



# House of Representatives

**File No. 1030**

General Assembly

January Session, 2019

**(Reprint of File No. 915)**

Substitute House Bill No. 7408  
As Amended by House Amendment  
Schedule "A"

Approved by the Legislative Commissioner  
May 31, 2019

***AN ACT CONCERNING MUNICIPAL STORMWATER AUTHORITIES,  
STUDIES OF THE PILOT GRANTS PROGRAM AND A PROPERTY  
TAX EXEMPTION FOR MACHINERY AND EQUIPMENT, AND  
ENTERPRISE ZONES.***

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

1 Section 1. Section 22a-498 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2019*):

3 (a) Any municipality [selected by the commissioner to participate in  
4 the pilot program established pursuant to section 22a-497] may, by  
5 ordinance adopted by its legislative body, designate any existing board  
6 or commission or establish a new board or commission as the  
7 stormwater authority for such municipality. If a new board or  
8 commission is created, such municipality shall, by ordinance,  
9 determine the number of members thereof, their compensation, if any,  
10 whether such members shall be elected or appointed, the method of  
11 their appointment, if appointed, and removal and their terms of office,  
12 which shall be so arranged that not more than one-half of such terms  
13 shall expire within any one year.

14 (b) The purposes of the stormwater authority shall be to: (1)  
15 Develop a stormwater management program, including, but not  
16 limited to, (A) a program for construction and post-construction site  
17 stormwater runoff control, including control detention and prevention  
18 of stormwater runoff from development sites; or (B) a program for  
19 control and abatement of stormwater pollution from existing land  
20 uses, and the detection and elimination of connections to the  
21 stormwater system that threaten the public health, welfare or the  
22 environment; (2) provide public education and outreach in the  
23 municipality relating to stormwater management activities and to  
24 establish procedures for public participation; (3) provide for the  
25 administration of the stormwater management program; (4) establish  
26 geographic boundaries of the stormwater authority district; and (5)  
27 recommend to the legislative body of the municipality in which such  
28 district is located the imposition of a [levy] fee upon the [taxable]  
29 interests in real property within such district, the revenues from which  
30 [may] shall be used in carrying out any of the powers of such district.  
31 In accomplishing the purposes of this section, the stormwater  
32 authority may plan, layout, acquire, construct, reconstruct, repair,  
33 maintain, supervise and manage stormwater control systems.

34 (c) (1) Any stormwater authority created by a municipality pursuant  
35 to subsection (a) of this section may levy fees, [from] approved by the  
36 legislative body of the municipality in accordance with the provisions  
37 of subdivision (3) of this subsection, on property owners of the  
38 municipality, except as specified in subdivision (2) of this subsection,  
39 for the purposes described in subsection (b) of this section. In  
40 establishing fees for [any] property in its district, the stormwater  
41 authority [may] shall consider criteria, including, but not limited to,  
42 the following: The area of the property containing impervious surfaces  
43 from which stormwater runoff is generated, land use types that result  
44 in higher or lower concentrations of stormwater pollution and the  
45 grand list valuation of the property.

46 (2) The stormwater authority may [reduce or defer] not levy such  
47 fees [for] on land classified as, or consisting of, farm, forest or open

48 space land, except on areas of such land that contain impervious  
49 surfaces from which stormwater runoff is generated.

50 (3) Each stormwater authority shall present its budget annually to  
51 the legislative body of the municipality for approval. Such budget shall  
52 include the specific programs the authority proposes to undertake  
53 during the fiscal year for which the budget is presented, the projected  
54 expenditures for such programs for the fiscal year and the amount of  
55 the fee or fees the authority proposes to levy to pay for such  
56 expenditures. In no event shall the aggregate amount of the fees  
57 proposed for the fiscal year exceed the aggregate amount of such  
58 projected expenditures for the fiscal year. The legislative body of the  
59 municipality may approve fee amounts that are less than the amounts  
60 proposed by the authority but in no event shall the legislative body of  
61 the municipality approve fee amounts that are greater than the  
62 amounts proposed by the authority.

63 (4) Any fee levied pursuant to this subsection that is not paid in full  
64 on or before thirty days after the date the fee is due shall bear interest  
65 at such rates and in such manner as provided for delinquent taxes in  
66 accordance with section 12-146. Any unpaid fee or portion thereof and  
67 interest due thereon shall constitute a lien on the real or personal  
68 property of the owner of the property on which such fee was levied  
69 and may be recorded and released in the manner provided for  
70 property tax liens.

71 (d) Any person aggrieved by the action of a stormwater authority  
72 under this section shall have the same rights and remedies for appeal  
73 and relief as are provided in the general statutes for taxpayers claiming  
74 to be aggrieved by the doings of the assessors or board of assessment  
75 appeals.

76 ~~[(d)]~~ (e) The authority may adopt municipal regulations to  
77 implement the stormwater management program.

78 ~~[(e)]~~ (f) The authority may, subject to the commissioner's approval,  
79 enter into contracts with any municipal or regional entity to

80 accomplish the purposes of this section.

81 Sec. 2. Section 22a-498a of the general statutes is repealed and the  
82 following is substituted in lieu thereof (*Effective July 1, 2019*):

83 A municipal stormwater authority created pursuant to section 22a-  
84 498, as amended by this act, and located in a distressed municipality,  
85 as defined in subsection (b) of section 32-9p, having a population of  
86 not more than twenty-eight thousand shall constitute a body politic  
87 and corporate and the ordinance establishing such authority may  
88 confer upon such authority the following powers: (1) To sue and be  
89 sued; (2) to acquire, hold and convey any estate, real or personal; (3) to  
90 contract; (4) to borrow money, including by the issuance of bonds,  
91 provided the issuance of such bonds is approved by the legislative  
92 body of the municipality in which such authority district is located; (5)  
93 to recommend to the legislative body of such municipality the  
94 imposition of [a levy] fees upon the [taxable] interests in real property  
95 within such authority district, the revenues from which [may] shall be  
96 used in carrying out any of the powers of such authority; (6) to deposit  
97 and expend funds; and (7) to enter property to make surveys,  
98 soundings, borings and examinations to accomplish the purposes of  
99 section 22a-498, as amended by this act.

100 Sec. 3. (*Effective from passage*) The Secretary of the Office of Policy  
101 and Management shall conduct a study of the payment in lieu of taxes  
102 grant program with respect to towns in which over fifty per cent of the  
103 land within such town's boundaries is state forest. The secretary shall  
104 evaluate the formula used for such grant program as applied to such  
105 towns and whether changes should be made to such formula for such  
106 towns. Not later than January 1, 2020, the secretary shall submit a  
107 report, in accordance with the provisions of section 11-4a of the general  
108 statutes, summarizing the secretary's findings and including any  
109 recommendations for legislative changes to such formula, to the joint  
110 standing committees of the General Assembly having cognizance of  
111 matters relating to finance, revenue and bonding and municipalities.

112       Sec. 4. (*Effective from passage*) The Commissioner of Economic and  
113 Community Development shall conduct a study of the property tax  
114 exemption for machinery and equipment under subdivision (76) of  
115 section 12-81 of the general statutes and evaluate the effect of limiting  
116 the number of years for which a taxpayer could be eligible for such  
117 exemption to seven or fewer years. The commissioner may consult  
118 with any individuals, businesses and state agencies the commissioner  
119 deems necessary or appropriate to accomplish the purposes of the  
120 study. Not later than January 1, 2020, the commissioner shall submit a  
121 report, in accordance with the provisions of section 11-4a of the general  
122 statutes, on the commissioner's findings and recommendations to the  
123 joint standing committees of the General Assembly having cognizance  
124 of matters relating to municipalities, commerce and finance, revenue  
125 and bonding.

