



Senate

General Assembly

File No. 591

January Session, 2019

Senate Bill No. 527

Senate, April 10, 2019

The Committee on Planning and Development reported through SEN. CASSANO, S. of the 4th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

***AN ACT PERMITTING MUNICIPALITIES TO COMBINE THE
PROPERTY ASSESSMENTS OF MULTIPLE ELECTRIC GENERATING
FACILITIES.***

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

1 Section 1. Section 32-71a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage, and*
3 *applicable to assessment years commencing on and after October 1, 2018*):

4 (a) Any electric generating facility, the construction of which is
5 completed after July 1, 1998, may be treated for the purposes of section
6 32-71 as if it were located in an enterprise zone and used for
7 commercial or retail purposes. Notwithstanding the provisions of
8 section 32-71, upon the approval of a municipality's legislative body,
9 either before or after July 1, 2001, the full amount of either assessments
10 or taxes may be fixed for the real and personal property of such electric
11 generating facility both during and after the construction period,
12 provided such assessments or taxes as so fixed represent an

13 approximation of the projected tax liability of such facility based on a
14 reasonable estimation of its fair market value as determined by the
15 municipality upon the exercise of its best efforts.

16 (b) Any new electric generating facility, the construction of which is
17 completed after July 1, 2003, may be treated for the purposes of section
18 32-71 as if it were located in an enterprise zone and used for
19 commercial or retail purposes, provided: (1) The owner of such facility
20 has negotiated a tax agreement with the municipality in which such
21 facility would be located; and (2) such agreement has been approved
22 by the municipality's legislative body between January 1, 2002, and
23 February 28, 2002. Notwithstanding the provisions of section 32-71,
24 upon approval of such municipality's legislative body, either before or
25 after June 14, 2002, up to the full amount of either assessments or taxes
26 may be fixed for the real and personal property of such electric
27 generating facility both during and after the construction period,
28 provided such assessments or taxes as so fixed represent an
29 approximation of the commensurate portion of the projected tax
30 liability of such facility based on a reasonable estimation of its fair
31 market value as determined by the municipality upon the exercise of
32 its best efforts.

33 (c) Any new electric generating facility, the construction of which is
34 completed after July 1, 2003, may be treated for the purposes of section
35 32-71 as if it were located in an enterprise zone and used for
36 commercial or retail purposes, provided the municipality in which
37 such facility is located is under state governance. Notwithstanding the
38 provisions of section 32-71, upon approval of such municipality's
39 legislative body, either before or after June 14, 2002, up to the full
40 amount of either assessments or taxes may be fixed for the real and
41 personal property of such electric generating facility both during and
42 after the construction period, provided such assessments or taxes as so
43 fixed represent an approximation of the commensurate portion of the
44 projected tax liability of such facility based on a reasonable estimation
45 of its fair market value as determined by the municipality upon the
46 exercise of its best efforts.

47 (d) Any existing electric generating facility, the construction of
 48 which is completed before July 1, 1998, and any new electric
 49 generating facility, the construction of which is completed after July 1,
 50 2019, which new electric generating facility is constructed at the same
 51 location as such existing electric generating facility, may be treated
 52 collectively as one combined electric generating facility for the
 53 purposes of section 32-71 as if such combined electric generating
 54 facility were located in an enterprise zone and used for commercial or
 55 retail purposes. Notwithstanding the provisions of section 32-71, upon
 56 the approval, either before or after July 1, 2019, of the legislative body
 57 of the municipality in which such combined electric generating facility
 58 is located, the full amount of either assessments or taxes may be fixed
 59 for the real and personal property of both such existing and new
 60 electric generating facilities before, during and after the construction
 61 period of such new electric generating facility, provided such
 62 assessments or taxes as so fixed represent an approximation of the
 63 projected tax liability of such combined electric generating facility
 64 based on a reasonable estimation of its fair market value as determined
 65 by the municipality upon the exercise of its best efforts.

66 [(d)] (e) As used in this section, "electric generating facility" means a
 67 facility, as defined in subdivision (3) of subsection (a) of section 16-50i.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage, and applicable to assessment years commencing on and after October 1, 2018</i>	32-71a

PD *Joint Favorable*

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: See Below

Explanation

The bill expands a tax freeze for real and personal property owned by certain energy facilities. This precludes any significant increases or decreases in the assessment of these facilities that would otherwise occur.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future changes in municipal grand lists and mill rates.

OLR Bill Analysis**SB 527****AN ACT PERMITTING MUNICIPALITIES TO COMBINE THE PROPERTY ASSESSMENTS OF MULTIPLE ELECTRIC GENERATING FACILITIES.****SUMMARY**

By law, any municipality may treat a power plant that completes construction after July 1, 1998, as though it were located in an enterprise zone and used for commercial or retail purposes. This means that, with approval of its legislative body, it can fix the full amount of either the property taxes or assessment on the plant's real and personal property.

This bill allows any municipality, with the approval of its legislative body, to extend such tax benefits to existing power plants that completed construction before July 1, 1998, if a new plant is built on the same site and construction is completed after July 1, 2019. The existing and new plants may be treated as a single combined plant for purposes of fixing its tax and assessments.

Under the bill, for assessment years commencing on and after October 1, 2018, municipalities may fix the full amount of either the property tax or assessment on the combined plant's real and personal property before, during, and after construction of the new plant, despite the enterprise zone law's requirement that towns fix property taxes or assessments only after the property improvement occurs.

The taxes or assessments set by the municipality must approximate the combined plant's projected tax liability based on a reasonable estimate of its fair market value that the municipality determined using its best efforts.

Under existing law, municipalities that meet certain narrow

conditions may treat power plants that complete construction after July 1, 2003, in the same way, except that it allows them to fix the plant's taxes or assessment at less than the full amount.

EFFECTIVE DATE: Upon passage and applicable to assessment years beginning on and after October 1, 2018.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable

Yea 22 Nay 0 (03/25/2019)