8.3.2 **Tax Incentive Ordinance**

Move to adopt Proposed Ordinance, City of Derby Code, entitled "Tax Incentive Ordinance" and Proposed "Tax Incentive Application"

10-11-2018

8.3.2. Move to adopt Proposed Ordinance, City of Derby Code, entitled "Tax Incentive Ordinance" and proposed "Tax Incentive Application"

Motioned by Mr. Sampson, seconded by Ms. Browning and the motion carried.

TAX INCENTIVE ORDINANCE

Ordinance No.: _____________

Tax and Business Incentive Program

A. Purpose

i. *The purpose of the Tax Incentive Program is to attract, retain and expand businesses and industries in the City of Derby. 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, adaptive reuse 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 Derby to encourage substantial investment in new equipment and other personal property subject to taxation within the City.*

The City of Derby has adopted this tax incentive ordinance in accordance with Connecticut General Statute 12-65b and 12-127a. This ordinance establishes a tax incentive program for the City and allows the City to enter into written agreements with the owners and/or lessees of certain real property located within the City of Derby in order to fix tax assessments of real and/or personal property in the manner set forth by this ordinance.

B. Eligibility

i. *Business Enterprise Tax Incentives*

a. In accordance with the provisions of Conn. Gen. Stat. §12-65b, the Board of Aldermen / Alderwomen may enter into written tax agreements with owners and/or lessees of real property if the improvements are for one of the following:

i. Manufacturing use;
ii. Office Use;
iii. Retail Use;
iv. Storage, warehouse or distribution use;
v. Structured multilevel parking use necessary with a mass transit system;
vi. Information Technology;
vii. Recreation Facilities;
viii. Transportation Facilities;
ix. Permanent Residential Use; or,
x. Transient Residential Uses.

ii. *Adaptive Reuse*

a. In accordance with the provisions of Conn. Gen. Stat. §12-127a, the Board of Aldermen / Alderwomen may enter into written tax agreements with the owners and/or lessees of real property on which a structure of historical or architectural merit is located, provided that it is shown to the satisfaction of the Board of Aldermen / Alderwomen that the level of taxation is a material factor which threatens the continued existence of the structure, necessitating either its demolition or remodeling in a manner which destroys the historical or architectural value.

b. *If the increased assessment resulting from the cost of such improvement to be constructed is at least $5,000,000.00, the City of Derby will consider entering into a seven (7) year written tax abatement agreement with such applicant, such that real estate taxes on the increase in gross taxable assessment from the improvements to real property will be abated by:*

- *70% in the first year;*
- *60% in the second year;*
- *50% in the third year;*
- *40% in the fourth year;*
- *30% in the fifth year;*
- *20% in the sixth year;*
- *10% in the seventh year;*

There shall be no abatement of taxation on any personal property owned by the applicant. Any tax abatement shall commence with the Grand List of October immediately following the issuance of the final certificate of occupancy for the subject property.

c. *If increase assessment resulting from the cost of such improvement to be constructed is at least $1,500,000.00, the City of Derby will consider entering into a five (5) year written tax abatement agreement with such applicant, such that real estate taxes on the increase in gross taxable assessment from the improvements to real property will be abated by:*

- *50% in the first year;*
- *40% in the second year;*
- *30% in the third year;*
- *20% in the fourth year;*
- *10% in the fifth year;*

There shall be no abatement of taxation on any personal property owned by the applicant. Any tax abatement shall commence with the Grand List of October immediately following the issuance of the final certificate of occupancy for the subject property.

d. *If the increased assessment resulting from the cost of such improvement to be constructed is at least $750,000.00, the City of Derby will consider entering into a three (3) year written tax abatement agreement with such applicant, such that real estate taxes on the increase in gross taxable assessment from the improvements to real property will be abated by:*

- *30% in the first year;*
- *20% in the second year;*
- *10% in the third year;*

There shall be no abatement of taxation on any personal property owned by the applicant. Any tax abatement shall commence with the Grand List of October immediately following the issuance of the final certificate of occupancy for the subject property.

ii. Adaptive Reuse Abatement Schedule

a. *The Board of Aldermen / Alderwomen may, through the affirmative vote of five members of said Board, exclusive of the Mayor, authorize the City to enter into a written tax agreement with any party owning or proposing to acquire an interest in real property in the City of Derby on which there is located a structure(s) of historical or architectural merit, subject to the cost of the project improvements equal to or exceeding the sum of $500,000.00.*

b. *Real estate taxes on real improvements associated with the historic redevelopment and adaptive reuse of any structure deemed to have historic or architectural merit that qualify under this section shall be abated for a period of three (3) years in accordance with the following schedule, commencing with the Grand List of October immediately following the issuance of the first certificate of occupancy for the subject property.*

- *30% in the first year;*
- *20% in the second year;*
- *10% in the third year;*