

**Proposed Substitute  
Bill No. 7408**

LCO No. 7687

**AN ACT CONCERNING MUNICIPAL REVENUE AND STORMWATER  
AUTHORITY, 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 Section 22a-498 of the general statutes is repealed and the  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 be used in carrying out any of the powers of such district. In  
31 accomplishing the purposes of this section, the stormwater authority  
32 may plan, layout, acquire, construct, reconstruct, repair, maintain,  
33 supervise and manage stormwater control systems.

34 (c) Any stormwater authority created by a municipality pursuant to  
35 subsection (a) of this section may levy fees from property owners of  
36 the municipality for the purposes described in subsection (b) of this  
37 section. In establishing fees for any property in its district, the  
38 stormwater authority may consider criteria, including, but not limited  
39 to, the following: The area of the property containing impervious  
40 surfaces from which stormwater runoff is generated, land use types  
41 that result in higher concentrations of stormwater pollution and the  
42 grand list valuation of the property. The stormwater authority may  
43 reduce or defer such fees (1) for land classified as, or consisting of,  
44 farm, forest or open space land, or (2) if stormwater retention standards  
45 under the general permit for the discharge of stormwater from small  
46 municipal separate storm sewer systems, promulgated by the Department  
47 of Energy and Environmental Protection, have been satisfied.

48 (d) The authority may adopt municipal regulations to implement  
49 the stormwater management program.

50 (e) The authority may [, subject to the commissioner's approval,]  
51 enter into contracts with any municipal or regional entity to  
52 accomplish the purposes of this section.

53 Sec. 2. (*Effective from passage*) The Secretary of the Office of Policy

54 and Management shall conduct a study of the payment in lieu of taxes  
55 grants program with respect to towns in which over fifty per cent of  
56 the land within such town's boundaries is state forest. The secretary  
57 shall evaluate the formula used for such grants program as applied to  
58 such towns and whether changes should be made to such formula for  
59 such towns. Not later than January 1, 2020, the secretary shall submit a  
60 report, in accordance with the provisions of section 11-4a of the general  
61 statutes, summarizing the secretary's findings and including any  
62 recommendations for legislative changes to such formula, to the joint  
63 standing committees of the General Assembly having cognizance of  
64 matters relating to finance, revenue and bonding and municipalities.

65       Sec. 3. (*Effective from passage*) The Commissioner of Economic and  
66 Community Development shall conduct a study of the property tax  
67 exemption for machinery and equipment under subdivision (76) of  
68 section 12-81 of the general statutes and evaluate the effect of limiting  
69 the number of years for which a taxpayer would be eligible for such  
70 exemption to seven or fewer years. The commissioner may consult  
71 with any individuals, businesses and state agencies the commissioner  
72 deems necessary or appropriate to accomplish the purposes of the  
73 study. Not later than January 1, 2020, the commissioner shall submit a  
74 report, in accordance with the provisions of section 11-4a of the general  
75 statutes, on the commissioner's findings and recommendations to the  
76 joint standing committees of the General Assembly having cognizance  
77 of matters relating to municipalities, commerce and finance, revenue  
78 and bonding.

79       Sec. 4. Section 32-70 of the general statutes is repealed and the  
80 following is substituted in lieu thereof (*Effective July 1, 2019*):

81       (a) Any municipality that was a distressed municipality under the  
82 provisions of subsection (b) of section 32-9p on February 1, 1986, may,  
83 with the approval of the Commissioner of Economic and Community  
84 Development, designate an area of such municipality as an enterprise  
85 zone. Any such area shall consist of one or two contiguous United  
86 States census tracts, contiguous portions of such census tracts or a

87 portion of an individual census tract, as determined in accordance with  
88 the most recent United States census and, if such area is covered by  
89 zoning, a portion of it shall be zoned to allow commercial or industrial  
90 activity. The census tracts within which such designated area is located  
91 shall also meet at least one of the following criteria: (1) Twenty-five per  
92 cent or more of the persons within the individual census tracts shall  
93 have income below the poverty level, as determined by the most recent  
94 United States census, as officially updated by the appropriate state  
95 agency or institution; (2) twenty-five per cent or more of the families  
96 within the individual census tracts shall receive public assistance or  
97 welfare income, as determined by the most recent United States  
98 census, as officially updated by the appropriate state agency or  
99 institution; or (3) the unemployment rate of the individual census  
100 tracts shall be at least two hundred per cent of the state's average, as  
101 determined by the most recent United States census, as officially  
102 updated by the appropriate state agency or institution. In calculating  
103 any such percentage for one or two contiguous census tracts,  
104 contiguous portions of census tracts or a portion of an individual  
105 census tract, the commissioner shall round up to the nearest whole  
106 percentage number. If a census tract qualifies under the eligibility  
107 criteria for designation as an enterprise zone and if the commissioner  
108 determines that a census tract which is contiguous to such tract has  
109 significant job creation potential, the commissioner may include such  
110 contiguous census tract, or a portion thereof, in the enterprise zone in  
111 lieu of a second qualified census tract if such contiguous census tract  
112 meets at least one of the following reduced criteria: (A) Fifteen per cent  
113 or more of the persons within the census tract shall have income below  
114 the poverty level, as determined by the most recent United States  
115 census, as officially updated by the appropriate state agency or  
116 institution; (B) fifteen per cent or more of the families within the census  
117 tract shall receive public assistance or welfare income, as determined  
118 by the most recent United States census, as officially updated by the  
119 appropriate state agency or institution; or (C) the unemployment rate  
120 of the census tract shall be at least one hundred fifty per cent of the  
121 state's average, as determined by the most recent United States census,

