilized. To be eligible, property owners must also commit to hire trained students to work at the redeveloped properties.

Under the program, which is also administered by DECD, incentives are available in two seven-year stages, with the second stage only available to properties that were contaminated and remediated.

Incentives available in the first seven years include (1) corporation business or personal income tax credits against the income attributed to business operations at the redeveloped property and (2) a sales and use tax exemption for items purchased for use at the property. The owner may also have the property's tax assessment frozen for five years at the predevelopment assessed value. For brownfield properties, an owner may have an additional seven-year benefit that starts in the eighth year after a property's redevelopment. The benefit is a business or personal income tax deduction of up to 8.57% of the eligible expenses incurred in remediating the property.

The public act summary for [PA 17-2, June Special Session](#), provides a more detailed description of the program, including eligibility requirements (see §§ 168-170).

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