

# Energy and Technology Committee JOINT FAVORABLE REPORT

**Bill No.:** House Bill 5492

AN ACT ESTABLISHING A FARM INVESTMENT PROPERTY TAX CREDIT  
AND CONCERNING THE THRESHOLD FOR CERTAIN OPTIONAL FARM-

**Title:** RELATED PROPERTY TAX EXEMPTIONS.

**Vote Date:** 4/2/2024

**Vote Action:** Joint Favorable

**PH Date:** 3/20/2024

**File No.:** 542

***Disclaimer:** The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

## **SPONSORS OF BILL:**

Finance, Revenue and Bonding Committee  
Representative Maria P. Horn, 64<sup>th</sup> District

Co-Sponsors:

Representative Patrick S. Boyd, 50<sup>th</sup> District  
Representative Jason Doucette, 13<sup>th</sup> District  
Representative Cindy Harrison, 69<sup>th</sup> District  
Representative Tom Delnicki, 14<sup>th</sup> District  
Representative James Sanchez, 6<sup>th</sup> District  
Representative Devin R. Carney, 23<sup>rd</sup> District  
Representative Jill Barry, 31<sup>st</sup> District  
Representative Tami Zawistowski, 61<sup>st</sup> District

## **REASONS FOR BILL:**

The bill establishes a twenty percent property tax credit for (1) machinery and equipment that are acquired by purchase by an eligible farmer on or after January 1, 2025, and (2) buildings and structural components of buildings that are acquired, constructed, reconstructed or erected by an eligible farmer and placed in service on or after January 1, 2025. It also increases the maximum property tax exemption thresholds a municipality may approve for farm machinery (from \$100,000 to \$250,000), and farm buildings (from \$100,000 to \$500,000).

The bill aims to provide financial relief to Connecticut farmers by expanding the current property tax exemption, as well as incentivize farmers to invest in equipment, technology, infrastructure, and other tools that would help them sustain their business by offering a new tax credit.

## RESPONSE FROM ADMINISTRATION/AGENCY:

None expressed.

## NATURE AND SOURCES OF SUPPORT:

[Jason Perillo, State Representative, Connecticut General Assembly](#), notes that the cost of farm machinery has significantly increased since the current threshold was established, and asserts that an increase is warranted to properly reflect the current market value of farm equipment. He outlines that the bill would provide financial relief to farms.

[Jerry Grabarek, Owner, Preston Farms, Preston Selectman](#), states that the town of Preston raised the tax exemption threshold for machinery last year and it was met with overwhelming support from town residents. He also asserts that establishing a tax credit would benefit younger farms.

[Ethan Arsenault, Canaan View Dairy, LLC](#), states that this bill would provide some serious relief to Connecticut farmers and give them a chance to prosper. Agriculture brings jobs and keeps other businesses that support them open in Connecticut.

[Seth Bahler, Owner, Oakridge Dairy](#), emphasizes that the benefits from the bill are much needed as he recently compared his cost of production to that of a similar farm in the Midwest. Shockingly, Oakridge Dairy's real estate tax and personal property taxes were fifteen times higher than the midwestern farm. This stark discrepancy poses a significant challenge to the farm's competitiveness.

[Lisa Bergs, Executive Director, Connecticut Christmas Tree Growers Association](#), notes that the bill would send a positive message to future generations that the state stands with and supports the agricultural community. She says this is crucial as these farms support wildlife habitats, mitigate air pollution and reduce the risk of flooding.

[Keith Bishop, Chief Executive Officer, Bishop's Orchards](#), outlines that the bill would promote investment by incentivizing farms to invest in equipment, technology, infrastructure, and other tools that would help them sustain their business.

[Robert Buck, President, Connecticut State Grange](#), states that he is in favor of raising the municipal option tax exemption from \$100,000 to \$250,000; stating that the amount has not changed since 1985, but that the cost of farm equipment has risen.