126       Sec. 5. Section 32-70 of the general statutes is repealed and the  
127 following is substituted in lieu thereof (*Effective July 1, 2019*):

128       (a) Any municipality that was a distressed municipality under the  
129 provisions of subsection (b) of section 32-9p on February 1, 1986, may,  
130 with the approval of the Commissioner of Economic and Community  
131 Development, designate an area of such municipality as an enterprise  
132 zone. Any such area shall consist of one or two contiguous United  
133 States census tracts, contiguous portions of such census tracts or a  
134 portion of an individual census tract, as determined in accordance with  
135 the most recent United States census and, if such area is covered by  
136 zoning, a portion of it shall be zoned to allow commercial or industrial  
137 activity. The census tracts within which such designated area is located  
138 shall also meet at least one of the following criteria: (1) Twenty-five per  
139 cent or more of the persons within the individual census tracts shall  
140 have income below the poverty level, as determined by the most recent  
141 United States census, as officially updated by the appropriate state  
142 agency or institution; (2) twenty-five per cent or more of the families  
143 within the individual census tracts shall receive public assistance or  
144 welfare income, as determined by the most recent United States  
145 census, as officially updated by the appropriate state agency or

146 institution; or (3) the unemployment rate of the individual census  
147 tracts shall be at least two hundred per cent of the state's average, as  
148 determined by the most recent United States census, as officially  
149 updated by the appropriate state agency or institution. In calculating  
150 any such percentage for one or two contiguous census tracts,  
151 contiguous portions of census tracts or a portion of an individual  
152 census tract, the commissioner shall round up to the nearest whole  
153 percentage number. If a census tract qualifies under the eligibility  
154 criteria for designation as an enterprise zone and if the commissioner  
155 determines that a census tract which is contiguous to such tract has  
156 significant job creation potential, the commissioner may include such  
157 contiguous census tract, or a portion thereof, in the enterprise zone in  
158 lieu of a second qualified census tract if such contiguous census tract  
159 meets at least one of the following reduced criteria: (A) Fifteen per cent  
160 or more of the persons within the census tract shall have income below  
161 the poverty level, as determined by the most recent United States  
162 census, as officially updated by the appropriate state agency or  
163 institution; (B) fifteen per cent or more of the families within the census  
164 tract shall receive public assistance or welfare income, as determined  
165 by the most recent United States census, as officially updated by the  
166 appropriate state agency or institution; or (C) the unemployment rate  
167 of the census tract shall be at least one hundred fifty per cent of the  
168 state's average, as determined by the most recent United States census,  
169 as officially updated by the appropriate state agency or institution. If a  
170 census tract boundary line is the center line of a street, the  
171 commissioner may include within the enterprise zone that portion of  
172 the property fronting on such street which is outside of but adjacent to  
173 the census tract. The depth of such property so included in the  
174 enterprise zone shall be determined by the commissioner at the time of  
175 the designation of the zone. If a census tract boundary line is located  
176 along a railroad right-of-way, railroad property or natural stream of  
177 water, the commissioner may include within the enterprise zone any  
178 private properties under common ownership which are traversed by  
179 the railroad right-of-way, railroad property or natural stream of water.  
180 Any private properties so affected shall be included in the enterprise

181 zone at the time of the designation of the zone except, in the case of an  
182 enterprise zone designated prior to October 1, 1983, the commissioner  
183 may include within the zone any such property if the municipality in  
184 which the zone is located requests the commissioner to include such  
185 property not later than sixty days after October 1, 1983. If more than  
186 twenty-five per cent of the project area of a development project under  
187 chapter 132 is located in an area eligible for designation as an  
188 enterprise zone and the project plan for such development project is  
189 approved by the Commissioner of Economic and Community  
190 Development in accordance with section 8-191, the commissioner may  
191 include the entire project area of such development project area in an  
192 enterprise zone. If more than twenty-five per cent of the project area of  
193 a municipal development project under chapter 588~~l~~ is located in an  
194 area eligible for designation as an enterprise zone and the  
195 development plan for such project is approved by the Commissioner  
196 of Economic and Community Development in accordance with section  
197 32-224, the commissioner may include the entire project area of such  
198 project in an enterprise zone. If more than fifty per cent of an approved  
199 redevelopment area under chapter 130 is located in an area eligible for  
200 designation as an enterprise zone, the commissioner may include the  
201 entire redevelopment area in an enterprise zone. The commissioner  
202 may also include in the area designated as an enterprise zone (i) any  
203 facility, as defined in section 32-9p, which is located outside of but  
204 contiguous to a census tract included in the zone, (ii) any private  
205 properties which are (I) under common ownership, (II) located outside  
206 of a census tract included in the zone and (III) contiguous to a railroad  
207 right-of-way which is the boundary of such a census tract, or (iii) any  
208 private properties which are located outside of a census tract included  
209 in the zone, but between the zone and a railroad right-of-way, where  
210 other segments of such railroad right-of-way serve as boundaries for  
211 the zone. The commissioner may, at any time after the designation of  
212 an area as an enterprise zone, include in such zone any area  
213 contiguous to such zone which, at the time of the designation of such  
214 zone, was eligible to be included in such zone but was not so included.  
215 The commissioner may, at any time after the designation of an area as

216 an enterprise zone, include in such zone any property which is located  
217 within one hundred fifty feet of a stream, the center line of which is the  
218 boundary of a census tract included in such zone, and which property  
219 contains an existing building or facility, having an area equal to or  
220 greater than one hundred thousand square feet, that is or was formerly  
221 used for manufacturing purposes but is underutilized or vacant at the  
222 time the property is included in such zone. If the commissioner  
223 determines that the necessary data is not available from the most  
224 recent United States census, the commissioner may use such data as  
225 the commissioner deems appropriate. The commissioner shall include  
226 in the designation of the enterprise zone in the city of Meriden the  
227 entire parcel of land bordered by Cook Avenue, Hanover Street,  
228 Perkins Street Square, and South Colony Street.

229 (b) Notwithstanding any provision of this section to the contrary, (1)  
230 any municipality which has an enterprise zone may with the approval  
231 of the commissioner, expand such enterprise zone by designating for  
232 inclusion in such zone one or more additional census tracts or  
233 contiguous portions of such census tract or tracts, provided such  
234 census tract or tracts are located in the municipality, are contiguous to  
235 the enterprise zone and meet the reduced criteria for contiguous  
236 census tracts in subsection (a) of this section, (2) any municipality  
237 which is contiguous to an enterprise zone which is located in another  
238 municipality may, with the approval of the commissioner, designate as  
239 an enterprise zone one or more census tracts or contiguous portions of  
240 such census tract or tracts, which are located in the municipality  
241 making such designation, provided such census tract or tracts meet the  
242 reduced criteria for contiguous census tracts in subsection (a) of this  
243 section and are contiguous to the enterprise zone located in the other  
244 municipality. When approving such an expanded or new zone under  
245 this subsection, the commissioner shall consider the development  
246 rationale, proposed local effort and job creation potential of such  
247 expanded or new zone as demonstrated by the municipality, and (3)  
248 any municipality which is contiguous to an enterprise zone which is  
249 located in another municipality may, with the approval of the



250 commissioner and the legislative body of the municipality containing  
251 the enterprise zone, designate as an enterprise zone one or more  
252 census tracts or portions of such census tract or tracts that are  
253 contiguous to the enterprise zone in the other municipality, provided  
254 no municipality which designates an enterprise zone in this manner  
255 shall be considered to be a targeted investment community, as defined  
256 in section 32-222, or an enterprise zone community.

