Bill No.: HB-7408
Title: AN ACT CONCERNING MUNICIPAL REVENUE AND STORMWATER AUTHORITY, STUDIES OF THE PILOT GRANT PROGRAM AND A PROPERTY TAX EXEMPTION FOR MACHINERY AND EQUIPMENT, AND ENTERPRISE ZONES.
Vote Date: 5/1/2019
Vote Action: Joint Favorable Substitute
PH Date: 4/10/2019
File No.: 

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SPONSORS OF BILL:
Finance, Revenue, and Bonding Committee

REASONS FOR BILL:

In Section 1 of this bill, it addresses 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 them to recommend a fee to be imposed on all real property in the district.

In Section 2 of the bill, it addresses the PILOT Program Study. The bill requires the OPM secretary to conduct a study of the payment in lieu of taxes (PILOT) grants 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 such towns. By January 1, 2020, she must submit her findings and recommendations for legislative changes to the Finance, Revenue and Bonding and Planning and Development committees.

Section 3 of the bill addresses DECD Study of Property Tax Exemption for Manufacturing Machinery and Equipment (MME). The bill requires the DECD commissioner to study the MME property tax exemption.
exemption and evaluate the impact of limiting the number of years for which a taxpayer qualifies for the exemption to seven or fewer years. By January 1, 2020, the commissioner must report his findings and recommendations to the Commerce, Planning and Development, and Finance, Revenue and Bonding committees.

Sections 4-8 of the proposed bill address Enterprise Zone Property Tax Exemptions. The bill gives municipalities with designated enterprise zones discretion to opt out of providing property tax exemptions for certain real and personal property located in the zones.

Under the bill, such municipalities may, by a vote of their legislative bodies (or board of selectmen if their legislative body is a town meeting), opt out of providing the following property tax exemptions in an enterprise zone:

1. a five-year, 80% exemption for qualifying facility improvements and machinery and equipment purchases;
2. a seven-year exemption (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); 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 for (1) any business for which DECD has already approved an enterprise zone preliminary or formal application or issued and enterprise zone eligibility certificate, (2) any business receiving any of the exemptions 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.

RESPONSE FROM ADMINISTRATION/AGENCY:

**Department of Energy and Environmental Protection, Commissioner, Katie S. Dykes**
DEEP testified in opposition of section 6 and in favor of section 7. DEEP is opposed to section 6 because it would counter the State’s Green plan, which prioritizes quality of life, protects our drinking water, and wildlife habitat, and ensures a robust natural resource based economy. DEEP supports section 7 because it will amend current legislation to authorize all municipalities to develop a stormwater authority.

NATURE AND SOURCES OF SUPPORT:

**Town of East Hartford, Mayor, Marcia A. Leclerc**
The Mayor testified that this bill would provide a number of potential revenue sources for municipalities to offset rising municipal costs, study to determine the impact of machinery and equipment exemptions, and allow for towns with Enterprise Zones to take steps to opt out of providing Enterprise Zone benefits.
NATURE AND SOURCES OF OPPOSITION:

The following municipal Land Trusts are opposed to Section 6 of H.B. 7408:

The following Individuals are opposed to Section 6 of H.B. 7408:

Reported by: Cassandra Gallion
Committee Clerk

Date: 5/8/2019