[Suzanne Buell, Owner, Rock Maple Farm](#), underscores that this bill will ease the tax burden on family farms. She states that she purchased two used tractors, and the purchases greatly increased their town property tax liability. Raising the property tax exemption threshold to \$250,000 for farm machinery would allow farmers to purchase needed equipment without also increasing the payments to the town.

[Doug Bussa, Owner, Bussa Orchards](#), states that the prices of everything have gone up and that farmers need to make money at the end of the day to pay bills. He says this bill would help farmers save some money at a much-needed time.

[Amy Chesmer, Graywall Farms](#), states that the bill would help invest in farms like hers to improve over time and encourage profitability for the future. Having the right equipment is critical to her farm's ability to operate, grow crops and feed cows. New equipment and technology would allow the farm to adopt more sustainable practices to preserve soil and increase yields.

[Hilary Criollo, President, Connecticut Vineyard and Winery Association](#), highlights that, "unlike residential or commercial properties, agricultural assets do not contribute to the strain on public services like education or street maintenance. Instead, they are essential tools used in fields that provide the state with valuable open space resources. By taxing equipment crucial for sustaining agriculture, municipalities inadvertently burden farmers who play a vital role in preserving open spaces and contributing to the state's agricultural output. Raising the farm municipal property tax exemption threshold to \$250,000 is a necessary step toward equitable taxation for farmers. By authorizing this adjustment statewide, we can ensure consistency and fairness while acknowledging the valuable contributions of Connecticut's agricultural community."

[William Dellacamera, Owner, Cecarellis Harrison Hill Farm](#), notes the exemption has not been updated since 1985, sharing that in 1985 the average John Deere tractor was \$39,000 and a tractor of comparable size today is \$125,000.

[Diana Fadus Paproski, Co-Owner, Castle Hill Farm](#), delineates that this tax credit will allow their farm to compete competitively and increase profitability for future generations to come. The agritourism aspect of her farm offers enriching, hands-on experiences for children and adults; fostering their interests in agriculture and the vital role it plays economically and aesthetically in our beautiful State of Connecticut.

[Amanda Freund, Co-Owner, CowPots, LLC](#), explains their farm is transitioning to the next generation, as such this is a key time to think about upgrades and improvements to our facility that will carry us forward. This piece of legislation is essential to making operation expansion possible.

[Benjamin Freund, Owner, Freund's Farm Inc](#), states that Connecticut farmers compete directly with neighboring states that provide farm investment tax credits, and asserts that this legislation is needed to level the playing field. The bill would stimulate farms to modernize and recapture a competitive edge, along with fueling economic activity by supporting the agricultural sector.

[Russell Holmberg, Holmberg Orchards Inc](#), states that this bill would provide his farm the ability to invest in new equipment and innovations. New equipment is vital to keeping his farm profitable, as well as safe and sound with respect to our employees and the environment. However, new agricultural technologies have become incredibly expensive. On a small farm, in a small state, they need all the help they can get to compete with larger farms in larger states, many of which sell their goods in our marketplace.

[Members of the Connecticut Farm Bureau](#) submit a letter supporting the bill; signed by over 200 farmers from all over the state of Connecticut.

[James "Cricket" Jacquier](#) states that the incentives addressed and provided in the bill would help keep our food supply safe, affordable, secure, and locally sourced. He emphasizes that, as a dairy farm owner, every dollar they invest would increase the economic impact. Living close to the New York border, and watching the tax investment work for farms in our neighboring state, directly leaves Connecticut in an uncompetitive space.

[Jamie Jones, Farmer, Jones Family Farms](#), concludes that the proposed changes in the bill would help refine the financial stability required for agricultural sustainability and bring a bright future for the farming community. He notes that some of the ongoing challenges that farmers face are weather, invasive species, and increasing input costs. The solutions to these issues are to invest in up-to-date equipment and technology.

[Katlyn Kinsella, Owner, Birch Mill Farm Partnership](#), states this bill would have a significant impact on Connecticut farms, investing in infrastructure and farm equipment. She requests that the bill be amended to expand town and municipal property tax exemption to reflex the inflation of equipment values of the years. She thinks it is necessary and is a more accurate representation of on farm machinery inventories and values.

