

City of Middletown, CT

TAX AND BUSINESS INCENTIVE ORDINANCE

BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF MIDDLETOWN That a new Sec. 28-9. Tax and Business Incentive Program be added to Chapter 28 of the Middletown Code of Ordinances to read as follows:

Sec. 28-9. Tax and Business Incentive Program.

A. Purpose

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 "spin-off" 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.

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 Section 28-7 of the Middletown Code of Ordinances and Section 12-127a of the Connecticut General Statutes, as amended.

B. Qualifying Businesses

The following types of businesses, consistent with City codes, shall receive priority consideration for development incentives:

- (1) Manufacturing firms as defined in the Economic Development and Manufacturing Assistance Act of 1990, as amended.
- (2) Facilities designed for the management and administrative support of business activity located elsewhere.
- (3) High Technology Firms.
- (4) Wholesale/Distribution Firms providing new employment not less than one (1) job per each 1,000 sq. ft. of gross building area.
- (5) New retail businesses in the central business district.

Notwithstanding the listing of priority businesses, all companies should meet the following standards:

- (6) Possession of a good, recent environmental "track record"; or, through relocation to an area with appropriate infrastructure, begin meeting its environmental responsibilities.
- (7) Investment of \$100,000 or more in new or rehabilitated facilities and/or equipment.
- (8) Creation of at least five (5) new jobs.

- (9) 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.

Program

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) Applicants shall estimate the number of anticipated new hires, the skills required and the timing of such new hires.
- (3) Applicants shall provide a copy of its affirmative action/hiring statement or

plan.

E. Application Procedure

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 Office of Municipal Development.

The application for tax abatement shall first be referred to a Tax Abatement Incentive Committee consisting of the following: two members of the Economic Development Committee, a representative of the Mayor's staff, the Tax Assessor, the City Planner, the Municipal Development Director; and the Director of Finance. All shall be appointed by the Mayor with the approval of the Common Council. 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 15 days of receipt of the proposed tax incentive package, the committee shall report their findings to the Common Council who shall within 15 days act upon the application.

All final approvals shall be granted by the Common Council.

In the event of unusual or extraordinary circumstances, the Common Council may alter or waive any requirements contained herein.

F. Tax Abatement Agreement

Pursuant to Section 12-65(b) of the Connecticut General Statutes, 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.

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 1st 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.

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 Section 12-65(h) of the Connecticut General Statutes, 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 predominately in the manufacture or production of goods, research or development design and engineering of manufactured products.

After approval of any application by the Common Council, construction shall commence within twelve 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.

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.

G. Partial Tax Exemptions for Real Estate

Within the parameters of C.G.S. Section 12-65(b), 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. 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.

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, sidewalk construction.

- (3) Extension of water and/or sanitary sewer lines; waiving of "hook-up" 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 Chapter, 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)

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

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