

Tax Incentive Program

191-9 Goals and Objectives

The purpose of this article is to establish through financial accommodation a tax abatement program for the Town of Stratford that will promote economic growth, thus expanding Town's tax base. The incentives will both attract new businesses and promote the expansion of existing businesses, while creating and preserving jobs. The program will encourage redevelopment and adaptive reuse of obsolete or distressed properties which pose special development problems because of age, configuration and/or location. Blighted properties will be revitalized and put to productive reuse. The program will also assist in the redemption and redevelopment of contaminated industrial sites, commercial sites and superfund sites.

191-10 Eligibility and Guidelines

(A) Real property incentives may be available to any party owning or proposing to acquire an interest in or performing an improvement upon real property in the Town of Stratford, setting the assessment of the real property which is the subject of the agreement, and all improvements thereon or therein and to be constructed thereon or therein subject to the provisions set for the below, provided that the improvements shall be for one of the following:

- 1) Office use;
- 2) Retail use;
- 3) Establishments with a minimum of 25 units and providing housing and other transient guest services;
- 4) Manufacturing facility, as defined in Conn. Gen. Stat. Sec. 12-81(72);
- 5) Industrial, warehouse, or distribution use;
- 6) Information technology;
- 7) Recreational facilities;
- 8) Transportation facilities;
- 9) Research and Development;
- 10) Restaurants;
- 11) Athletic Facilities;

12) Health Care Facilities;

13) Mixed Use Development with not less than 25% of its floor area designated as commercial or retail use in the non-residential portion thereof; or

14) Structured multi-levelled parking use necessary in connection with a mass transit system.

(B) Personal property incentives may be available to any party owning or proposing to acquire an interest in or performing an improvement upon real property in the Town of Stratford, upon which is located or proposed to be located and is one of the following:

1) Office use;

2) Retail use;

3) Establishments with a minimum of 25 units and providing housing and other transient guest services;

4) Manufacturing facility, as defined in Conn. Gen. Stat., 12-81(72);

5) Industrial, warehouse, or distribution use;

6) Information technology;

7) Recreational facilities;

8) Transportation facilities;

9) Research and development;

10) Restaurants;

11) Athletic Facilities;

12) Health care Facilities systems; or

13) Mixed Use Development with not less than 25% of its floor area designated use as commercial or retail use.

(C) Real or personal property incentives are only available to those properties which have received all required municipal approvals. In addition, the following criteria shall apply to any property for which an abatement is sought:

1) The property shall not be delinquent on municipal taxes, sewer use fees, sewer assessments or any other amounts due to the Town of Stratford;

2) If the payment of municipal taxes, sewer use fees, sewer assessments or any other amounts due to the Town of Stratford shall become delinquent, the incentive shall be revoked;

- 3) The property must maintain the use upon which the abatement was based for the duration of the abatement period. The term “use” includes the continuation of the ordinary business operations of the property owner and/or business owner. Any change in use including the termination of ordinary business operations will result in a revocation of the abatement;
- 4) The abatement shall be revoked if the property owner and/or business owner files for bankruptcy;
- 5) Failure of the property to remain in compliance with applicable zoning laws and municipal ordinances and regulations shall result in a revocation of the abatement;
- 6) The applicant shall enter into an agreement with the Town. Construction of any improvements shall not begin until the agreement has been fully executed. The agreement shall require the repayment of the tax abatement if the applicant does not comply with the terms of the agreement;
- 7) The applicant shall be the owner of the improvement for which the abatement is requested for the full term of the abatement. If a tenant makes application for a personal property abatement, its lease must be on file with the Town. Failure of the applicant to remain the owner for the full term of the abatement, or failure of a tenant to remain a tenant for the full term of the abatement shall result in the revocation of such incentive(s);
- 8) The property shall be ineligible to receive an abatement under this program if it receives tax incentives under any other federal, state or local program; and
- 9) No property shall receive both real and personal property incentive programs unless such receipt of both real and personal property incentives are approved by the Town Council.
- 10) Annual Income and Expense Report- The application for or granting of an abatement pursuant to this program shall not relieve a taxpayer from the obligation to submit annual income and expense reports as set forth in section 12-63c of the Connecticut General Statutes or to comply with any other applicable tax laws.
- 11) Abatement(s) granted under this program are non-transferable.

191-11 Incentive Programs

A. Real Property Tax Incentives- New Construction

This program is open to property owners who have met the requirements in Section 2 of this ordinance. The abatement will be applicable to the value of the buildings and improvements only. The values shall be updated and recalculated during revaluation cycles. Taxes will be calculated on the assessed value as determined by the Assessor and shall be due and payable in accordance with the Town’s collections

laws, policies and procedures. Tax benefits must be reflected in any lease, and such lease shall be provided to the Town.

B. Real Property Tax Incentives- Rehabilitation

The program will encourage the rehabilitation of aging or deteriorating structures, new development and redevelopment of real property as well as promote businesses to replace, construct, expand or remodel existing structures. The rehabilitation project shall correct all code violations, make improvements, both interior and exterior, and must meet all ADA requirements. Tax benefits must be reflected in any lease and shall be provided to the Town.

The abatement will be applicable to the value of the buildings and improvements only. The increase in assessment shall be the basis for the amount of this program. The amount to be abated will be determined by the Assessor as follows: final assessed value after rehabilitation is complete less the value prior to rehabilitation equals amount which may be abated. The values shall be updated and recalculated during revaluation cycles. Taxes will be calculated on the assessed value as determined by the Assessor and shall be due and payable in accordance with the Town's collections laws, policies and procedures.