122 as officially updated by the appropriate state agency or institution. If a  
123 census tract boundary line is the center line of a street, the  
124 commissioner may include within the enterprise zone that portion of  
125 the property fronting on such street which is outside of but adjacent to  
126 the census tract. The depth of such property so included in the  
127 enterprise zone shall be determined by the commissioner at the time of  
128 the designation of the zone. If a census tract boundary line is located  
129 along a railroad right-of-way, railroad property or natural stream of  
130 water, the commissioner may include within the enterprise zone any  
131 private properties under common ownership which are traversed by  
132 the railroad right-of-way, railroad property or natural stream of water.  
133 Any private properties so affected shall be included in the enterprise  
134 zone at the time of the designation of the zone except, in the case of an  
135 enterprise zone designated prior to October 1, 1983, the commissioner  
136 may include within the zone any such property if the municipality in  
137 which the zone is located requests the commissioner to include such  
138 property not later than sixty days after October 1, 1983. If more than  
139 twenty-five per cent of the project area of a development project under  
140 chapter 132 is located in an area eligible for designation as an  
141 enterprise zone and the project plan for such development project is  
142 approved by the Commissioner of Economic and Community  
143 Development in accordance with section 8-191, the commissioner may  
144 include the entire project area of such development project area in an  
145 enterprise zone. If more than twenty-five per cent of the project area of  
146 a municipal development project under chapter 588~~l~~ is located in an  
147 area eligible for designation as an enterprise zone and the  
148 development plan for such project is approved by the Commissioner  
149 of Economic and Community Development in accordance with section  
150 32-224, the commissioner may include the entire project area of such  
151 project in an enterprise zone. If more than fifty per cent of an approved  
152 redevelopment area under chapter 130 is located in an area eligible for  
153 designation as an enterprise zone, the commissioner may include the  
154 entire redevelopment area in an enterprise zone. The commissioner  
155 may also include in the area designated as an enterprise zone (i) any  
156 facility, as defined in section 32-9p, which is located outside of but

157 contiguous to a census tract included in the zone, (ii) any private  
158 properties which are (I) under common ownership, (II) located outside  
159 of a census tract included in the zone and (III) contiguous to a railroad  
160 right-of-way which is the boundary of such a census tract, or (iii) any  
161 private properties which are located outside of a census tract included  
162 in the zone, but between the zone and a railroad right-of-way, where  
163 other segments of such railroad right-of-way serve as boundaries for  
164 the zone. The commissioner may, at any time after the designation of  
165 an area as an enterprise zone, include in such zone any area  
166 contiguous to such zone which, at the time of the designation of such  
167 zone, was eligible to be included in such zone but was not so included.  
168 The commissioner may, at any time after the designation of an area as  
169 an enterprise zone, include in such zone any property which is located  
170 within one hundred fifty feet of a stream, the center line of which is the  
171 boundary of a census tract included in such zone, and which property  
172 contains an existing building or facility, having an area equal to or  
173 greater than one hundred thousand square feet, that is or was formerly  
174 used for manufacturing purposes but is underutilized or vacant at the  
175 time the property is included in such zone. If the commissioner  
176 determines that the necessary data is not available from the most  
177 recent United States census, the commissioner may use such data as  
178 the commissioner deems appropriate. The commissioner shall include  
179 in the designation of the enterprise zone in the city of Meriden the  
180 entire parcel of land bordered by Cook Avenue, Hanover Street,  
181 Perkins Street Square, and South Colony Street.

182 (b) [Notwithstanding any provision of this section to the contrary,  
183 (1) any] (1) Any municipality which has an enterprise zone may with  
184 the approval of the commissioner, expand such enterprise zone by  
185 designating for inclusion in such zone one or more additional census  
186 tracts or contiguous portions of such census tract or tracts, provided  
187 such census tract or tracts are located in the municipality, are  
188 contiguous to the enterprise zone and meet the reduced criteria for  
189 contiguous census tracts in subsection (a) of this section, (2) any  
190 municipality which is contiguous to an enterprise zone which is  
191 located in another municipality may, with the approval of the

192 commissioner, designate as an enterprise zone one or more census  
193 tracts or contiguous portions of such census tract or tracts, which are  
194 located in the municipality making such designation, provided such  
195 census tract or tracts meet the reduced criteria for contiguous census  
196 tracts in subsection (a) of this section and are contiguous to the  
197 enterprise zone located in the other municipality. When approving  
198 such an expanded or new zone under this subsection, the  
199 commissioner shall consider the development rationale, proposed local  
200 effort and job creation potential of such expanded or new zone as  
201 demonstrated by the municipality, and (3) any municipality which is  
202 contiguous to an enterprise zone which is located in another  
203 municipality may, with the approval of the commissioner and the  
204 legislative body of the municipality containing the enterprise zone,  
205 designate as an enterprise zone one or more census tracts or portions  
206 of such census tract or tracts that are contiguous to the enterprise zone  
207 in the other municipality, provided no municipality which designates  
208 an enterprise zone in this manner shall be considered to be a targeted  
209 investment community, as defined in section 32-222, or an enterprise  
210 zone community.

211 (c) (1) On or before September 30, 1993, the Commissioner of  
212 Economic and Community Development shall approve the  
213 designation of ten areas as enterprise zones, not more than four of  
214 which shall be in municipalities with a population greater than eighty  
215 thousand and not more than six of which shall be in municipalities  
216 with a population of less than eighty thousand.

