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 property tax exemptions and fixed assessments for certain real and personal property located in the zones (§§ 4-8);

2. authorizes all municipalities, rather than just certain ones, to establish a municipal stormwater authority and expands the authorities’ powers (§ 1);

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 (§ 2); 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 (§ 3).

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

§§ 4-8 — 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:

1. a five-year, 80% exemption for qualifying facility improvements and machinery and equipment purchases (with certain narrow exceptions)(CGS § 12-81(59) and (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.

The bill allows any municipality that has opted out of providing these incentives to vote to repeal the opt-out in the same way it first approved it. Any municipality that does so must notify the DECD commissioner of the repeal.

The bill also makes numerous conforming changes.

§ 1 — MUNICIPAL STORMWATER AUTHORITY

The bill allows any municipality to establish a municipal
stormwater authority, rather than just the three municipalities (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). 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.

Under the bill, the authorities may reduce or defer the fee if stormwater retention standards under the general permit for stormwater discharge from small municipal separate storm sewer systems, promulgated by DEEP, have been satisfied. The bill also removes the requirement that authorities receive the DEEP commissioner’s approval before entering into contracts with any municipal or regional entity to accomplish its purposes.

§ 2 — PILOT PROGRAM STUDY

The bill requires the OPM secretary to conduct a study of 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 Finance, Revenue and Bonding and Planning and Development committees.

§ 3 — 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.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea  31  Nay  19  (05/01/2019)