



Senate

General Assembly

File No. 232

January Session, 2021

Substitute Senate Bill No. 626

Senate, March 31, 2021

The Committee on Commerce reported through SEN. HARTLEY of the 15th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT ESTABLISHING AN ENTERPRISE ZONE IN THE TOWN OF PLYMOUTH.

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

1 Section 1. Subsection (c) of section 32-70 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July 1,*
3 *2021*):

4 (c) (1) On or before September 30, 1993, the Commissioner of
5 Economic and Community Development shall approve the designation
6 of ten areas as enterprise zones, not more than four of which shall be in
7 municipalities with a population greater than eighty thousand and not
8 more than six of which shall be in municipalities with a population of
9 less than eighty thousand.

10 (2) (A) On or after October 1, 1993, the commissioner shall approve
11 the designation of two areas as enterprise zones. Each such area shall be
12 in a municipality with a population of less than eighty thousand, in
13 which there are one or more base or plant closures. Such municipalities

14 shall be in different counties. If the commissioner approves the
15 designation of an area of a municipality as an enterprise zone because
16 of a plant closure in the municipality and there is a closure of another
17 plant in any other municipality in the state by the same business, the
18 commissioner shall also designate an area in such other municipality as
19 an enterprise zone. If any such designated area includes a portion of a
20 census tract in which any such base or plant is located, the census tracts
21 in such area shall not be required to meet the eligibility criteria set forth
22 under subsection (a) of this section for enterprise zone designation. If
23 any such area is located elsewhere in the municipality, the census tracts
24 in such area shall meet such eligibility criteria. As used in this
25 subparagraph, (i) "base" means any United States or state of Connecticut
26 military base or facility located in whole or in part within the state; (ii)
27 "plant" means any manufacturing business or economic base business,
28 as defined in section 32-222; and (iii) "closure" means any reduction or
29 transfer in military personnel or civilian employment at one or more
30 bases or plants in a municipality, which occurred between July 1, 1989,
31 and July 1, 1993, or is scheduled to occur between July 1, 1993, and July
32 1, 1996, and exceeds two thousand persons. Such employment figures
33 shall be certified by the Labor Department. (B) On or after October 1,
34 1993, the commissioner shall approve the designation of three other
35 areas as enterprise zones, one of which shall be in a municipality with a
36 population greater than eighty thousand and two of which shall be in
37 municipalities with a population of less than eighty thousand. The
38 census tracts in such areas shall meet the eligibility criteria set forth
39 under subsection (a) of this section for enterprise zone designation. The
40 commissioner shall approve the designation of enterprise zones under
41 this subparagraph for those municipalities which he or she determines
42 to have experienced the largest increases in poverty from October 1,
43 1989, to October 1, 1993, inclusive, based on a weighted average of the
44 unemployment rate, caseload under the temporary family assistance
45 program and per capita income of less than ninety per cent of the state
46 average between 1985 and 1989. In making his determination, the
47 commissioner may also consider the vacancy rates for commercial and
48 industrial facilities in a municipality and a municipality's program for

49 the implementation of an effective enterprise zone program. To the
50 extent appropriate, the commissioner shall use the Regional Economic
51 Models, Inc. (REMI) system in making the calculations for such
52 determination. (C) Notwithstanding the provisions of subsection (a) of
53 this section, municipalities that were not distressed municipalities
54 under the provisions of subsection (b) of section 32-9p on February 1,
55 1986, shall be eligible to designate areas as enterprise zones under
56 subparagraph (A) or (B) of this subdivision.

57 (3) On or after July 1, 2014, the commissioner shall approve the
58 designation of two areas as enterprise zones as follows: (A) One area
59 shall be in a municipality with a population of not more than fifty
60 thousand, as enumerated in the 2010 federal decennial census, and in
61 which is located a United States Postal Service processing center that at
62 any point in time employed one thousand or more persons, except that
63 such area shall only be designated as an enterprise zone for a term of
64 five years from the date any portion of the area is transferred, provided
65 such transfer occurs on or after July 1, 2014, and (B) one area shall be in
66 a municipality with a population of not less than seven thousand eight
67 hundred and not more than seven thousand nine hundred, as
68 enumerated in the 2010 federal decennial census, and having a total area
69 of not more than 12.2 square miles. Each such enterprise zone area shall
70 consist of two contiguous United States census tracts, contiguous
71 portions of such census tracts or all or a portion of an individual census
72 tract, as determined in accordance with the most recent federal
73 decennial census and, if such area is covered by zoning, a portion of
74 such area shall be zoned to allow commercial or industrial activity. The
75 census tracts in each such enterprise zone area shall not be required to
76 meet the eligibility criteria set forth in subsection (a) of this section.
77 Notwithstanding the provisions of subsection (a) of this section,
78 municipalities that were not distressed municipalities under the
79 provisions of subsection (b) of section 32-9p on February 1, 1986, shall
80 be eligible to designate areas as enterprise zones under this subdivision.