257 (c) (1) On or before September 30, 1993, the Commissioner of  
258 Economic and Community Development shall approve the  
259 designation of ten areas as enterprise zones, not more than four of  
260 which shall be in municipalities with a population greater than eighty  
261 thousand and not more than six of which shall be in municipalities  
262 with a population of less than eighty thousand.

263 (2) (A) On or after October 1, 1993, the commissioner shall approve  
264 the designation of two areas as enterprise zones. Each such area shall  
265 be in a municipality with a population of less than eighty thousand, in  
266 which there are one or more base or plant closures. Such municipalities  
267 shall be in different counties. If the commissioner approves the  
268 designation of an area of a municipality as an enterprise zone because  
269 of a plant closure in the municipality and there is a closure of another  
270 plant in any other municipality in the state by the same business, the  
271 commissioner shall also designate an area in such other municipality  
272 as an enterprise zone. If any such designated area includes a portion of  
273 a census tract in which any such base or plant is located, the census  
274 tracts in such area shall not be required to meet the eligibility criteria  
275 set forth under subsection (a) of this section for enterprise zone  
276 designation. If any such area is located elsewhere in the municipality,  
277 the census tracts in such area shall meet such eligibility criteria. As  
278 used in this subparagraph, (i) "base" means any United States or state  
279 of Connecticut military base or facility located in whole or in part  
280 within the state; (ii) "plant" means any manufacturing business or  
281 economic base business, as defined in section 32-222; and (iii) "closure"  
282 means any reduction or transfer in military personnel or civilian  
283 employment at one or more bases or plants in a municipality, which

284 occurred between July 1, 1989, and July 1, 1993, or is scheduled to  
285 occur between July 1, 1993, and July 1, 1996, and exceeds two thousand  
286 persons. Such employment figures shall be certified by the Labor  
287 Department. (B) On or after October 1, 1993, the commissioner shall  
288 approve the designation of three other areas as enterprise zones, one of  
289 which shall be in a municipality with a population greater than eighty  
290 thousand and two of which shall be in municipalities with a  
291 population of less than eighty thousand. The census tracts in such  
292 areas shall meet the eligibility criteria set forth under subsection (a) of  
293 this section for enterprise zone designation. The commissioner shall  
294 approve the designation of enterprise zones under this subparagraph  
295 for those municipalities which he or she determines to have  
296 experienced the largest increases in poverty from October 1, 1989, to  
297 October 1, 1993, inclusive, based on a weighted average of the  
298 unemployment rate, caseload under the temporary family assistance  
299 program and per capita income of less than ninety per cent of the state  
300 average between 1985 and 1989. In making his or her determination,  
301 the commissioner may also consider the vacancy rates for commercial  
302 and industrial facilities in a municipality and a municipality's program  
303 for the implementation of an effective enterprise zone program. To the  
304 extent appropriate, the commissioner shall use the Regional Economic  
305 Models, Inc. (REMI) system in making the calculations for such  
306 determination. (C) Notwithstanding the provisions of subsection (a) of  
307 this section, municipalities that were not distressed municipalities  
308 under the provisions of subsection (b) of section 32-9p on February 1,  
309 1986, shall be eligible to designate areas as enterprise zones under  
310 subparagraph (A) or (B) of this subdivision.

311 (3) On or after July 1, 2014, the commissioner shall approve the  
312 designation of two areas as enterprise zones as follows: (A) One area  
313 shall be in a municipality with a population of not more than fifty  
314 thousand, as enumerated in the 2010 federal decennial census, and in  
315 which is located a United States Postal Service processing center that at  
316 any point in time employed one thousand or more persons, except that  
317 such area shall only be designated as an enterprise zone for a term of

318 five years from the date any portion of the area is transferred,  
319 provided such transfer occurs on or after July 1, 2014, and (B) one area  
320 shall be in a municipality with a population of not less than seven  
321 thousand eight hundred and not more than seven thousand nine  
322 hundred, as enumerated in the 2010 federal decennial census, and  
323 having a total area of not more than 12.2 square miles. Each such  
324 enterprise zone area shall consist of two contiguous United States  
325 census tracts, contiguous portions of such census tracts or all or a  
326 portion of an individual census tract, as determined in accordance with  
327 the most recent federal decennial census and, if such area is covered by  
328 zoning, a portion of such area shall be zoned to allow commercial or  
329 industrial activity. The census tracts in each such enterprise zone area  
330 shall not be required to meet the eligibility criteria set forth in  
331 subsection (a) of this section. Notwithstanding the provisions of  
332 subsection (a) of this section, municipalities that were not distressed  
333 municipalities under the provisions of subsection (b) of section 32-9p  
334 on February 1, 1986, shall be eligible to designate areas as enterprise  
335 zones under this subdivision.

336 (4) The commissioner shall not approve the designation of more  
337 than one enterprise zone in any municipality. The commissioner shall  
338 adopt regulations in accordance with chapter 54 concerning such  
339 additional qualifications for an area to become an enterprise zone as he  
340 or she deems necessary. The commissioner may remove the  
341 designation of any area he or she has approved as an enterprise zone if  
342 such area no longer meets the criteria for designation as such an area  
343 set forth in this section or in regulations adopted pursuant to this  
344 section, provided no such designation shall be removed less than ten  
345 years from the original date of approval of such zone. The  
346 commissioner may designate any additional area as an enterprise zone  
347 if that area is designated as an enterprise zone, empowerment zone or  
348 enterprise community pursuant to any federal legislation.

349 (d) Each municipality seeking the approval of the Commissioner of  
350 Economic and Community Development for the designation of an area  
351 of the municipality as an enterprise zone shall file with the

352 commissioner a preliminary application. Not later than sixty days after  
353 receipt of such a preliminary application, the commissioner shall  
354 indicate to the municipality, in writing, any recommendations for  
355 improving the municipality's application. Not later than sixty days  
356 after receipt of the commissioner's written response, the municipality  
357 shall file a final application with the commissioner.

358 (e) The Department of Economic and Community Development  
359 shall compile information on activities and programs which are  
360 conducted in enterprise zones approved by the commissioner before  
361 and after July 1, 1986, and shall serve as a resource center for the  
362 dissemination of such information upon request.

363 (f) (1) Any municipality that has an area designated as an enterprise  
364 zone may, by vote of its legislative body or, in a municipality where  
365 the legislative body is a town meeting, by vote of the board of  
366 selectmen, opt out of the provisions of (A) subdivisions (59) and (60) of  
367 section 12-81, as amended by this act, pertaining to an enterprise zone,  
368 or (B) section 32-71, as amended by this act, or (C) both subparagraphs  
369 (A) and (B) of this subdivision. Any such opt-out shall be for a period  
370 of five years and shall be effective on the date the chief elected official  
371 of such municipality notifies the Commissioner of Economic and  
372 Community Development of such vote, provided such opt-out shall  
373 not affect (i) any enterprise zone preliminary or formal application  
374 approved for a business by the Department of Economic and  
375 Community Development or enterprise zone eligibility certificate  
376 issued by said department prior to such date, (ii) any business  
377 receiving an exemption pertaining to an enterprise zone pursuant to  
378 subdivision (59) or (60) of section 12-81, as amended by this act, at the  
379 time of such notice, (iii) any real property that has its assessment fixed  
380 or deferred pursuant to subsection (a) or (c) of section 32-71, as  
381 amended by this act, at the time of such notice, or (iv) any real  
382 property planned to be constructed or personal property planned to be  
383 purchased, pursuant to an economic incentive agreement entered into  
384 by a business with the Department of Economic and Community  
385 Development, provided such agreement was executed on or before

386 December 31, 2018.

387 (2) Any municipality that has opted out in accordance with the  
388 provisions of subdivision (1) of this subsection may seek, after the  
389 expiration of the opt-out period, the approval of the Commissioner of  
390 Economic and Community Development to be redesignated as an  
391 enterprise zone, provided such municipality shall seek such approval  
392 in accordance with the provisions of subsection (d) of this section.

