



TOWN OF WETHERSFIELD

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Economic & Community Development

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TAX INCENTIVE PROGRAM

Section I - Purpose

- A. The Town of Wethersfield has adopted this tax incentive policy and program in accordance with Connecticut General Statutes ("CGS") §§12- 65b and 12- 65h (as amended).
- B. The Wethersfield Tax Incentive Policy and Program is designed to attract new businesses, retain existing businesses and encourage the expansion of businesses by offering relief from local taxes while increasing the Town's tax base.
- C. The Town of Wethersfield considers the tax incentive policy as one of its primary economic development programs and as a significant financial accommodation by the Town because of the reduction in tax revenue that would otherwise be received.
- D. This policy authorizes the Town Council to enter into temporary tax abatement agreements in order to fix the increased assessed value of real property under CGS §12-65b and/or personal property under CGS 12-65h in the manner set forth by this policy and the criteria listed below.

Section 2 - Eligibility

- A. In accordance with the provisions of CGS §12-65b the Town Council may enter into written tax agreements with any party owning or proposing to acquire an interest in real property in Wethersfield, or with any party owning or proposing to acquire an interest in air space in Wethersfield, or with any party who is the lessee of, or who proposes to be the lessee of, air space in Wethersfield in such a manner that the air space leased or proposed to be leased shall be assessed to the lessee pursuant to CGS §12-64, if the improvements are for one or more of the following business types:
 - 1. Office use;
 - 2. Retail use;
 - 3. Permanent residential use in connection with a residential property consisting of four or more dwelling units;
 - 4. Transient residential use in connection with a residential property consisting of four or more dwelling units;
 - 5. Manufacturing use;
 - 6. Warehouse, storage or distribution use;
 - 7. Structured multilevel parking use necessary in connection with a mass transit system;
 - 8. Information technology;
 - 9. Recreation facilities;
 - 10. Transportation facilities;

11. Mixed-use development, as defined in CGS§ 8-13m; or
 12. Use by or on behalf of a health system, as defined in CGS § 19a-508c.
- B. Only legally existing uses, businesses relocating to the Town, new business development and business expansion listed in Section 2A above and located within a district zoned for such purposes by the Planning and Zoning Commission are eligible to participate in the tax incentive program under this policy.
 - C. A use constituting a home occupation pursuant to the Wethersfield Zoning Regulations is not eligible to participate in the tax incentive program under this policy regardless of whether the home occupation includes one or more activities listed in Section 2A above.
 - D. Only a manufacturing facility or a wholesale and retail business, as defined in subdivision (72) of CGS § 12-81 are eligible to participate in the benefits authorized under CGS §12-65h.
 - E. The project must result in and contribute at least a net increase of \$100,000 in assessed value to the Town's Grand List.

Section 3 – Abatement Schedule

- A. The Town Council will utilize the following schedule as a guide when considering tax incentive requests. The percentage of the abatement may vary from year to year based upon the project needs provided that the abatement value shall not exceed the maximum average percentage over the entire term of the agreement. The agreement may be front loaded, back loaded or a consistent percentage throughout the agreement term.
- B. Tax abatements will be limited to the increased assessed value of a property that is directly linked to the new investment.
- C. Property taxes on existing land and facilities may not be reduced.
- D. The Town Council shall determine the specific abatement for each project based upon the benefits to the Town.
- E. This schedule lists the minimum increase in assessed value of an improvements that qualifies a project for an abatement, the maximum average abatement amount and the maximum abatement time period.

