AN ACT CONCERNING PROPERTY TAX REFORM.

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

Section 1. (NEW) (Effective July 1, 2019) (a) There is established a fund to be known as the "Municipal Capacity Fund". The fund shall contain any moneys required by law to be deposited in the fund and shall be held in trust separate and apart from all other moneys, funds and accounts. Any balance remaining in the fund at the end of any fiscal year shall be carried forward in the fund for the fiscal year next succeeding. Moneys in the fund shall be expended by the Commissioner of Revenue Services in accordance with this section.

(b) The commissioner shall reserve five million dollars of the moneys in the fund to make grants under a capacity building grant program in accordance with the provisions of this subsection.

(1) The Secretary of the Office of Policy and Management shall solicit grant proposals from regional councils of governments organized under the provisions of sections 4-124i to 4-124p, inclusive, of the general statutes, to provide to all members within a council's planning region: (A) A program, service or function that replaces a program, service or function currently performed by individual members; or (B) a new program, service or function to be offered to all members. Each member may elect to participate in such program, service or function and shall be given the opportunity to change its election at least annually while the program, service or function is in effect.
(2) The secretary shall establish requirements of and procedures and guidelines for the program, the amounts of the grants to be awarded and deadlines for proposal submissions and final selection of grant recipients.

(3) As used in this subsection, "planning region" and "member" have the same meanings as provided in section 4-124i of the general statutes.

(c) The balance remaining in the fund shall be distributed annually as municipal capacity grants in accordance with the provisions of this subsection.

(1) The Secretary of the Office of Policy and Management shall calculate and publish annually a municipal fiscal capacity gap metric for each municipality in the state. Such metric shall be calculated in accordance with the methodologies used in the May, 2015 New England Public Policy Center Research Report 15-1, multiplied by minus one.

(2) Municipalities with a negative fiscal capacity gap metric shall be eligible for a municipal capacity grant. For each eligible municipality, the secretary shall calculate a remaining gap figure by (A) multiplying the fiscal capacity gap metric of such municipality by the population of such municipality, as estimated in the most recent State Register and Manual published by the Secretary of the State, and (B) subtracting the amount of noneducation municipal aid from the state for the fiscal year. Grants shall be apportioned from the balance remaining in the fund in proportion to each eligible municipality's remaining gap figure as a fraction of the total remaining gap figures of all eligible municipalities.

Sec. 2. (NEW) (Effective July 1, 2019) Any taxpayer that makes an investment in commercial or industrial real property that results in an increase in the property's assessed value that is attributable to such investment may choose one of the following options for tax relief:
(1) The taxpayer may claim a credit in the amount of the increase in such property's assessed value that is attributable to such investment. Such credit shall be allowed against the taxpayer's property tax liability for the fiscal year in which such increase occurs. If the amount of the credit allowed pursuant to this subdivision exceeds the taxpayer's property tax liability for the fiscal year, the unused portion of the credit shall be carried forward to succeeding fiscal years until fully used;

(2) The taxpayer may elect to have the portion that is the fractional increase in such property's assessment that is attributable to such investment taxed at the rate of ten mills or at the rate of twenty-five per cent of the current mill rate, whichever is less, for a period of seven years; or

(3) The taxpayer may elect to have the portion that is the fractional increase in such property's assessment that is attributable to such investment excluded for three years from the calculation of property tax, with the property tax on such portion phasing up to one hundred per cent over the next four years in equal increments.

Sec. 3. (Effective July 1, 2019) For the fiscal years commencing July 1, 2019, and July 1, 2020, the Comptroller shall transfer one hundred million dollars in each fiscal year from the resources of the General Fund to the Municipal Capacity Fund established under section 1 of this act.

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

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<thead>
<tr>
<th>Section</th>
<th>Effective Date</th>
<th>Amendment</th>
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<tbody>
<tr>
<td>Section 1</td>
<td>July 1, 2019</td>
<td>New section</td>
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<tr>
<td>Sec. 2</td>
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<td>Sec. 3</td>
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