393 Sec. 6. Subdivisions (59) and (60) of section 12-81 of the general  
394 statutes are repealed and the following is substituted in lieu thereof  
395 (*Effective July 1, 2019*):

396 (59) (a) With respect to assessment years commencing on or after  
397 October 1, 2012, any manufacturing facility, as defined in section 32-  
398 9p, acquired, constructed, substantially renovated or expanded on or  
399 after July 1, 1978, in a distressed municipality, as defined in said  
400 section, in a targeted investment community, as defined in section 32-  
401 222, in an enterprise zone designated pursuant to section 32-70, as  
402 amended by this act, provided, if the municipality in which an  
403 enterprise zone is located has opted out of the provisions of this  
404 subdivision and subdivision (60) of this section in accordance with  
405 subdivision (1) of subsection (f) of section 32-70, as amended by this  
406 act, the facility is eligible under said subsection (f), or in an airport  
407 development zone established pursuant to section 32-75d, and for  
408 which an eligibility certificate has been issued by the Department of  
409 Economic and Community Development, and any manufacturing  
410 plant designated by the Commissioner of Economic and Community  
411 Development under subsection (a) of section 32-75c as follows: To the  
412 extent of eighty per cent of its valuation for purposes of assessment in  
413 each of the five full assessment years following the assessment year in  
414 which the acquisition, construction, renovation or expansion of the  
415 manufacturing facility is completed, except that a manufacturing  
416 facility having a North American Industrial Classification Code of  
417 325411 or 325412 and having at least one thousand full-time  
418 employees, as defined in subsection (f) of section 32-9j, shall be eligible

419 to have the assessment period extended for five additional years upon  
420 approval of the commissioner, in accordance with all applicable  
421 regulations, provided such full-time employees have not been  
422 relocated from another facility in the state operated by the same  
423 eligible applicant;

424 (b) Any service facility, as defined in section 32-9p, acquired,  
425 constructed, substantially renovated or expanded on or after July 1,  
426 1996, and for which an eligibility certificate has been issued by the  
427 Department of Economic and Community Development, as follows: (i)  
428 In the case of an investment of twenty million dollars or more but not  
429 more than thirty-nine million dollars in the service facility, to the  
430 extent of forty per cent of its valuation for purposes of assessment in  
431 each of the five full assessment years following the assessment year in  
432 which the acquisition, construction, renovation or expansion of the  
433 service facility is completed; (ii) in the case of an investment of more  
434 than thirty-nine million dollars but not more than fifty-nine million  
435 dollars in the service facility, to the extent of fifty per cent of its  
436 valuation for purposes of assessment in each of the five full assessment  
437 years following the assessment year in which the acquisition,  
438 construction, renovation or expansion of the service facility is  
439 completed; (iii) in the case of an investment of more than fifty-nine  
440 million dollars but not more than seventy-nine million dollars in the  
441 service facility, to the extent of sixty per cent of its valuation for  
442 purposes of assessment in each of the five full assessment years  
443 following the assessment year in which the acquisition, construction,  
444 renovation or expansion of the service facility is completed; (iv) in the  
445 case of an investment of more than seventy-nine million dollars but  
446 not more than ninety million dollars in the service facility, to the extent  
447 of seventy per cent of its valuation for purposes of assessment in each  
448 of the five full assessment years following the assessment year in  
449 which the acquisition, construction, renovation or expansion of the  
450 service facility is completed; or (v) in the case of an investment of more  
451 than ninety million dollars in the service facility, to the extent of eighty  
452 per cent of its valuation for purposes of assessment in each of the five

453 full assessment years following the assessment year in which the  
454 acquisition, construction, renovation or expansion of the service  
455 facility is completed, except that any financial institution, as defined in  
456 subsection (b) of section 32-236, having at least four thousand qualified  
457 employees, as determined in accordance with an agreement pursuant  
458 to subsection (b) of section 32-236, shall be eligible to have the  
459 assessment period extended for five additional years upon approval of  
460 the commissioner, in accordance with all applicable regulations,  
461 provided such full-time employees have not been relocated from  
462 another facility in the state operated by the same eligible applicant. In  
463 no event shall the definition of qualified employee be more favorable  
464 to the employer than the definition provided in subsection (b) of  
465 section 32-236;

466 (c) The completion date of a manufacturing facility, manufacturing  
467 plant or a service facility will be determined by the Department of  
468 Economic and Community Development taking into account the  
469 issuance of occupancy certificates and such other factors as it deems  
470 relevant. In the case of a manufacturing facility, manufacturing plant  
471 or a service facility which consists of a constructed, renovated or  
472 expanded portion of an existing plant, the assessed valuation of the  
473 facility or manufacturing plant is the difference between the assessed  
474 valuation of the plant prior to its being improved and the assessed  
475 valuation of the plant upon completion of the improvements. In the  
476 case of a manufacturing facility, manufacturing plant or a service  
477 facility which consists of an acquired portion of an existing plant, the  
478 assessed valuation of the facility or manufacturing plant is the assessed  
479 valuation of the portion acquired. This exemption shall be applicable  
480 during each such assessment year regardless of any change in the  
481 ownership or occupancy of the facility or manufacturing plant. If  
482 during any such assessment year, however, any facility for which an  
483 eligibility certificate has been issued ceases to qualify as a  
484 manufacturing facility, manufacturing plant or a service facility, the  
485 entitlement to the exemption allowed by this subdivision shall  
486 terminate for the assessment year following the date on which the

487 qualification ceases, and there shall not be a pro rata application of the  
488 exemption. Any person who desires to claim the exemption provided  
489 in this subdivision shall file annually with the assessor or board of  
490 assessors in the distressed municipality, targeted investment  
491 community, enterprise zone designated pursuant to section 32-70, as  
492 amended by this act, provided, if the municipality in which an  
493 enterprise zone is located has opted out of the provisions of this  
494 subdivision and subdivision (60) of this section in accordance with  
495 subdivision (1) of subsection (f) of section 32-70, as amended by this  
496 act, the facility is eligible under said subsection (f), or in a town within  
497 an airport development zone established pursuant to section 32-75d in  
498 which the manufacturing facility or service facility is located, on or  
499 before the first day of November, a written application claiming such  
500 exemption on a form prescribed by the Secretary of the Office of Policy  
501 and Management. Failure to file such application in this manner and  
502 form within the time limit prescribed shall constitute a waiver of the  
503 right to such exemption for such assessment year, unless (i) an  
504 extension of time is allowed pursuant to section 12-81k, and upon  
505 payment of the required fee for late filing, or (ii) the person claiming  
506 such exemption received a certificate of eligibility on or after October  
507 1, 2009, and is located in a municipality in New Haven County with a  
508 population of not less than eighteen thousand five hundred and not  
509 more than nineteen thousand five hundred, as enumerated in the 2010  
510 federal decennial census;

511 (60) (a) (1) Machinery and equipment which represents an addition  
512 to the assessment or grand list of the municipality in which this  
513 exemption is claimed and is installed in any manufacturing facility, as  
514 defined in section 32-9p, which facility is or has been constructed, or  
515 substantially renovated or expanded on or after July 1, 1978, in a  
516 distressed municipality, targeted investment community, enterprise  
517 zone designated pursuant to section 32-70, as amended by this act,  
518 provided, if the municipality in which an enterprise zone is located has  
519 opted out of the provisions of this subdivision and subdivision (59) of  
520 this section in accordance with subdivision (1) of subsection (f) of