Tax Abatement Schedule under CGS 12-65b

<u>Increase in Assessed Value of Real Property</u>	<u>Maximum Average % Fixed Assessment Over Term</u>	<u>Maximum Term</u>
Over \$15 Million	Up to 50%	Up to 6 years
\$7 - \$15 Million	Up to 50%	Up to 5 years
\$3 - \$7 Million	Up to 40%	Up to 4 years

\$500,000 - \$3 Million	Up to 40%	Up to 3 years
\$100,000 - \$500,000	Up to 30%	Up to 2 years

**Tax Abatement Schedule under CGS 12-65h
(Manufacturing Facility or a Wholesale and Retail Business)**

<u>Increase in Assessed Value of Real Property</u>	<u>Maximum Average % Fixed Assessment Over Term</u>	<u>Maximum Term</u>
Over \$3 Million	Up to 50%	Up to 7 years
\$500,000 - \$3 Million	Up to 50%	Up to 2 years
\$25,000 - \$500,000	Up to 50%	Up to 3 years

Section 4 – General Requirements

- A. In considering whether to entering into an abatement agreement, the Town Council shall consider whether the project will:
1. Result in a project that involves the types of businesses deemed eligible by Section 2 of this Policy,
 2. Cause a business to relocate to the Town.
 3. Cause a business to replace, expand, rehabilitate or remodel, existing buildings.
 4. Cause the rehabilitation of existing structures for retail business use.
 5. Cause a business to construct new buildings.
 6. Cause a substantial investment in property improvements, new equipment or other personal property subject to taxation.
 7. Preserve or increase employment opportunities, with particular emphasis on employment of Wethersfield residents, Wethersfield based contractors or minority, veteran or disable groups.
 8. Incorporate alternative and sustainable energy and green technology in the project.
 9. Result in the reuse or redevelopment of a distressed, blighted or abandoned property.
 10. Be located on a targeted site or area as identified in the Wethersfield Plan of Conservation and Development, or as recommended in other adopted plan and studies.
 11. Demonstrate the need for the property tax incentive.
 12. Provide a product, need or service to the community.
 13. Improve or renovate an historic structure.

Section 5 – Application Procedures

- A. It is recommended that interested parties contact the Town’s Economic Development Director to schedule a meeting to conduct a Pre-Application Review for the purposes of improving communication with individuals seeking guidance on any request for a tax incentive under this Policy. The Town encourages prospective applicants to meet with Town staff as early as possible and get as much information as possible while the request is in the early planning stages.

The pre-application review process is a free and voluntary process that has been established to provide an opportunity to meet informally with staff to offer general advice and guidance, ask questions and to receive input prior to the submission of a formal application.

- B. Any eligible party may apply under this policy in writing to the Economic Development Director on application forms provided by the Economic & Community Development Department. The applicant shall provide all required information in sufficient detail to allow the Town to determine costs and benefits associated with the implementation of a requested tax agreement. At a minimum, this information shall include the following:
 - 1. A completed tax incentive application.
 - 2. Project description.
 - 3. An estimate of the number and types of jobs to be created by the project.
 - 4. An estimate of the costs of the improvements proposed as part of the project,
 - 5. A project timeline including a construction schedule that includes anticipated start and completion dates.
 - 6. Identification of any other public incentives, which are included in the project financing,
 - 7. The proposed percentage of tax fixing and term.
 - 8. The rationale for the tax fixing request.
 - 9. Copies of the site development plans, building elevation drawings and/or building plans for the project.
 - 10. A financial statement for the project that includes a summary of all costs for the project including construction and operating costs and a summary of all projected revenues to include real property, motor vehicle and personal property taxes to be generated by the project. The proposed tax fixing schedule shall be included in this analysis to indicate the total projected tax revenue to the Town over the first 10 years of the project.
 - 11. Other information as may be requested by the Town.
- C. Upon receipt of the completed application the Economic Development Director shall refer the application to the Tax Incentive Program Review Committee which shall consist of 5 (five) members as follows: The Town Manager, Finance Director, Assessor, Economic Development Director and designee from the Economic Development and Improvement Commission. Each application shall be reviewed on a case-by-case basis. The applicant shall attend the Committee meeting to present the request. After a thorough review, and within thirty (30) days of receipt of the application the recommendation, along with a written analysis, shall be referred to the Town Council.
- D. The Town Council shall schedule a public hearing and public presentation by the applicant at a regular or special meeting of the Council. The Council shall provide for public comments on the specific tax incentive requested.
- E. The Town Council, in its sole discretion, shall either approve, approve with modifications or conditions or deny the application within 35 days from the date of the first regularly scheduled meeting at which the referral appears on the Council's agenda. Granting of the tax abatement shall be subject to a majority vote of the Town Council. The Council's decision shall be based upon the Connecticut General Statutes, the information provided in the application package, the recommendation from the Tax Incentive Program Review Committee and the general requirements contained in Section 4(A) of this document.