217 (2) (A) On or after October 1, 1993, the commissioner shall approve  
218 the designation of two areas as enterprise zones. Each such area shall  
219 be in a municipality with a population of less than eighty thousand, in  
220 which there are one or more base or plant closures. Such municipalities  
221 shall be in different counties. If the commissioner approves the  
222 designation of an area of a municipality as an enterprise zone because  
223 of a plant closure in the municipality and there is a closure of another  
224 plant in any other municipality in the state by the same business, the  
225 commissioner shall also designate an area in such other municipality

226 as an enterprise zone. If any such designated area includes a portion of  
227 a census tract in which any such base or plant is located, the census  
228 tracts in such area shall not be required to meet the eligibility criteria  
229 set forth under subsection (a) of this section for enterprise zone  
230 designation. If any such area is located elsewhere in the municipality,  
231 the census tracts in such area shall meet such eligibility criteria. As  
232 used in this subparagraph, (i) "base" means any United States or state  
233 of Connecticut military base or facility located in whole or in part  
234 within the state; (ii) "plant" means any manufacturing business or  
235 economic base business, as defined in section 32-222; and (iii) "closure"  
236 means any reduction or transfer in military personnel or civilian  
237 employment at one or more bases or plants in a municipality, which  
238 occurred between July 1, 1989, and July 1, 1993, or is scheduled to  
239 occur between July 1, 1993, and July 1, 1996, and exceeds two thousand  
240 persons. Such employment figures shall be certified by the Labor  
241 Department. (B) On or after October 1, 1993, the commissioner shall  
242 approve the designation of three other areas as enterprise zones, one of  
243 which shall be in a municipality with a population greater than eighty  
244 thousand and two of which shall be in municipalities with a  
245 population of less than eighty thousand. The census tracts in such  
246 areas shall meet the eligibility criteria set forth under subsection (a) of  
247 this section for enterprise zone designation. The commissioner shall  
248 approve the designation of enterprise zones under this subparagraph  
249 for those municipalities which he or she determines to have  
250 experienced the largest increases in poverty from October 1, 1989, to  
251 October 1, 1993, inclusive, based on a weighted average of the  
252 unemployment rate, caseload under the temporary family assistance  
253 program and per capita income of less than ninety per cent of the state  
254 average between 1985 and 1989. In making his determination, the  
255 commissioner may also consider the vacancy rates for commercial and  
256 industrial facilities in a municipality and a municipality's program for  
257 the implementation of an effective enterprise zone program. To the  
258 extent appropriate, the commissioner shall use the Regional Economic  
259 Models, Inc. (REMI) system in making the calculations for such  
260 determination. (C) Notwithstanding the provisions of subsection (a) of



261 this section, municipalities that were not distressed municipalities  
262 under the provisions of subsection (b) of section 32-9p on February 1,  
263 1986, shall be eligible to designate areas as enterprise zones under  
264 subparagraph (A) or (B) of this subdivision.

265 (3) On or after July 1, 2014, the commissioner shall approve the  
266 designation of two areas as enterprise zones as follows: (A) One area  
267 shall be in a municipality with a population of not more than fifty  
268 thousand, as enumerated in the 2010 federal decennial census, and in  
269 which is located a United States Postal Service processing center that at  
270 any point in time employed one thousand or more persons, except that  
271 such area shall only be designated as an enterprise zone for a term of  
272 five years from the date any portion of the area is transferred,  
273 provided such transfer occurs on or after July 1, 2014, and (B) one area  
274 shall be in a municipality with a population of not less than seven  
275 thousand eight hundred and not more than seven thousand nine  
276 hundred, as enumerated in the 2010 federal decennial census, and  
277 having a total area of not more than 12.2 square miles. Each such  
278 enterprise zone area shall consist of two contiguous United States  
279 census tracts, contiguous portions of such census tracts or all or a  
280 portion of an individual census tract, as determined in accordance with  
281 the most recent federal decennial census and, if such area is covered by  
282 zoning, a portion of such area shall be zoned to allow commercial or  
283 industrial activity. The census tracts in each such enterprise zone area  
284 shall not be required to meet the eligibility criteria set forth in  
285 subsection (a) of this section. Notwithstanding the provisions of  
286 subsection (a) of this section, municipalities that were not distressed  
287 municipalities under the provisions of subsection (b) of section 32-9p  
288 on February 1, 1986, shall be eligible to designate areas as enterprise  
289 zones under this subdivision.

290 (4) The commissioner shall not approve the designation of more  
291 than one enterprise zone in any municipality. The commissioner shall  
292 adopt regulations in accordance with chapter 54 concerning such  
293 additional qualifications for an area to become an enterprise zone as he  
294 or she deems necessary. The commissioner may remove the

295 designation of any area he or she has approved as an enterprise zone if  
296 such area no longer meets the criteria for designation as such an area  
297 set forth in this section or in regulations adopted pursuant to this  
298 section, provided no such designation shall be removed less than ten  
299 years from the original date of approval of such zone. The  
300 commissioner may designate any additional area as an enterprise zone  
301 if that area is designated as an enterprise zone, empowerment zone or  
302 enterprise community pursuant to any federal legislation.

303 (d) Each municipality seeking the approval of the Commissioner of  
304 Economic and Community Development for the designation of an area  
305 of the municipality as an enterprise zone shall file with the  
306 commissioner a preliminary application. Not later than sixty days after  
307 receipt of such a preliminary application, the commissioner shall  
308 indicate to the municipality, in writing, any recommendations for  
309 improving the municipality's application. Not later than sixty days  
310 after receipt of the commissioner's written response, the municipality  
311 shall file a final application with the commissioner.