521 section 32-70, as amended by this act, the facility or business is eligible  
522 under said subsection (f), or in an airport development zone  
523 established pursuant to section 32-75d<sub>2</sub> and for which an eligibility  
524 certificate has been issued by the Department of Economic and  
525 Community Development, concurrently with and directly attributable  
526 to such construction, renovation or expansion, (2) machinery and  
527 equipment which represents an addition to the assessment or grand  
528 list of the municipality in which this exemption is claimed and is  
529 installed, or machinery and equipment existing, in any manufacturing  
530 facility, as defined in section 32-9p, which facility is or has been  
531 acquired on or after July 1, 1978, in a distressed municipality, targeted  
532 investment community, enterprise zone designated pursuant to section  
533 32-70, as amended by this act, provided, if the municipality in which  
534 an enterprise zone is located has opted out of the provisions of this  
535 subdivision and subdivision (59) of this section in accordance with  
536 subdivision (1) of subsection (f) of section 32-70, as amended by this  
537 act, the facility or business is eligible under said subsection (f), or in an  
538 airport development zone established pursuant to section 32-75d<sub>2</sub> and  
539 for which an eligibility certificate has been issued by the Department  
540 of Economic and Community Development, and (3) machinery and  
541 equipment acquired and installed on or after October 1, 1986, in a  
542 manufacturing facility that is or has at one time been certified as  
543 eligible for the exemption under this subparagraph in accordance with  
544 section 32-9r, as amended by this act, and which continues to be used  
545 for manufacturing purposes, provided such machinery and equipment  
546 is installed in conjunction with an expansion program that satisfies the  
547 requirements for a manufacturing facility, as defined in section 32-9p,  
548 and is contiguous to and represents an increase in square feet of floor  
549 space of not less than fifty per cent of the floor space in the certified  
550 manufacturing facility, as follows: To the extent of eighty per cent of its  
551 valuation for purposes of assessment in each of the five full assessment  
552 years for which the manufacturing facility in which it is installed  
553 qualifies for an exemption under subdivision (59) of this section,  
554 except that a facility having a code classification 2833 or 2834 in the  
555 Standard Industrial Code Classification Manual, United States Office

556 of Management and Budget, 1987 edition, wherein at least one  
557 thousand new full-time employees, as defined in subsection (f) of  
558 section 32-9j, are employed, shall be eligible to have the assessment  
559 period under this subdivision extended for five additional years upon  
560 approval of the commissioner, provided the commissioner approves  
561 an extension of the assessment period under subdivision (59) of this  
562 section for said facility;

563 (b) (1) Machinery and equipment which represents an addition to  
564 the assessment or grand list of the municipality in which this  
565 exemption is claimed and is installed in any service facility, as defined  
566 in section 32-9p, which facility is or has been constructed, or  
567 substantially renovated or expanded on or after July 1, 1996, and for  
568 which an eligibility certificate has been issued by the Department of  
569 Economic and Community Development, concurrently with and  
570 directly attributable to such construction, renovation or expansion, (2)  
571 machinery and equipment which represents an addition to the  
572 assessment or grand list of the municipality in which this exemption is  
573 claimed and is installed, or machinery and equipment existing, in any  
574 service facility, as defined in section 32-9p, which facility is or has been  
575 acquired on or after July 1, 1996, and for which an eligibility certificate  
576 has been issued by the department, and (3) machinery and equipment  
577 acquired and installed on or after July 1, 1996, in a service facility that  
578 is or has at one time been certified as eligible for the exemption under  
579 this subparagraph in accordance with section 32-9r, as amended by  
580 this act, and which continues to be used for service purposes, provided  
581 such machinery and equipment is installed in conjunction with an  
582 expansion program that satisfies the requirements for a service facility,  
583 as defined in section 32-9p, and is contiguous to and represents an  
584 increase in square feet of floor space of not less than fifty per cent of  
585 the floor space in the certified service facility, as follows: (i) In the case  
586 of an investment of twenty million dollars or more but not more than  
587 thirty-nine million dollars in the service facility, to the extent of forty  
588 per cent of its valuation for purposes of assessment in each of the five  
589 full assessment years for which the service facility in which it is

590 installed qualifies for an exemption under subdivision (59) of this  
591 section; (ii) in the case of an investment of more than thirty-nine  
592 million dollars but not more than fifty-nine million dollars in the  
593 service facility, to the extent of fifty per cent of its valuation for  
594 purposes of assessment in each of the five full assessment years for  
595 which the service facility in which it is installed qualifies for an  
596 exemption under subdivision (59) of this section; (iii) in the case of an  
597 investment of more than fifty-nine million dollars but not more than  
598 seventy-nine million dollars in the service facility, to the extent of sixty  
599 per cent of its valuation for purposes of assessment in each of the five  
600 full assessment years for which the service facility in which it is  
601 installed qualifies for an exemption under subdivision (59) of this  
602 section; (iv) in the case of an investment of more than seventy-nine  
603 million dollars but not more than ninety million dollars in the service  
604 facility, to the extent of seventy per cent of its valuation for purposes of  
605 assessment in each of the five full assessment years for which the  
606 service facility in which it is installed qualifies for an exemption under  
607 subdivision (59) of this section; or (v) in the case of an investment of  
608 more than ninety million dollars in the service facility, to the extent of  
609 eighty per cent of its valuation for purposes of assessment in each of  
610 the five full assessment years for which the service facility in which it  
611 is installed qualifies for an exemption under subdivision (59) of this  
612 section, except that any financial institution, as defined in section 32-  
613 236, having at least four thousand qualified employees, as determined  
614 in accordance with an agreement pursuant to subsection (c) of section  
615 32-236, shall be eligible to have the assessment period extended for five  
616 additional years upon approval of the commissioner, in accordance  
617 with all applicable regulations, provided such full-time employees  
618 have not been relocated from another facility in the state operated by  
619 the same eligible applicant. In no event shall the definition of qualified  
620 employee be more favorable to the employer than the definition  
621 provided in section 32-236;

622 (c) This exemption shall terminate for the assessment year next  
623 following if the manufacturing facility or service facility in which such

624 machinery and equipment is installed no longer qualifies for an  
625 exemption under said subdivision (59), and there shall not be a pro  
626 rata application of the exemption of such machinery and equipment in  
627 the assessment year of such termination. Any person who desires to  
628 claim the exemption provided in this subdivision shall file annually  
629 with the assessor or board of assessors in the distressed municipality,  
630 targeted investment community, enterprise zone designated pursuant  
631 to section 32-70, as amended by this act, provided, if the municipality  
632 in which an enterprise zone is located has opted out of the provisions  
633 of this subdivision and subdivision (59) of this section in accordance  
634 with subdivision (1) of subsection (f) of section 32-70, as amended by  
635 this act, the facility or business is eligible under said subsection (f), or a  
636 town in an airport development zone established pursuant to section  
637 32-75d in which the manufacturing facility or service facility is located,  
638 on or before the first day of November, written application claiming  
639 such exemption on a form prescribed by the Secretary of the Office of  
640 Policy and Management. Failure to file such application in this manner  
641 and form within the time limit prescribed shall constitute a waiver of  
642 the right to such exemption for such assessment year, unless an  
643 extension of time is allowed pursuant to section 12-81k, and upon  
644 payment of the required fee for late filing. This exemption shall not  
645 apply to rolling stock;

646 Sec. 7. Section 32-9r of the general statutes is repealed and the  
647 following is substituted in lieu thereof (*Effective July 1, 2019*):

648 (a) (1) Any person may apply to the department for a determination  
649 as to whether the facility described in an application qualifies as a  
650 manufacturing facility or service facility. Applications for eligibility  
651 certificates [are to] shall be made on the forms and in the manner  
652 prescribed by the department. In evaluating each application the  
653 department may require the submission of all books, records,  
654 documents, drawings, specifications, certifications and other  
655 evidentiary items [which it] that the department deems appropriate.