81 (4) On or after July 1, 2021, the commissioner shall approve the
82 designation of one area as an enterprise zone, which shall be in a

83 municipality with a population of not less than twelve thousand two
 84 hundred and not more than twelve thousand three hundred, having a
 85 total area of not more than 22.34 square miles and having an average
 86 population density of not more than 559.3 persons per square mile of
 87 land, as enumerated in the 2010 federal decennial census. Such
 88 enterprise zone area shall consist of two contiguous United States
 89 census tracts, contiguous portions of such census tracts or all or a
 90 portion of an individual census tract, as determined in accordance with
 91 the most recent federal decennial census and, if such area is covered by
 92 zoning, a portion of such area shall be zoned to allow commercial or
 93 industrial activity. The census tracts in such enterprise zone area shall
 94 not be required to meet the eligibility criteria set forth in subsection (a)
 95 of this section. Notwithstanding the provisions of subsection (a) of this
 96 section, municipalities that were not distressed municipalities under the
 97 provisions of subsection (b) of section 32-9p on February 1, 1986, shall
 98 be eligible to designate areas as enterprise zones under this subdivision.

99 [(4)] (5) The commissioner shall not approve the designation of more
 100 than one enterprise zone in any municipality. The commissioner shall
 101 adopt regulations in accordance with chapter 54 concerning such
 102 additional qualifications for an area to become an enterprise zone as he
 103 or she deems necessary. The commissioner may remove the designation
 104 of any area he or she has approved as an enterprise zone if such area no
 105 longer meets the criteria for designation as such an area set forth in this
 106 section or in regulations adopted pursuant to this section, provided no
 107 such designation shall be removed less than ten years from the original
 108 date of approval of such zone. The commissioner may designate any
 109 additional area as an enterprise zone if that area is designated as an
 110 enterprise zone, empowerment zone or enterprise community pursuant
 111 to any federal legislation.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2021	32-70(c)

Statement of Legislative Commissioners:

In Section 1(c)(4), "as an enterprise zone" was added after "one area" for consistency.

CE *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Policy & Mgmt., Off.	GF - Cost	None	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 22 \$	FY 23 \$
Plymouth	Grand List Reduction	None	See Below
Plymouth	Revenue Gain	None	See Below

Explanation

The bill designates the Town of Plymouth as an Enterprise Zone, which entitles certain businesses within the zone to certain corporate and property tax breaks.

There is a potential grand list reduction to Plymouth due to multiple five-year property tax breaks of between 40% and 80%, depending on the type of business, and type of investment undertaken. This potential grand list reduction results in a revenue loss, given a constant mill rate. Due to the timing of grand list assessments, any revenue loss would first occur in FY 23.

Any revenue loss to Plymouth resulting from these exemptions is partially offset by the Distressed Municipalities grant program, which reimburses municipalities for 50% of the tax loss resulting from these exemptions, for a five-year period. The bill results in an increased cost to OPM to fully fund the grant program, which will vary based on the revenue loss claimed by the Town of Plymouth. While the grant is

proportionately reduced when the appropriation or bond authorization is insufficient for full funding, the grant is currently fully funded.¹

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to any grand list reductions experienced by the Town of Plymouth as a result of any Enterprise Zone property tax exemptions.

¹ FY 21 funding sources for the Distressed Municipalities grant program include 1) a prior year bond authorization of \$2.9 million, 2) a FY 21 bond authorization of \$7 million, and 3) a \$1.5 million General Fund appropriation. The cost to fully fund this grant in FY 21 is \$6.3 million.

OLR Bill Analysis**sSB 626*****AN ACT ESTABLISHING AN ENTERPRISE ZONE IN THE TOWN OF PLYMOUTH.*****SUMMARY**

This bill creates a new enterprise zone by requiring the Department of Economic and Community Development commissioner to approve the designation of a zone in Plymouth on or after July 1, 2021. The bill identifies Plymouth by it having the following features based on the 2010 federal census: (1) population between 12,200 and 12,300, (2) maximum total area of 22.34 square miles, and (3) maximum average population density of 559.3 people per square mile of land.

Generally, to designate an area as an enterprise zone, municipalities must have qualified as “distressed municipalities” as of February 1, 1986. The area must also meet certain poverty or unemployment criteria. The bill allows Plymouth to designate an enterprise zone without meeting these criteria.

Under the bill, the designated enterprise zone in Plymouth must be two contiguous census tracts, contiguous portions of these tracts, or all or part of an individual census tract, according to the most recent census. If a designated area is covered by zoning, part of the area must be zoned for commercial or industrial activity.

Businesses located in these zones may receive the same property tax benefits as those in existing enterprise zones, which include two benefits. First, businesses may receive a five-year, 80% property tax exemption for improving or acquiring “manufacturing facilities” and acquiring machinery and equipment. The state generally reimburses the municipality for half the forgone property tax revenue, depending on available funding (CGS § 12-81(59) & (60)). Second, they may receive a

seven-year property tax exemption (100% in first two years, 50% in the third, and a decrease of 10 percentage points in each of the remaining four years), with no state reimbursement, for commercial and residential real property improvements that do not qualify for the 5-year, 80% exemption (other than manufacturing facility improvements) (CGS § 32-71).

EFFECTIVE DATE: July 1, 2021

COMMITTEE ACTION

Commerce Committee

Joint Favorable

Yea 23 Nay 0 (03/18/2021)