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

317 (f) (1) Any municipality that has an area designated as an enterprise  
318 zone may, by vote of its legislative body or, in a municipality where  
319 the legislative body is a town meeting, by vote of the board of  
320 selectmen, opt out of the provisions of (A) subdivisions (59) and (60) of  
321 section 12-81, as amended by this act, pertaining to an enterprise zone,  
322 or (B) section 32-71, as amended by this act, or (C) both. Any such opt-  
323 out shall be effective on the date the chief elected official of such  
324 municipality notifies the Commissioner of Economic and Community  
325 Development of such vote, provided such opt out shall not affect (i)  
326 any enterprise zone preliminary or formal application approved for a  
327 business by the Department of Economic and Community

328 Development or enterprise zone eligibility certificate issued by said  
329 department prior to such date, (ii) any business receiving an  
330 exemption pertaining to an enterprise zone pursuant to subdivision  
331 (59) or (60) of section 12-81, as amended by this act, at the time of such  
332 notice, (iii) any real property that has its assessment fixed or deferred  
333 pursuant to subsection (a) or (c) of section 32-71, as amended by this  
334 act, at the time of such notice, or (iv) any real property planned to be  
335 constructed or personal property planned to be purchased, pursuant to  
336 an economic incentive agreement entered into by a business with the  
337 Department of Economic and Community Development, provided  
338 such agreement was executed on or before December 31, 2018.

339 (2) A municipality that has opted out in accordance with the  
340 provisions of subdivision (1) of this subsection may vote to repeal such  
341 opt-out in the same manner such opt-out was approved and shall  
342 notify the commissioner of such repeal.

343 Sec. 5. Subdivisions (59) and (60) of section 12-81 of the general  
344 statutes are repealed and the following is substituted in lieu thereof  
345 (*Effective July 1, 2019*):

346 (59) (a) With respect to assessment years commencing on or after  
347 October 1, 2012, any manufacturing facility, as defined in section 32-  
348 9p, acquired, constructed, substantially renovated or expanded on or  
349 after July 1, 1978, in a distressed municipality, as defined in said  
350 section, in a targeted investment community, as defined in section 32-  
351 222, in an enterprise zone designated pursuant to section 32-70, as  
352 amended by this act, provided, if the municipality in which an  
353 enterprise zone is located has opted out of the provisions of this  
354 subdivision and subdivision (60) of this section in accordance with  
355 subdivision (1) of subsection (f) of section 32-70, as amended by this  
356 act, the facility is eligible under said subsection (f), or in an airport  
357 development zone established pursuant to section 32-75d, and for  
358 which an eligibility certificate has been issued by the Department of  
359 Economic and Community Development, and any manufacturing  
360 plant designated by the Commissioner of Economic and Community

361 Development under subsection (a) of section 32-75c as follows: To the  
362 extent of eighty per cent of its valuation for purposes of assessment in  
363 each of the five full assessment years following the assessment year in  
364 which the acquisition, construction, renovation or expansion of the  
365 manufacturing facility is completed, except that a manufacturing  
366 facility having a North American Industrial Classification Code of  
367 325411 or 325412 and having at least one thousand full-time  
368 employees, as defined in subsection (f) of section 32-9j, shall be eligible  
369 to have the assessment period extended for five additional years upon  
370 approval of the commissioner, in accordance with all applicable  
371 regulations, provided such full-time employees have not been  
372 relocated from another facility in the state operated by the same  
373 eligible applicant;

374 (b) Any service facility, as defined in section 32-9p, acquired,  
375 constructed, substantially renovated or expanded on or after July 1,  
376 1996, and for which an eligibility certificate has been issued by the  
377 Department of Economic and Community Development, as follows: (i)  
378 In the case of an investment of twenty million dollars or more but not  
379 more than thirty-nine million dollars in the service facility, to the  
380 extent of forty per cent of its valuation for purposes of assessment in  
381 each of the five full assessment years following the assessment year in  
382 which the acquisition, construction, renovation or expansion of the  
383 service facility is completed; (ii) in the case of an investment of more  
384 than thirty-nine million dollars but not more than fifty-nine million  
385 dollars in the service facility, to the extent of fifty per cent of its  
386 valuation for purposes of assessment in each of the five full assessment  
387 years following the assessment year in which the acquisition,  
388 construction, renovation or expansion of the service facility is  
389 completed; (iii) in the case of an investment of more than fifty-nine  
390 million dollars but not more than seventy-nine million dollars in the  
391 service facility, to the extent of sixty per cent of its valuation for  
392 purposes of assessment in each of the five full assessment years  
393 following the assessment year in which the acquisition, construction,  
394 renovation or expansion of the service facility is completed; (iv) in the  
395 case of an investment of more than seventy-nine million dollars but

396 not more than ninety million dollars in the service facility, to the extent  
397 of seventy per cent of its valuation for purposes of assessment in each  
398 of the five full assessment years following the assessment year in  
399 which the acquisition, construction, renovation or expansion of the  
400 service facility is completed; or (v) in the case of an investment of more  
401 than ninety million dollars in the service facility, to the extent of eighty  
402 per cent of its valuation for purposes of assessment in each of the five  
403 full assessment years following the assessment year in which the  
404 acquisition, construction, renovation or expansion of the service  
405 facility is completed, except that any financial institution, as defined in  
406 subsection (b) of section 32-236, having at least four thousand qualified  
407 employees, as determined in accordance with an agreement pursuant  
408 to subsection (b) of section 32-236, shall be eligible to have the  
409 assessment period extended for five additional years upon approval of  
410 the commissioner, in accordance with all applicable regulations,  
411 provided such full-time employees have not been relocated from  
412 another facility in the state operated by the same eligible applicant. In  
413 no event shall the definition of qualified employee be more favorable  
414 to the employer than the definition provided in subsection (b) of  
415 section 32-236;