656 (2) No eligibility certificate shall be issued after March 1, 1991, for a

657 manufacturing facility located in a distressed municipality [which] that  
658 does not qualify as a targeted investment community unless the  
659 department has issued to the applicant a commitment letter for such  
660 facility prior to March 1, 1991. Notwithstanding the provisions of this  
661 subsection, an eligibility certificate may be issued by the department  
662 after March 1, 1991, for a qualified manufacturing facility acquired,  
663 constructed or substantially renovated in a distressed municipality,  
664 provided the commissioner determines that such acquisition,  
665 construction or substantial renovation was initiated prior to March 1,  
666 1991, and was legitimately induced by the prospect of assistance under  
667 section 12-217e and subdivisions (59) and (60) of section 12-81, as  
668 amended by this act, respectively.

669 (3) The department may issue an eligibility certificate for a qualified  
670 manufacturing facility or a qualified service facility located in a  
671 targeted investment community upon determination by the  
672 commissioner (A) that the acquisition, construction or substantial  
673 renovation relating to the qualified manufacturing facility or qualified  
674 service facility in such community was induced by the prospect of  
675 assistance under subdivisions (59) and (60) of section 12-81, as  
676 amended by this act; and (B) the applicant demonstrates an economic  
677 need or there is an economic benefit to the state.

678 (4) The department shall issue an eligibility certificate for a qualified  
679 manufacturing facility located in an airport development zone  
680 established pursuant to section 32-75d, and may issue an eligibility  
681 certificate for a facility described in subparagraph (D) of subdivision  
682 (2) of subsection (d) of section 32-9p, upon determination by the  
683 department [(i)] (A) that the acquisition, construction or substantial  
684 renovation relating to the qualified manufacturing facility or facility  
685 described in said subparagraph (D) in the airport development zone  
686 was induced by the prospect of assistance under subdivisions (59) and  
687 (60) of section 12-81, as amended by this act; [(ii)] (B) the applicant  
688 demonstrates an economic need and there is an economic benefit to the  
689 state without causing an economic detriment to or conflict with an  
690 existing zone; and [(iii)] (C) that the applicant serves an airport-related

691 function or relies substantially on airport services.

692 (5) The department shall issue an eligibility certificate if the  
693 commissioner determines [(1)] (A) that the manufacturing facility is  
694 located in an enterprise zone designated pursuant to section 32-70, as  
695 amended by this act, and is a qualified manufacturing facility, or [(2)]  
696 (B) that the facility is a plant, building, other real property  
697 improvement, or part thereof, [which] that is located in a municipality  
698 with an entertainment district designated under section 32-76 or  
699 established under section 2 of public act 93-311, and [which] that  
700 qualifies as a "manufacturing facility" under subsection (d) of section  
701 32-9p in that it is to be used in the production of entertainment  
702 products, including multimedia products, or as part of the airing,  
703 display or provision of live entertainment for stage or broadcast,  
704 including support services such as set manufacturers, scenery makers,  
705 sound and video equipment providers and manufacturers, stage and  
706 screen writers, providers of capital for the entertainment industry and  
707 agents for talent, writers, producers and music properties and  
708 technological infrastructure support including, but not limited to, fiber  
709 optics, necessary to support multimedia and other entertainment  
710 formats, except entertainment provided by or shown at a gambling or  
711 gaming facility or a facility whose primary business is the sale or  
712 serving of alcoholic beverages.

713 (b) The department shall reach a determination as to the eligibility  
714 of a facility within a reasonable time period, but may postpone the  
715 determination to the extent required to verify to its satisfaction that  
716 there is a high likelihood that any proposed facility will actually be  
717 constructed, expanded, substantially renovated or acquired. Prior to  
718 July 1, 2018, upon a favorable finding, the department shall issue to the  
719 applicant a certificate to the effect that the facility concerned is a  
720 manufacturing facility or a service facility and is eligible for assistance  
721 under section 12-217e and subdivisions (59) and (60) of section 12-81,  
722 as amended by this act. On and after July 1, 2018, upon a favorable  
723 finding, the department shall issue to the applicant a certificate to the  
724 effect that the facility concerned is a manufacturing facility or a service

725 facility and is eligible for assistance under subdivisions (59) and (60) of  
726 section 12-81, as amended by this act, except that if the facility is  
727 located in an enterprise zone for which the municipality has opted out  
728 of the provisions of said subdivisions in accordance with subdivision  
729 (1) of subsection (f) of section 32-70, as amended by this act, the  
730 department shall only issue such certificate if the facility is eligible for  
731 such assistance under said subsection (f).

732 (c) Except as specified in subsection (d) of this section, upon an  
733 unfavorable determination the department shall issue a notice to the  
734 applicant to the effect that the facility concerned has been determined  
735 not to be a manufacturing facility or a service facility, together with a  
736 statement in reasonable detail as to the reasons for the unfavorable  
737 determination. Any aggrieved applicant shall be afforded an  
738 opportunity for a public hearing on the matter within thirty days  
739 following issuance of the notice. The department shall reconsider the  
740 application based upon the information presented at the public  
741 hearing and reaffirm or change its earlier determination within ten  
742 days of the hearing.

743 (d) Upon an unfavorable determination regarding an application  
744 concerning an airport development zone, the department shall issue a  
745 notice to the applicant to the effect that the facility concerned has been  
746 determined not to be a manufacturing facility or a service facility,  
747 together with a statement in reasonable detail as to the reasons for the  
748 unfavorable determination. Any aggrieved applicant shall be afforded  
749 an opportunity for a public hearing on the matter within thirty days  
750 following issuance of the notice. The department shall reconsider the  
751 application based upon the information presented at the public  
752 hearing and reaffirm or change its earlier determination within ten  
753 days of the hearing.

754 (e) The decision of the department rendered pursuant to subsection  
755 (c) or (d) of this section to issue an eligibility certificate or to deny an  
756 application for the issuance of an eligibility certificate either upon the  
757 expiration of thirty days without a public hearing following an initial

758 unfavorable determination or upon any reconsideration of the  
759 application pursuant to subsection (c) or (d) of this section is  
760 conclusive and final as to the matters thereby decided, and chapter 54  
761 shall not apply to the administrative determinations authorized to be  
762 made by this section.

763 (f) Any person who claims a benefit under section 12-217e or  
764 subdivisions (59) and (60) of section 12-81, as amended by this act,  
765 shall notify the department of any change in fact or circumstance  
766 which may bear upon the continued qualification as a manufacturing  
767 facility or a service facility for which an eligibility certificate has been  
768 issued. Upon receipt of such information or upon independent  
769 investigation, the department may revoke the eligibility certificate in  
770 the manner provided in subsection (c) of this section.

771 (g) The commissioner shall adopt regulations, in accordance with  
772 chapter 54, to carry out the provisions of this section. Such regulations  
773 shall provide that establishments in the category of business support  
774 services, as defined in subsection (b) of section 32-222, or  
775 manufacturing facilities, as defined in subsection (d) of section 32-9p,  
776 may be eligible for a certificate if they are located in an enterprise zone.