- F. The total assessed value of the project will be determined by the Tax Assessor upon final inspection after issuance of certificate of occupancy. The assessed value will be set in accordance with the Connecticut General Statutes and will take into consideration revaluations required under such statutes.

Section 6 - Agreement

- A. Pursuant to the Town Council's decision the Town Attorney will draft a written agreement with the applicant, fixing the assessment of the real or personal property for the terms of the agreement.
- B. The agreement will include the appropriate terms and conditions of this policy, and in particular the following:
1. Construction shall commence within twelve (12) months and shall be completed within twenty-four (24) months after approval of any such tax agreement, and approval of the project by the Town's Planning and Zoning Commission, whichever comes last. In the event that construction is not commenced and/or completed within the specified time frame, then any agreement entered into pursuant to this policy shall immediately terminate and the full amount of the tax (including accrued interest) that would otherwise be due had no tax abatement agreement been entered shall immediately become due and payable.
 2. If an applicant fails to comply with the payment of taxes upon the due date required, then any agreement entered into pursuant to this program shall immediately terminate and the full amount of the tax including accrued interest that would otherwise be due had no tax abatement agreement shall immediately become due and payable.
 3. Any person or firm who is delinquent in any taxes, interest or liens that are due to the Town shall be ineligible to enter into any such tax agreement under this policy until such delinquencies or liens are remedied.
 4. Any tax assessed and levied upon motor vehicles shall not be subject to any such agreement pursuant to this program and shall remain due and owing.
 5. Any applicant requesting a personal property tax incentive must commit to remain in the Town for a period of two (2) times the length of the incentive that may be granted. If the taxpayer shall cease to do business or move from the Town within such period all taxes that would have been due shall become due retroactive to the due date of the taxes deferred, and any delinquencies shall carry interest as if the taxes had not been deferred.
 6. Any tax agreement entered into pursuant to this policy shall not be subject to assignment, transfer or sale without the consent of the Town Council. In the event that the property that is the subject of the tax agreement is transferred without the Town Council's consent that the agreement be assigned to the person acquiring the property, then the agreement shall terminate as of the date of the transfer and the full amount of the tax (including accrued interest) that would otherwise be due had no tax abatement agreement been entered shall immediately become due and payable, unless alternative arrangements are authorized by the Town Council.

7. The term of the tax fixing agreement shall commence with the October 1 Grand List immediately following the earliest of 1. the issuance of a certificate of occupancy, or 2. the completion of the construction.
 8. During the construction period, but for no longer than 24 months, the assessment of the property will be fixed at pre-construction assessed value.
 9. If the applicant is a tenant or if an owner is applying on behalf of a tenant, tax benefits shall be reflected in the lease and shall be so demonstrated to the Town. Any such lease shall be for a term which is at least as long as the tax benefit period.
- C. The agreement will be executed by the Town Manager and the applicant.
- D. The agreement shall be filed on the land records of the Town of Wethersfield.

Section 7 – Town Council Authority

- A. Nothing in this policy shall require the Town Council to enter into a tax agreement.
- B. In the event of unusual or extraordinary circumstances, the Town Council reserves the right to alter or waive any of the provisions of this policy not inconsistent with the requirements of CGS §§ 12-65b and 12-65h.
- C. Any final decision to grant and to establish the terms of agreement of a tax abatement incentive pursuant to this policy shall be within the sole discretion of the Wethersfield Town Council.

Section 8 - Policy

- A. This policy shall not be retroactively applied to existing property improvements or personal property associated with existing property improvements
- B. This policy may be modified by the Town Council.