

§ 272-9. Tax and business incentive program. [Added 7-5-1994; amended 10-7-2002; 11-3-2008 by Ord. No. 12-08; 4-5-2010 by Ord. No. 54-10]

A. Purpose.

- (1) The purpose of the tax incentive program is to attract new firms to the City of Middletown and to promote expansion of existing businesses and industry. It is the intent of the City to provide and create jobs for local and area residents; to create long-term tax base growth through the replacement, reconstruction, expansion and remodeling of existing business and industrial facilities, where appropriate and environmentally sound; to encourage the construction of new facilities, when necessary; and to create the potential for generating new demands for existing local businesses through a "spinoff" effect of major employers' business decisions. It is further the intent of the City of Middletown to encourage substantial investment in new equipment and other personal property subject to taxation within the City.
- (2) In addition to the incentives provided hereunder, the applicant may also be eligible for incentives allowed under other ordinances and provisions of the City of Middletown and State of Connecticut, including § 272-7 of this chapter and C.G.S. § 12-127a, as amended.

B. Qualifying businesses.

- (1) The following types of businesses, consistent with City codes, shall receive priority consideration for development incentives:
  - (a) Manufacturing firms as defined in the Economic Development and Manufacturing Assistance Act of 1990, as amended.
  - (b) Facilities designed for the management and administrative support of business activity located elsewhere.
  - (c) High technology firms.
  - (d) Wholesale/distribution firms providing new employment not less than one job per each 1,000 square feet of gross building area.
  - (e) New retail businesses in the Central Business District.
- (2) Notwithstanding the listing of priority businesses, all companies should meet the following standards:
  - (a) Possession of a good, recent environmental track record or, through relocation to an area with appropriate infrastructure, begin meeting its environmental responsibilities.
  - (b) Investment of \$100,000 or more in new or rehabilitated facilities and/or equipment.
  - (c) Creation of at least five new jobs.

- (d) Provision of a solid financial base and growth potential through the preparation of a business plan which demonstrates possessing the capital necessary for reasonable business growth.
- C. General requirements. Applications for tax incentives under this program will be considered under the following circumstances:
- (1) The proposed project is located in an appropriate zone as defined in the City of Middletown's Zoning Code.
  - (2) If the applicant is a tenant, the tax benefits must be reflected in the lease and the lease must be for at least the term of the tax abatement period.
  - (3) There is no delinquency in any taxes or service charges due the City of Middletown.
  - (4) The project should have a clear benefit to the City of Middletown.
- D. Local employment considerations. To the extent feasible, the applicant shall commit to the utilization of City-based businesses and City residents during both the construction and operation phases. The following guidelines are offered to assist in achieving these goals:
- (1) To the extent feasible, the applicant shall commit to hire City residents for new positions created as a result of the development project.
  - (2) Applicant shall estimate the number of anticipated new hires, the skills required and the timing of such new hires.
  - (3) Applicant shall provide a copy of its affirmative action/hiring statement or plan.
- E. Application procedure.
- (1) All tax abatement requests shall be made in writing on a form prescribed by the City of Middletown. The applicant must indicate that the new investment would not occur within the City of Middletown without the tax incentive requested. Two copies of the application must be submitted simultaneously, one to the Mayor and the other to the Department of Planning, Conservation and Development.
  - (2) The application for tax abatement shall first be referred to the Economic Development Committee. Said Committee shall review the application to determine if the application conforms to and complies with the City's requirements. Each complete application shall be reviewed on a case-by-case basis. Within 30 days of receipt of the proposed tax incentive package, the Committee shall report its findings to the Common Council, which shall, within 30 days, act upon the application.
  - (3) An applicant seeking a tax abatement based upon Leadership in Energy and Environmental Design (LEED) certification, as described below in Subsection G, must file, after construction, copies of the certificate of occupancy and LEED Certification Award.

- (4) All final approvals shall be granted by the Common Council.
- (5) In the event of unusual or extraordinary circumstances, the Common Council may alter or waive any requirements contained herein.