777 Sec. 8. Section 32-9s of the general statutes is repealed and the  
778 following is substituted in lieu thereof (*Effective July 1, 2019*):

779 (a) The state shall make an annual grant payment to each  
780 municipality, to each district, as defined in section 7-325, which is  
781 located in a distressed municipality, targeted investment community,  
782 enterprise zone or municipality within an airport development zone  
783 established pursuant to section 32-75d and to each special services  
784 district created pursuant to chapter 105a which is located in a  
785 distressed municipality, targeted investment community or enterprise  
786 zone in the amount of fifty per cent of the amount of that tax revenue  
787 which the municipality or district would have received except for the  
788 provisions of subdivisions (59) and (60) of section 12-81, as amended  
789 by this act, or subdivision (70) of section 12-81.



790       **(b)** On or before the first day of August of each year, each  
791 municipality and district shall file a claim with the Secretary of the  
792 Office of Policy and Management for the amount of such grant  
793 payment to which such municipality or district is entitled under this  
794 section. The claim shall be made on forms prescribed by the secretary  
795 and shall be accompanied by such supporting information as the  
796 secretary may require. Any municipality or district which neglects to  
797 transmit to the secretary such claim and supporting documentation as  
798 required by this section shall forfeit two hundred fifty dollars to the  
799 state, provided the secretary may waive such forfeiture in accordance  
800 with procedures and standards adopted by regulation in accordance  
801 with chapter 54. The secretary shall review each such claim as  
802 provided in section 12-120b. Any claimant aggrieved by the results of  
803 the secretary's review shall have the rights of appeal as set forth in  
804 section 12-120b. The secretary shall, on or before the December  
805 fifteenth next succeeding the deadline for the receipt of such claims,  
806 certify to the Comptroller the amount due under this section, including  
807 any modification of such claim made prior to December fifteenth, to  
808 each municipality or district which has made a claim under the  
809 provisions of this section. The Comptroller shall draw an order on the  
810 Treasurer on or before the fifth business day following December  
811 fifteenth, and the Treasurer shall pay the amount thereof to each such  
812 municipality or district on or before the following December thirty-  
813 first. If any modification is made as the result of the provisions of this  
814 section on or after the December first following the date on which the  
815 municipality or district has provided the amount of tax revenue in  
816 question, any adjustment to the amount due to any municipality or  
817 district for the period for which such modification was made shall be  
818 made in the next payment the Treasurer shall make to such  
819 municipality or district pursuant to this section. In the fiscal year  
820 commencing July 1, 2003, and in each fiscal year thereafter, the amount  
821 of the grant payable to each municipality and district in accordance  
822 with this section shall be reduced proportionately in the event that the  
823 total amount of the grants payable to all municipalities and districts  
824 exceeds the amount appropriated.

825 (c) The provisions of this section shall apply to a municipality that  
 826 has opted out of the provisions of subdivisions (59) and (60) of section  
 827 12-81, as amended by this act, in accordance with subdivision (1) of  
 828 subsection (f) of section 32-70, as amended by this act, as long as a  
 829 facility or business remains eligible under said subsection (f).

830 Sec. 9. Section 32-71 of the general statutes is repealed and the  
 831 following is substituted in lieu thereof (*Effective July 1, 2019*):

832 (a) [Any] (1) Unless a municipality, which has designated any area  
 833 as an enterprise zone pursuant to section 32-70, as amended by this act,  
 834 has opted out of the provisions of this section in accordance with  
 835 subdivision (1) of subsection (f) of section 32-70, as amended by this  
 836 act, such municipality shall provide, by ordinance, for the fixing of  
 837 assessments on all real property in such zone which is improved  
 838 during the period when such area is designated as an enterprise zone.

839 (2) Such fixed assessment shall be for a period of seven years from  
 840 the time of such improvement and shall defer any increase in  
 841 assessment attributable to such improvements according to the  
 842 following schedule:

T1	Percentage of Increase	
T2	Year	Deferred
T3	First	100
T4	Second	100
T5	Third	50
T6	Fourth	40
T7	Fifth	30
T8	Sixth	20
T9	Seventh	10

843 Notwithstanding the provisions of this [subsection] subdivision, a  
 844 municipality may negotiate the fixing of assessments on the portion of  
 845 improvements, by a taxpayer, which exceed a value of eighty million  
 846 dollars to real property which is to be used for commercial or retail

847 purposes. Notwithstanding the provisions of chapter 203, no such  
848 improvements shall be subject to property taxation while such  
849 improvements are being constructed.

850 (b) Any fixed assessment on any residential property shall cease if:  
851 (1) For any residential rental property, any dwelling unit in such  
852 property is rented to any person whose income exceeds two hundred  
853 per cent of the median income, as determined by the United States  
854 Department of Housing and Urban Development, for the area in which  
855 the municipality containing the residential rental property is located;  
856 or (2) for any conversion condominium declared after the designation  
857 of the enterprise zone, any unit is sold to any person whose income  
858 exceeds two hundred per cent of the median income, as determined by  
859 the United States Department of Housing and Urban Development, for  
860 the area in which the municipality containing the residential rental  
861 property is located.

862 (c) In the event of a general revaluation by any such municipality in  
863 the year in which such improvement is completed, resulting in any  
864 increase in the assessment on such property, only that portion of the  
865 increase resulting from such improvement shall be deferred. In the  
866 event of a general revaluation in any year after the year in which such  
867 improvement is completed, such deferred assessment shall be  
868 increased or decreased in proportion to the increase or decrease in the  
869 total assessment on such property as a result of such revaluation.

870 (d) No improvements of any real property which qualifies as a  
871 manufacturing facility under subsection (d) of section 32-9p shall be  
872 eligible for any fixed assessment pursuant to this section.

873 (e) Any such municipality may provide any additional tax  
874 abatements or deferrals as it deems necessary for any property located  
875 in any such enterprise zone.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2019</i>	22a-498
Sec. 2	<i>July 1, 2019</i>	22a-498a
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>July 1, 2019</i>	32-70
Sec. 6	<i>July 1, 2019</i>	12-81(59) and (60)
Sec. 7	<i>July 1, 2019</i>	32-9r
Sec. 8	<i>July 1, 2019</i>	32-9s
Sec. 9	<i>July 1, 2019</i>	32-71

*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:** See Below

### **Explanation**

**Section 1** expands the municipal stormwater authority pilot program to all municipalities. This has no fiscal impact to the state, as it does not specify any state revenue as a funding source for any stormwater authority. Any impact to a municipality would vary based on how it chose to administer such authority.

The bill allows stormwater authorities to recommend a fee to be imposed on real property within an authority's jurisdiction, and allows that fee to be subsequently reduced or deferred in certain circumstances. Any authority that imposes a fee on real property would experience a revenue gain.

**Sections 2 and 3** have no fiscal impact. Section 2 requires the Office of Policy and Management to study whether the State Property PILOT grant formula should be changed for towns in which 50% of their land is comprised of state forest. Section 3 requires the Department of Economic and Community Development to study the manufacturing machinery and equipment property tax exemption. It is anticipated that both studies can be completed within existing resources.

**Sections 4 to 8** preclude a grand list reduction in distressed municipalities by allowing them to opt out of certain exemptions for manufacturing facilities and equipment for five years. The bill does not

impact any existing exemptions but precludes any new ones from being established. Due to the timing of the bill, the earliest any impact would occur is FY 21.

House "A" 1) prohibits stormwater authorities from assessing fees on land classified as farm, forest, or open space land, and 2) limits to five years the municipal opt out of certain tax exemptions on manufacturing facilities and equipment. This reduces any potential revenue gain to municipalities and stormwater authorities resulting from the underlying bill.

House "A" makes other changes concerning stormwater authorities and distressed municipalities which have no fiscal impact.