416 (c) The completion date of a manufacturing facility, manufacturing  
417 plant or a service facility will be determined by the Department of  
418 Economic and Community Development taking into account the  
419 issuance of occupancy certificates and such other factors as it deems  
420 relevant. In the case of a manufacturing facility, manufacturing plant  
421 or a service facility which consists of a constructed, renovated or  
422 expanded portion of an existing plant, the assessed valuation of the  
423 facility or manufacturing plant is the difference between the assessed  
424 valuation of the plant prior to its being improved and the assessed  
425 valuation of the plant upon completion of the improvements. In the  
426 case of a manufacturing facility, manufacturing plant or a service  
427 facility which consists of an acquired portion of an existing plant, the  
428 assessed valuation of the facility or manufacturing plant is the assessed  
429 valuation of the portion acquired. This exemption shall be applicable  
430 during each such assessment year regardless of any change in the

431 ownership or occupancy of the facility or manufacturing plant. If  
432 during any such assessment year, however, any facility for which an  
433 eligibility certificate has been issued ceases to qualify as a  
434 manufacturing facility, manufacturing plant or a service facility, the  
435 entitlement to the exemption allowed by this subdivision shall  
436 terminate for the assessment year following the date on which the  
437 qualification ceases, and there shall not be a pro rata application of the  
438 exemption. Any person who desires to claim the exemption provided  
439 in this subdivision shall file annually with the assessor or board of  
440 assessors in the distressed municipality, targeted investment  
441 community, enterprise zone designated pursuant to section 32-70, as  
442 amended by this act, provided, if the municipality in which an  
443 enterprise zone is located has opted out of the provisions of this  
444 subdivision and subdivision (60) of this section in accordance with  
445 subdivision (1) of subsection (f) of section 32-70, as amended by this  
446 act, the facility is eligible under said subsection (f), or in a town within  
447 an airport development zone established pursuant to section 32-75d in  
448 which the manufacturing facility or service facility is located, on or  
449 before the first day of November, a written application claiming such  
450 exemption on a form prescribed by the Secretary of the Office of Policy  
451 and Management. Failure to file such application in this manner and  
452 form within the time limit prescribed shall constitute a waiver of the  
453 right to such exemption for such assessment year, unless (i) an  
454 extension of time is allowed pursuant to section 12-81k, and upon  
455 payment of the required fee for late filing, or (ii) the person claiming  
456 such exemption received a certificate of eligibility on or after October  
457 1, 2009, and is located in a municipality in New Haven County with a  
458 population of not less than eighteen thousand five hundred and not  
459 more than nineteen thousand five hundred, as enumerated in the 2010  
460 federal decennial census;

461 (60) (a) (1) Machinery and equipment which represents an addition  
462 to the assessment or grand list of the municipality in which this  
463 exemption is claimed and is installed in any manufacturing facility, as  
464 defined in section 32-9p, which facility is or has been constructed, or  
465 substantially renovated or expanded on or after July 1, 1978, in a

466 distressed municipality, targeted investment community, enterprise  
467 zone designated pursuant to section 32-70, as amended by this act,  
468 provided, if the municipality in which an enterprise zone is located has  
469 opted out of the provisions of this subdivision and subdivision (59) of  
470 this section in accordance with subdivision (1) of subsection (f) of  
471 section 32-70, as amended by this act, the facility or business is eligible  
472 under said subsection (f), or in an airport development zone  
473 established pursuant to section 32-75d, and for which an eligibility  
474 certificate has been issued by the Department of Economic and  
475 Community Development, concurrently with and directly attributable  
476 to such construction, renovation or expansion, (2) machinery and  
477 equipment which represents an addition to the assessment or grand  
478 list of the municipality in which this exemption is claimed and is  
479 installed, or machinery and equipment existing, in any manufacturing  
480 facility, as defined in section 32-9p, which facility is or has been  
481 acquired on or after July 1, 1978, in a distressed municipality, targeted  
482 investment community, enterprise zone designated pursuant to section  
483 32-70, as amended by this act, provided, if the municipality in which  
484 an enterprise zone is located has opted out of the provisions of this  
485 subdivision and subdivision (59) of this section in accordance with  
486 subdivision (1) of subsection (f) of section 32-70, as amended by this  
487 act, the facility or business is eligible under said subsection (f), or in an  
488 airport development zone established pursuant to section 32-75d, and  
489 for which an eligibility certificate has been issued by the Department  
490 of Economic and Community Development, and (3) machinery and  
491 equipment acquired and installed on or after October 1, 1986, in a  
492 manufacturing facility that is or has at one time been certified as  
493 eligible for the exemption under this subparagraph in accordance with  
494 section 32-9r, as amended by this act, and which continues to be used  
495 for manufacturing purposes, provided such machinery and equipment  
496 is installed in conjunction with an expansion program that satisfies the  
497 requirements for a manufacturing facility, as defined in section 32-9p,  
498 and is contiguous to and represents an increase in square feet of floor  
499 space of not less than fifty per cent of the floor space in the certified  
500 manufacturing facility, as follows: To the extent of eighty per cent of its

501 valuation for purposes of assessment in each of the five full assessment  
502 years for which the manufacturing facility in which it is installed  
503 qualifies for an exemption under subdivision (59) of this section,  
504 except that a facility having a code classification 2833 or 2834 in the  
505 Standard Industrial Code Classification Manual, United States Office  
506 of Management and Budget, 1987 edition, wherein at least one  
507 thousand new full-time employees, as defined in subsection (f) of  
508 section 32-9j, are employed, shall be eligible to have the assessment  
509 period under this subdivision extended for five additional years upon  
510 approval of the commissioner, provided the commissioner approves  
511 an extension of the assessment period under subdivision (59) of this  
512 section for said facility;

