



Testimony to the Finance, Revenue and Bonding Committee Regarding:

SB 277 - An Act Concerning Enterprise Zones

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Senator Hartley, Representative Simmons and Members of the Committee. My name is Thomas Madden and I am the Director of Economic Development for the City of Stamford.

I am writing to you regard to proposed study of the Enterprise Zones legislation and past actions that have come before the committee.

I have previously spoke to the committee with regard to a letter the City of Stamford received from OPM in November 2017, outlining the States priorities for funding State led programs under the budget. The letter noted that the State would no longer prioritize the funding for the “distressed municipalities fund.” This funds are used to reimburse municipalities for the enterprise zone, urban jobs and entertainment district. Under current legislation, the State is to reimburse municipalities up to half of the eighty-percent property tax abatement under funding for the program. The cutting of funding means that most municipalities (i.e. their local property taxpayers) will have to shoulder this forty percent tax burden on applications that were recently approved and still have four years to go on.

Under Stamford’s local code for the program, the city grants forty-percent abatement of property taxes to qualifying firms for the same five-year period and an additional forty-percent, subject to the availability of reimbursement to the city by the state. I have issued letters to the existing recipients of the credit that they will see a fifty-percent reduction in the property tax credit unless the State replenishes the fund.

At that time I testified, I encouraged the committee to consider changing how the program operates. These changes would include putting the program in local control, so that municipalities can determine the property tax abatement they are willing to give for new businesses to relocate or to help existing business expand and the time period they would be willing to give for this benefit. This would allow a municipality to look at its own financial house to see the impact the benefits would have on its budget. To give you some perspective, the city of Stamford is expecting a million dollars in enterprise zone incentives reimbursement for the FY2020-2021.

I would like to also point out that the under the current legislation, when a property owners sells their property, that is located in an enterprise zone, the State allows for 100% relief of the State

conveyance tax while the municipality is allowed to collect the conveyance tax. This is tax relief is something the State should look at either abolishing out right or through a phased in reduction over four years.

Lastly, the former DECD Deputy Commissioner Bart Kollen brought together all of the Enterprise Zone Coordinators to study potential changes to this outdated legislation. The Enterprise Zone Coordinators agreed that the three changes were needed: 1) a provision to allow a municipality to opt out of the current legislation or to allow for either a renewal or local sunset provision similar to Stamford local law if the State was not going to fund this incentive; 2) Legislation that would guarantee funding for the program if an opt out provision was not allowed; and 3) consider changes to how the incentive works for the State conveyance tax on property sales.

I urge you to take action and make the above three changes to the legislation. These three changes would help municipalities immensely.

I thank you for your time and consideration of our request.