***The Out Years***

***State Impact:*** None

***Municipal Impact:*** See Above

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**OLR Bill Analysis****sHB 7408 (as amended by House "A")\*****AN ACT CONCERNING MUNICIPAL STORMWATER AUTHORITIES, STUDIES OF THE PILOT GRANTS PROGRAM AND A PROPERTY TAX EXEMPTION FOR MACHINERY AND EQUIPMENT, AND ENTERPRISE ZONES.****SUMMARY**

This bill:

1. gives municipalities with designated enterprise zones discretion to opt out of providing, for five years, property tax exemptions and fixed assessments for certain real and personal property located in the zones (§§ 5-9);
2. authorizes all municipalities, rather than just certain ones, to establish a municipal stormwater authority; expands the authorities' powers to assess fees; and specifies the process by which municipal legislative bodies approve such fees (§§ 1 & 2);
3. requires the Office of Policy and Management (OPM) secretary to study the payment in lieu of taxes (PILOT) program for towns in which over 50% of their land is state forest and report her findings and recommendations to the legislature (§ 3); and
4. requires the Department of Economic and Community Development (DECD) commissioner to study the property tax exemption for manufacturing machinery and equipment (MME) and report his findings and recommendations to the legislature (§ 4).

\*House Amendment "A" (1) restricts the enterprise zone opt-out to a five year period; (2) requires municipalities that have opted out to

reapply for enterprise zone designation with DECD; (3) adds the provisions about stormwater authority fee approval, delinquent fees, and appeals; and (4) makes minor changes to the stormwater authority provisions.

EFFECTIVE DATE: July 1, 2019, except the study provisions are effective upon passage.

**§§ 5-9 — ENTERPRISE ZONE PROPERTY TAX INCENTIVES**

Under the bill, any municipality with a designated enterprise zone (see BACKGROUND) may, by vote of its legislative body (or board of selectmen if its legislative body is a town meeting), opt out of providing the following property tax incentives in an enterprise zone for a five-year period:

1. a five-year, 80% exemption for qualifying facility improvements and machinery and equipment purchases (with certain narrow exceptions)(CGS § 12-81(59) & (60));
2. a seven-year fixed assessment (100% for the first two years, 50% for the third, and decreasing by 10% for each of the remaining four years) for real property improvements (other than for manufacturing facilities)(CGS § 32-71); or
3. both.

The opt-out takes effect on the date the municipality notifies the DECD commissioner of such vote, but it does not affect exemptions or fixed assessments for:

1. any business for which DECD has already approved an enterprise zone preliminary or formal application or issued an enterprise zone eligibility certificate;
2. any business receiving any of the incentives described above at the time of the notice; or
3. any real or personal property planned to be constructed or



purchased pursuant to an economic incentive agreement entered into with DECD if the agreement was executed on or before December 31, 2018.

Under the bill, any municipality that has opted out of providing these incentives may, after the five-year opt-out period expires, seek the DECD commissioner's approval to be redesignated as an enterprise zone. To do so, the municipality must follow the statutory enterprise zone designation process (i.e., file a preliminary and final application with the DECD commissioner).

The bill also makes numerous conforming changes.

## **§§ 1 & 2 — MUNICIPAL STORMWATER AUTHORITIES**

### ***Eligible Municipalities***

The bill allows any municipality to establish a municipal stormwater authority, rather than just the three municipalities (i.e., New Haven, New London, and Norwalk) that participated in the Department of Energy and Environmental Protection's (DEEP) municipal stormwater authority pilot program (authorized under PA 07-154).

### ***Fee Assessment***

Under current law, stormwater authorities created under the pilot program must, among other things, recommend to the municipality's legislative body a levy on taxable real property in the stormwater district. The bill instead requires stormwater authorities to recommend a fee to be imposed on all real property in the district except as described below. The bill explicitly requires, rather than authorizes, the authorities to use the revenue generated to carry out any of the district's powers. It makes conforming changes to an existing provision about a stormwater authority created under the DEEP pilot program and located in a distressed municipality with a population of 28,000 or fewer (i.e., New London).

Under the bill, each stormwater authority must present its budget

annually to the municipality's legislative body for approval. The budget must include (1) the specific programs the authority proposes to undertake during the fiscal year, (2) its projected expenditures for such programs, and (3) the fee amount it proposes to levy to pay for such expenditures. The total fees proposed for the fiscal year may not exceed the total projected expenditures. Under the bill, the legislative body must approve fee amounts that are less than the authority's proposed amounts.

In setting fees, the bill requires, rather than allows, authorities to consider (1) the amount of impervious surfaces generating stormwater runoff, (2) land use types that result in higher concentrations of stormwater pollution, and (3) the property's grand list valuation. The bill additionally requires them to consider land use types that result in lower concentrations of stormwater pollution.

### ***Exempt Properties***

Current law authorizes the authorities to reduce or defer such fees for land classified as, or consisting of, farm, forest, or open space. The bill instead prohibits them from imposing fees on such land except for areas containing impervious surfaces from which stormwater is generated.

### ***Delinquent Fees***

Under the bill, fees that are not paid in full on or before 30 days after they are due are subject to the same interest rate as delinquent property taxes (i.e., 1.5% per month). Unpaid fees and interest are a lien on the property owner's real or personal property on which the fee was levied and may be recorded and released in the same manner as property tax liens.

### ***Aggrieved Individuals***

Under the bill, anyone aggrieved by an authority's action has the same rights and remedies for appeal and relief as the law provides for property taxpayers aggrieved by an assessor's or board of assessment appeal's action (see BACKGROUND).

### **§ 3 — PILOT PROGRAM STUDY**

The bill requires the OPM secretary to study the PILOT program for towns where at least 50% of their land is comprised of state forest. The study must evaluate the grant formula and whether it should be changed for these towns. By January 1, 2020, she must submit her findings and any recommendations for legislative changes to the (1) Finance, Revenue and Bonding and (2) Planning and Development committees.

### **§ 4 — DECD STUDY OF MME PROPERTY TAX EXEMPTION**

The bill requires the DECD commissioner to study the MME property tax exemption and evaluate the impact of limiting the number of years for which a taxpayer qualifies for the exemption to seven or fewer years. In doing so, he may consult with any individuals, businesses, and state agencies he deems necessary to accomplish the study's purposes. By January 1, 2020, he must report his findings and recommendations to the (1) Commerce, (2) Planning and Development, and (3) Finance, Revenue and Bonding committees.

## **BACKGROUND**

### ***Municipalities with Enterprise Zones***

The state's 18 enterprise zones are located in Bridgeport, Bristol, East Hartford, Groton, Hamden, Hartford, Meriden, Middletown, New Britain, New Haven, New London, Norwalk, Norwich, Southington, Stamford, Thomaston, Waterbury, and Windham.

### ***Property Tax Assessment Appeals***

By law, property owners can appeal their assessments to a municipality's board of tax review or assessment appeals. The appeals board must hold a hearing on each appeal except for those for commercial, industrial, utility, or apartment properties assessed at over \$1 million. A taxpayer aggrieved by an appeals board's decision can appeal to Superior Court (CGS § 12-117a).

The law provides the following two circumstances under which a taxpayer can appeal directly to Superior Court:

1. when the appeals board declines to hear an appeal on commercial, industrial, utility, or apartment properties assessed at over \$1 million (CGS § 12-111) and
2. when the taxpayer alleges that the tax was illegal (i.e., assessed on property not taxable in the municipality or “computed on an assessment which, under all circumstances, was manifestly excessive and could not have been arrived at except by disregarding the provisions of the statutes for determining the valuation of such property”)(CGS § 12-119).

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 31 Nay 19 (05/01/2019)