513 (b) (1) Machinery and equipment which represents an addition to  
514 the assessment or grand list of the municipality in which this  
515 exemption is claimed and is installed in any service facility, as defined  
516 in section 32-9p, which facility is or has been constructed, or  
517 substantially renovated or expanded on or after July 1, 1996, and for  
518 which an eligibility certificate has been issued by the Department of  
519 Economic and Community Development, concurrently with and  
520 directly attributable to such construction, renovation or expansion, (2)  
521 machinery and equipment which represents an addition to the  
522 assessment or grand list of the municipality in which this exemption is  
523 claimed and is installed, or machinery and equipment existing, in any  
524 service facility, as defined in section 32-9p, which facility is or has been  
525 acquired on or after July 1, 1996, and for which an eligibility certificate  
526 has been issued by the department, and (3) machinery and equipment  
527 acquired and installed on or after July 1, 1996, in a service facility that  
528 is or has at one time been certified as eligible for the exemption under  
529 this subparagraph in accordance with section 32-9r, as amended by  
530 this act, and which continues to be used for service purposes, provided  
531 such machinery and equipment is installed in conjunction with an  
532 expansion program that satisfies the requirements for a service facility,  
533 as defined in section 32-9p, and is contiguous to and represents an  
534 increase in square feet of floor space of not less than fifty per cent of  
535 the floor space in the certified service facility, as follows: (i) In the case



536 of an investment of twenty million dollars or more but not more than  
537 thirty-nine million dollars in the service facility, to the extent of forty  
538 per cent of its valuation for purposes of assessment in each of the five  
539 full assessment years for which the service facility in which it is  
540 installed qualifies for an exemption under subdivision (59) of this  
541 section; (ii) in the case of an investment of more than thirty-nine  
542 million dollars but not more than fifty-nine million dollars in the  
543 service facility, to the extent of fifty per cent of its valuation for  
544 purposes of assessment in each of the five full assessment years for  
545 which the service facility in which it is installed qualifies for an  
546 exemption under subdivision (59) of this section; (iii) in the case of an  
547 investment of more than fifty-nine million dollars but not more than  
548 seventy-nine million dollars in the service facility, to the extent of sixty  
549 per cent of its valuation for purposes of assessment in each of the five  
550 full assessment years for which the service facility in which it is  
551 installed qualifies for an exemption under subdivision (59) of this  
552 section; (iv) in the case of an investment of more than seventy-nine  
553 million dollars but not more than ninety million dollars in the service  
554 facility, to the extent of seventy per cent of its valuation for purposes of  
555 assessment in each of the five full assessment years for which the  
556 service facility in which it is installed qualifies for an exemption under  
557 subdivision (59) of this section; or (v) in the case of an investment of  
558 more than ninety million dollars in the service facility, to the extent of  
559 eighty per cent of its valuation for purposes of assessment in each of  
560 the five full assessment years for which the service facility in which it  
561 is installed qualifies for an exemption under subdivision (59) of this  
562 section, except that any financial institution, as defined in section 32-  
563 236, having at least four thousand qualified employees, as determined  
564 in accordance with an agreement pursuant to subsection (c) of section  
565 32-236, shall be eligible to have the assessment period extended for five  
566 additional years upon approval of the commissioner, in accordance  
567 with all applicable regulations, provided such full-time employees  
568 have not been relocated from another facility in the state operated by  
569 the same eligible applicant. In no event shall the definition of qualified  
570 employee be more favorable to the employer than the definition

571 provided in section 32-236;

572 (c) This exemption shall terminate for the assessment year next  
573 following if the manufacturing facility or service facility in which such  
574 machinery and equipment is installed no longer qualifies for an  
575 exemption under said subdivision (59), and there shall not be a pro  
576 rata application of the exemption of such machinery and equipment in  
577 the assessment year of such termination. Any person who desires to  
578 claim the exemption provided in this subdivision shall file annually  
579 with the assessor or board of assessors in the distressed municipality,  
580 targeted investment community, enterprise zone designated pursuant  
581 to section 32-70, as amended by this act, provided, if the municipality  
582 in which an enterprise zone is located has opted out of the provisions  
583 of this subdivision and subdivision (59) of this section in accordance  
584 with subdivision (1) of subsection (f) of section 32-70, as amended by  
585 this act, the facility or business is eligible under said subsection (f), or a  
586 town in an airport development zone established pursuant to section  
587 32-75d in which the manufacturing facility or service facility is located,  
588 on or before the first day of November, written application claiming  
589 such exemption on a form prescribed by the Secretary of the Office of  
590 Policy and Management. Failure to file such application in this manner  
591 and form within the time limit prescribed shall constitute a waiver of  
592 the right to such exemption for such assessment year, unless an  
593 extension of time is allowed pursuant to section 12-81k, and upon  
594 payment of the required fee for late filing. This exemption shall not  
595 apply to rolling stock;

596 Sec. 6. Section 32-9r of the general statutes is repealed and the  
597 following is substituted in lieu thereof (*Effective July 1, 2019*):

598 (a) Any person may apply to the department for a determination as  
599 to whether the facility described in an application qualifies as a  
600 manufacturing facility or service facility. Applications for eligibility  
601 certificates are to be made on the forms and in the manner prescribed  
602 by the department. In evaluating each application the department may  
603 require the submission of all books, records, documents, drawings,