[Paul Larson, President, Connecticut Farm Bureau, Owner, Sprucedale Gardens](#), states that the cost to construct and maintain farm buildings has increased over the years, along with the cost of machinery. Increasing the farm machinery property tax exemption threshold to \$250,000 would be welcomed as it has not been raised since 1985. He notes that such long-term investments benefit the farm and bolster the local economy.

[Christopher Laughton, Director of Knowledge, Farm Credit East](#), states that this bill would give a strong incentive for farmers in the state to reinvest in their agricultural business. In addition, he states that it would help farmers compete against others in nearby states, across the country, and internationally.

[Spencer Luthy, President, Maple Syrup Producers Association of Connecticut Inc](#), states that the maple syrup producers would benefit from the increase in the tax threshold as that industry requires significant on-going investment in property, plant, and equipment to remain competitive.

[Paul Miller, Owner, Fairvue Farms, LLC](#), notes that when he started dairy farming there were 35 farms in town, and now there are only 5 left. He asserts that the cost of farming today makes it near impossible for farmers to stay in business. The cost of a tractor could be upwards of \$500,000. The bill would help agriculture to stay in business and allow municipalities to increase the exemption on farming operation.

[Darryl Newman, Managing Member, Planter's Choice Nursery, LLC](#), states that this bill would allow farmers to stay competitive against New York in the agriculture sector. Most sectors of agriculture have low margins of profit so any help would be crucial in leveling the playing field to stay relevant in the market.

[Joan Nichols, Executive Director, Connecticut Farm Bureau](#), maintains that this bill would help all Connecticut farmers compete with regional, domestic, and international producers. She states that providing tax credits provides significant incentive for farmers to invest in infrastructure and improve farm efficiency as well as productivity. She requests that the bill be

amended to raise the threshold of farm machinery from \$100,000 to \$250,000, as the threshold has not been raised since 1985.

[Eliza Paterson, Policy Associate, American Farmland Trust](#), states that this bill would help farmers keep and prolong their businesses as it would help them lower costs of important farm-related capital investments. She continues that the tax credits from the bill would contribute to the improvements in farm productivity and efficiency.

[James Smith, Cushman Farms LP](#), states that New York enacted a similar law and that now New York farmers have a competitive advantage over Connecticut farmers. He states the bill will help to even the playing field in agriculture to compete for market share. He goes on to state that he would like the threshold increased to \$500,000.

[William Syme, Syme Family Farm](#), states that this bill proposal is modeled after one that was enacted in New York which has proved to be successful in helping farmers make upgrades. In addition, he states and requests that the current statewide farm machinery exemption is \$100,000 which was set in 1985 and has not been updated since to be raised to \$250,000 because the cost of equipment and building has increased substantially since this number was last adopted.

The following individuals expressed their support for the bill similarly to those above:

[Ann Galdenzi](#)  
[Brian Kogut](#)  
[Andrew Reale](#)

#### **NATURE AND SOURCES OF OPPOSITION:**

[Randy Collins, Associate Director of Policy, Connecticut Conference of Municipalities](#) cautioned that this proposal would continue to increase property tax rates and would transition the load of funding services and local education to other taxpayers. He states that tax exemptions appear small when looked at independently, but in the aggregate, it is a significant amount.

[Betsy Gara, Executive Director, Council of Small Towns](#), contends that the bill would put a higher tax weight on the state's homeowners, property owners, and businesses, as tax exemptions reduce the town's ability to fund and support crucial programs, services, and education.

#### **ADDITIONAL TESTIMONY:**

[Maria Sangiolo, Booking Coordinator, The Vanilla Bean Café](#), submitted testimony that appears to be for a different bill. She did not provide the correct bill number.

[Wendy Nasta, Executive Director, Artists for World Peace](#), submitted testimony that appears to be for a different bill. She did not provide the correct bill number.

**Reported by: Francisco Munoz**

**Date: April 11, 2024**