F. Tax abatement agreement.

- (1) Pursuant to C.G.S. § 12-65b, as amended, the assessment of real property and all improvements thereon or therein may be fixed for a period of not more than seven years, provided the cost of such improvements to be constructed is not less than \$3,000,000; or for a period of not more than two years, provided the cost of such improvements to be constructed is not less than \$500,000; or to the extent of 50% of such increased assessment for a period of not more than three years, provided the cost of such improvements to be constructed is not less than \$100,000.
- (2) The fixed assessment period shall commence with the first fiscal year of the City of Middletown for which a tax list is prepared on October 1 immediately following the issuance of a certificate of occupancy for any construction. The assessment of the real property for the period prior to the affixed assessment period shall be determined in the normal course pursuant to state and local laws and ordinances.
- (3) Pursuant to the Manufacturers Assistance Act, the City will assist all qualified businesses to obtain tax relief from the State on equipment used in manufacturing as defined in C.G.S. § 12-65h, as amended. Machinery and equipment must qualify for five- or seven-year depreciation for federal tax purposes. New tangible personal property acquired by lease or purchase must be used predominantly in the manufacture or production of goods, research or development design and engineering of manufactured products.
- (4) After approval of any application by the Common Council, construction shall commence within 12 months and shall be completed within 24 months. Any extension from this requirement must be approved by the staff committee and the Middletown Common Council.
- (5) All agreements shall contain a provision that any business granted a tax incentive abatement shall repay the City the dollar amount of any incentive contained in such agreement if such business does not meet obligations contained in such agreement.
- (6) Assignment of a tax agreement to a new owner of the same building or portion thereof for which the original tax agreement was executed shall be at the sole discretion of the Economic Development Committee. The Economic Development Committee shall consider the type of business and the financial capacity of the proposed owner before entering into a tax agreement with the new owner under the same terms as the original tax agreement. Failure or inability of a new owner to comply with the conditions of the Tax and Business Incentive Ordinance, § 272-9, shall result in immediate termination of the tax agreement and all taxes, including accrued interest, otherwise due to the City of Middletown shall become due and payable.

G. Partial tax exemptions for real estate.

(1) Within the parameters of C.G.S. § 12-65b, as amended, a business will be granted partial exemption from real estate taxation for the term of years which will vary in accordance with the scale of new development. The number of years of partial exemption will be determined in accordance with Table A.<sup>6</sup> The percentage of partial tax exemption for each fiscal year following the initial appearance of the new property on the City's tax role will be determined in accordance with Table B.<sup>7</sup>

(2) Leadership in Energy and Environmental Design (LEED®) tax abatement. All buildings certified as Gold and Platinum under LEED shall be eligible for a partial real estate tax exemption equal to a fixed amount of 10% of assessed value spread over the number of years as determined in Table A.<sup>8</sup> All buildings certified as Silver under LEED and less than \$5 million assessed value shall be eligible for a partial real estate tax exemption equal to a fixed amount of 10% of assessed value spread over the number of years as determined in Table A.

H. Other development incentives. In addition to, or in lieu of, tax abatements, the City will consider on a case-by-case basis other financial/development incentives. Such incentives include but are not limited to:

- (1) Waiving of building permit fees, in whole or in part.
- (2) In-kind services such as infrastructure improvements by the City related to the development project, for example, road widening, storm drainage improvements, and sidewalk construction.
- (3) Extension of water and/or sanitary sewer lines; waiving of hookup charges.
- (4) Direct grants to the applicant for infrastructure improvements.

I. Any and all decisions to grant an incentive, pursuant to the terms of this section, shall be within the sole and absolute discretion of the Common Council of the City of Middletown.

**Table A**  
**Years of Partial Tax Exemption for Real Estate Value of Improvements**  
**(in thousands of dollars)**

	100	500	1,000	5,000	10,000	15,000
Years	2	3	4	5	6	7

6. Editor's Note: See Subsection I.

7. Editor's Note: See Subsection I.

8. Editor's Note: See Subsection I.

**Table B**  
**Annual Percentage of Full Taxation for Real Estate New to City Tax Rolls**

Years of Partial Tax Exemptions for Real Estate	Fiscal Years (following appearance of property on City tax rolls)						
	1	2	3	4	5	6	7
2	40	70	100	100	100	100	100
3	30	50	70	100	100	100	100
4	25	45	60	80	100	100	100
5	20	35	50	65	80	100	100
6	15	30	45	60	75	90	100
7	10	25	35	50	60	75	85