604 specifications, certifications and other evidentiary items which it  
605 deems appropriate. No eligibility certificate shall be issued after March  
606 1, 1991, for a manufacturing facility located in a distressed  
607 municipality which does not qualify as a targeted investment  
608 community unless the department has issued to the applicant a  
609 commitment letter for such facility prior to March 1, 1991.  
610 Notwithstanding the provisions of this subsection, an eligibility  
611 certificate may be issued by the department after March 1, 1991, for a  
612 qualified manufacturing facility acquired, constructed or substantially  
613 renovated in a distressed municipality provided the commissioner  
614 determines that such acquisition, construction or substantial  
615 renovation was initiated prior to March 1, 1991, and was legitimately  
616 induced by the prospect of assistance under section 12-217e and  
617 subdivisions (59) and (60) of section 12-81, respectively. The  
618 department may issue an eligibility certificate for a qualified  
619 manufacturing facility or a qualified service facility located in a  
620 targeted investment community upon determination by the  
621 commissioner (A) that the acquisition, construction or substantial  
622 renovation relating to the qualified manufacturing facility or qualified  
623 service facility in such community was induced by the prospect of  
624 assistance under subdivisions (59) and (60) of section 12-81, as  
625 amended by this act; and (B) the applicant demonstrates an economic  
626 need or there is an economic benefit to the state. The department shall  
627 issue an eligibility certificate for a qualified manufacturing facility  
628 located in an airport development zone established pursuant to section  
629 32-75d, and may issue an eligibility certificate for a facility described in  
630 subparagraph (D) of subdivision (2) of subsection (d) of section 32-9p,  
631 upon determination by the department (i) that the acquisition,  
632 construction or substantial renovation relating to the qualified  
633 manufacturing facility or facility described in said subparagraph (D) in  
634 the airport development zone was induced by the prospect of  
635 assistance under subdivisions (59) and (60) of section 12-81, as  
636 amended by this act; (ii) the applicant demonstrates an economic need  
637 and there is an economic benefit to the state without causing an  
638 economic detriment to or conflict with an existing zone; and (iii) that

639 the applicant serves an airport-related function or relies substantially  
640 on airport services. The department shall issue an eligibility certificate  
641 if the commissioner determines (1) that the manufacturing facility is  
642 located in an enterprise zone designated pursuant to section 32-70, as  
643 amended by this act, and is a qualified manufacturing facility, or (2)  
644 that the facility is a plant, building, other real property improvement,  
645 or part thereof, which is located in a municipality with an  
646 entertainment district designated under section 32-76 or established  
647 under section 2 of public act 93-311, and which qualifies as a  
648 "manufacturing facility" under subsection (d) of section 32-9p in that it  
649 is to be used in the production of entertainment products, including  
650 multimedia products, or as part of the airing, display or provision of  
651 live entertainment for stage or broadcast, including support services  
652 such as set manufacturers, scenery makers, sound and video  
653 equipment providers and manufacturers, stage and screen writers,  
654 providers of capital for the entertainment industry and agents for  
655 talent, writers, producers and music properties and technological  
656 infrastructure support including, but not limited to, fiber optics,  
657 necessary to support multimedia and other entertainment formats,  
658 except entertainment provided by or shown at a gambling or gaming  
659 facility or a facility whose primary business is the sale or serving of  
660 alcoholic beverages.

661 (b) The department shall reach a determination as to the eligibility  
662 of a facility within a reasonable time period, but may postpone the  
663 determination to the extent required to verify to its satisfaction that  
664 there is a high likelihood that any proposed facility will actually be  
665 constructed, expanded, substantially renovated or acquired. Prior to  
666 July 1, 2018, upon a favorable finding, the department shall issue to the  
667 applicant a certificate to the effect that the facility concerned is a  
668 manufacturing facility or a service facility and is eligible for assistance  
669 under section 12-217e and subdivisions (59) and (60) of section 12-81,  
670 as amended by this act. On and after July 1, 2018, upon a favorable  
671 finding, the department shall issue to the applicant a certificate to the  
672 effect that the facility concerned is a manufacturing facility or a service  
673 facility and is eligible for assistance under subdivisions (59) and (60) of

674 section 12-81, as amended by this act, except that if the facility is  
675 located in an enterprise zone for which the municipality has opted out  
676 of the provisions of said subdivisions in accordance with subdivision  
677 (1) of subsection (f) of section 32-70, as amended by this act, the  
678 department shall only issue such certificate if the facility is eligible for  
679 such assistance under said subsection (f).

680 (c) Except as specified in subsection (d) of this section, upon an  
681 unfavorable determination the department shall issue a notice to the  
682 applicant to the effect that the facility concerned has been determined  
683 not to be a manufacturing facility or a service facility, together with a  
684 statement in reasonable detail as to the reasons for the unfavorable  
685 determination. Any aggrieved applicant shall be afforded an  
686 opportunity for a public hearing on the matter within thirty days  
687 following issuance of the notice. The department shall reconsider the  
688 application based upon the information presented at the public  
689 hearing and reaffirm or change its earlier determination within ten  
690 days of the hearing.

691 (d) Upon an unfavorable determination regarding an application  
692 concerning an airport development zone, the department shall issue a  
693 notice to the applicant to the effect that the facility concerned has been  
694 determined not to be a manufacturing facility or a service facility,  
695 together with a statement in reasonable detail as to the reasons for the  
696 unfavorable determination. Any aggrieved applicant shall be afforded  
697 an opportunity for a public hearing on the matter within thirty days  
698 following issuance of the notice. The department shall reconsider the  
699 application based upon the information presented at the public  
700 hearing and reaffirm or change its earlier determination within ten  
701 days of the hearing.