The abatement for new construction and rehabilitation shall be for a term of up to six (6) years, at the discretion of the Tax Partnership Screening Committee, provided the cost of the improvements is \$ 100,000.00 or greater. The abatement shall be as follows:

- (1) during the period of construction, but not greater than eighteen (18) months, or such additional time as may be extended by the Tax Partnership Screening Committee, but not to exceed six (6) additional months, or (2) until the receipt of a Certificate of Occupancy, whichever shall occur first: 100% exempt, then following such period or issuance of Certificate of Occupancy:
 - Year 1: up to 100% Exempt
 - Year 2: up to 100% Exempt
 - Year 3: up to 80% Exempt
 - Year 4: up to 60% Exempt
 - Year 5: up to 40% Exempt
 - Year 6: up to 20% Exempt

If no Certificate of Occupancy is issued prior to the expiration of the time as set forth above, then any benefits awarded under this ordinance shall lapse.

In the event the cost of the improvements is \$ 20,000,000.00 or greater, the abatement shall be for a term of up to ten (10) years, at the discretion of the Tax Partnership Screening Committee, as follows:

- (1) During the period of construction, but not greater than eighteen (18) months, or such additional time as may be extended by the Tax Partnership Screening Committee, but not to exceed six (6) additional months, or (2) until the receipt of a Certificate of Occupancy, whichever shall occur first: 100% exempt, then following such period or issuance of Certificate of Occupancy:

Year 1: up to 100% Exempt

Year 2: up to 100% Exempt

Year 3: up to 100% Exempt

Year 4: up to 80% Exempt

Year 5: up to 70% Exempt

Year 6: up to 60% Exempt

Year 7: up to 50% Exempt

Year 8: up to 40% Exempt

Year 9: up to 30% Exempt

Year 10: up to 20% Exempt

If no Certificate of Occupancy is issued prior to the expiration of the time as set forth above, then any benefits awarded under this ordinance shall lapse.

C. Personal Property Tax Incentives

The abatement will be applicable to personal property depreciated with a five (5) or seven (7) year IRS life and shall appear on the company's fixed asset schedule which shall match the federal income tax filings.

The abatement shall be for a term of five (5) years, provided the investment into the improvements is \$ 100,000.00 or greater. The abatement shall be as follows:

Year 1: up to 100% Exempt

Year 2: up to 100% Exempt

Year 3: up to 50% Exempt

Year 4: up to 40% Exempt

Year 5: up to 30% Exempt

191-12 Application and Review Process

Applications for abatement shall be made on a form prescribed by the Town of Stratford which may be amended from time to time. Completed applications must be submitted to the Economic Development Director and approved by the Town of Stratford prior to the issuance of any permits.

The Economic Development Director shall immediately refer the application to a committee consisting of the Mayor or her designee, Economic Development Director, Finance Director, Tax Assessor, Tax Collector, Town Attorney, and the Chair of the Tax Partnership Screening Committee (the "Administrative Committee"). Within fifteen (15) days of submission of a completed application to the Economic Development Director's office the Administrative Committee shall refer the application to the Tax Partnership Screening Committee with its recommendation. The Tax Partnership Screening Committee shall consist of the following: three (3) members of the Stratford Town Council, who shall be appointed by the Chair of the Town Council, the Chair of the Economic and Community Development Commission or his designee, and the Chair of the Redevelopment Agency or his designee. The Tax Partnership Screening Committee shall review and consider the application within thirty (30) days of its receipt from the Administrative Committee, and determine the amount, if any, and duration of the abatement. After approval of said application by said Committee, the same shall be forwarded to the Stratford Town Council for final approval. Any such agreement, as referred by said Committee, shall be approved upon the affirmative vote of a majority of the members of the Town Council. Once any abatement is approved the Town, through its Mayor, will enter into an agreement with the applicant. All abatement agreements shall be recorded on the land records and shall constitute a priority lien against the property that has benefited until the conditions of the tax abatement have been fulfilled and the agreement has expired. Upon default of under the terms of the agreement, or material

misrepresentation in the application, the taxes abated shall immediately become due and payable. All applications will be subject to audit by the Town Council to ensure compliance.

The total assessment amount to be abated 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 Connecticut General Statutes and will take into consideration revaluations required under such statutes.

The applicant must meet all program requirements. Failure to complete the project in the approved manner will cause the pending abatement to not be implemented. All submissions shall comply with all current state and local codes. Sign off for the code requirements will be required by the applicable Town officials.

Applications shall be completed in their entirety. The applications shall have the following attachments in order to be considered.

- Detailed project plan;
- Itemized project budget;
- Itemization of construction costs;
- Project Schedule;
- Expected Date project to begin; and
- Expected date of project completion.

Any abatement constitutes a significant financial accommodation for the Town of Stratford because of the reduction in tax revenue that would otherwise be received. This policy should be reviewed by the Town Council Ordinance Committee at least once every five years.

191-13 Revocation

Should any abatement approved pursuant to this program be revoked, the Town shall notify the recipient of such abatement of the revocation. The aggrieved party may thereafter, within 60 days of such notification, appeal such revocation to the Town Council. Following hearing, the Town Council may rescind such revocation or set any such terms and conditions for the continued abatement.