
OLR Bill Analysis

HB 5504

AN ACT CONCERNING THE REMOVAL OF AN ENTERPRISE ZONE DESIGNATION.

SUMMARY

Existing law authorizes the Department of Economic and Community Development (DECD) commissioner to remove an enterprise zone's designation if the area no longer meets the designation criteria. This bill prohibits the commissioner from doing so if the number of residents in the zone with incomes below the poverty level has not been reduced by at least 75% from the date the zone was originally approved (based on the most recent U.S. census). As under existing law, once designated, an area remains an enterprise zone for at least 10 years.

Generally, to qualify as an enterprise zone under the program's statutory criteria, a proposed zone must meet specified poverty measures (e.g., at least 25% of the zone's residents must have incomes below the poverty level or receive public assistance, or the zone's unemployment rate must be at least double the average state rate).

EFFECTIVE DATE: Upon passage

BACKGROUND

Enterprise Zone Benefits

Enterprise zone benefits are generally available to businesses that start up in or improve real property there. These benefits include a (1) five-year, 80% property tax exemption for qualifying facility improvements and machinery and equipment purchases (CGS § 12-81(59) & (60)) and (2) seven-year fixed assessment for qualifying commercial and residential real property improvements (CGS § 32-71).

The law designates municipalities containing an enterprise zone as "targeted investment communities," which qualifies them for enhanced

funding and other tax incentives (e.g., enhanced financial assistance under the Manufacturing Assistance Act program (CGS § 32-223(c))).

Designated Zones

There are 18 enterprise zones currently designated in the following towns: Bridgeport, Bristol, East Hartford, Groton, Hamden, Hartford, Meriden, Middletown, New Britain, New Haven, New London, Norwalk, Norwich, Southington, Stamford, Thomaston, Waterbury, and Windham.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 42 Nay 9 (04/05/2022)