702 (e) The decision of the department rendered pursuant to subsection  
703 (c) or (d) of this section to issue an eligibility certificate or to deny an  
704 application for the issuance of an eligibility certificate either upon the  
705 expiration of thirty days without a public hearing following an initial  
706 unfavorable determination or upon any reconsideration of the

707 application pursuant to subsection (c) or (d) of this section is  
708 conclusive and final as to the matters thereby decided, and chapter 54  
709 shall not apply to the administrative determinations authorized to be  
710 made by this section.

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

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

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

727 (a) The state shall make an annual grant payment to each  
728 municipality, to each district, as defined in section 7-325, which is  
729 located in a distressed municipality, targeted investment community,  
730 enterprise zone or municipality within an airport development zone  
731 established pursuant to section 32-75d and to each special services  
732 district created pursuant to chapter 105a which is located in a  
733 distressed municipality, targeted investment community or enterprise  
734 zone in the amount of fifty per cent of the amount of that tax revenue  
735 which the municipality or district would have received except for the  
736 provisions of subdivisions (59) and (60) of section 12-81, as amended  
737 by this act, or subdivision (70) of section 12-81.

738 (b) On or before the first day of August of each year, each

739 municipality and district shall file a claim with the Secretary of the  
740 Office of Policy and Management for the amount of such grant  
741 payment to which such municipality or district is entitled under this  
742 section. The claim shall be made on forms prescribed by the secretary  
743 and shall be accompanied by such supporting information as the  
744 secretary may require. Any municipality or district which neglects to  
745 transmit to the secretary such claim and supporting documentation as  
746 required by this section shall forfeit two hundred fifty dollars to the  
747 state, provided the secretary may waive such forfeiture in accordance  
748 with procedures and standards adopted by regulation in accordance  
749 with chapter 54. The secretary shall review each such claim as  
750 provided in section 12-120b. Any claimant aggrieved by the results of  
751 the secretary's review shall have the rights of appeal as set forth in  
752 section 12-120b. The secretary shall, on or before the December  
753 fifteenth next succeeding the deadline for the receipt of such claims,  
754 certify to the Comptroller the amount due under this section, including  
755 any modification of such claim made prior to December fifteenth, to  
756 each municipality or district which has made a claim under the  
757 provisions of this section. The Comptroller shall draw an order on the  
758 Treasurer on or before the fifth business day following December  
759 fifteenth, and the Treasurer shall pay the amount thereof to each such  
760 municipality or district on or before the following December thirty-  
761 first. If any modification is made as the result of the provisions of this  
762 section on or after the December first following the date on which the  
763 municipality or district has provided the amount of tax revenue in  
764 question, any adjustment to the amount due to any municipality or  
765 district for the period for which such modification was made shall be  
766 made in the next payment the Treasurer shall make to such  
767 municipality or district pursuant to this section. In the fiscal year  
768 commencing July 1, 2003, and in each fiscal year thereafter, the amount  
769 of the grant payable to each municipality and district in accordance  
770 with this section shall be reduced proportionately in the event that the  
771 total amount of the grants payable to all municipalities and districts  
772 exceeds the amount appropriated.

773 (c) The provisions of this section shall apply to a municipality that

774 has opted out of the provisions of subdivisions (59) and (60) of section  
775 12-81, as amended by this act, in accordance with subdivision (1) of  
776 subsection (f) of section 32-70, as amended by this act, as long as a  
777 facility or business remains eligible under said subsection (f).

778 Sec. 8. Section 32-71 of the general statutes is repealed and the  
779 following is substituted in lieu thereof (*Effective July 1, 2019*):

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

787 (2) Such fixed assessment shall be for a period of seven years from  
788 the time of such improvement and shall defer any increase in  
789 assessment attributable to such improvements according to the  
790 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

791 Notwithstanding the provisions of this [subsection] subdivision, a  
792 municipality may negotiate the fixing of assessments on the portion of  
793 improvements, by a taxpayer, which exceed a value of eighty million  
794 dollars to real property which is to be used for commercial or retail  
795 purposes. Notwithstanding the provisions of chapter 203, no such



796 improvements shall be subject to property taxation while such  
797 improvements are being constructed.

798 (b) Any fixed assessment on any residential property shall cease if:  
799 (1) For any residential rental property, any dwelling unit in such  
800 property is rented to any person whose income exceeds two hundred  
801 per cent of the median income, as determined by the United States  
802 Department of Housing and Urban Development, for the area in which  
803 the municipality containing the residential rental property is located;  
804 or (2) for any conversion condominium declared after the designation  
805 of the enterprise zone, any unit is sold to any person whose income  
806 exceeds two hundred per cent of the median income, as determined by  
807 the United States Department of Housing and Urban Development, for  
808 the area in which the municipality containing the residential rental  
809 property is located.

810 (c) In the event of a general revaluation by any such municipality in  
811 the year in which such improvement is completed, resulting in any  
812 increase in the assessment on such property, only that portion of the  
813 increase resulting from such improvement shall be deferred. In the  
814 event of a general revaluation in any year after the year in which such  
815 improvement is completed, such deferred assessment shall be  
816 increased or decreased in proportion to the increase or decrease in the  
817 total assessment on such property as a result of such revaluation.

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

821 (e) Any such municipality may provide any additional tax  
822 abatements or deferrals as it deems necessary for any property located  
823 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>from passage</i>	New section

**Proposed Substitute Bill No. 7408**

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