

Town of East Hartford, Connecticut

Economic Development Incentive Guidelines for Commercial Properties

I. Overview and Background

The objective of offering a local economic development incentive is to encourage economic growth, and expansion consistent with the Town's Plan of Conservation and Development (Plan of C & D). This policy document seeks to address two types of local economic development incentives: (i) Incentives to Promote Grand List Growth; and (ii) Incentives to Promote Overall Economic Benefits. Incentives to Promote Grand List Growth incentivize the expansion of the Town's grand list (or list of taxable property) by adding to the assessed value of a property. Incentives to Promote Overall Economic Benefits promote direct, indirect and induced economic development benefits for the Town as a whole.

IA. Incentives to Promote Grand List Growth.

The Town has the authority under the Connecticut General Statutes Sec. 12-65b to phase in the increase of local property taxes for projects that will increase the assessed value to the real property.

The chart below provides an example of the type of benefits that may be considered.

DURATION AND AMOUNT OF CGS 12-65b INCENTIVE

Percent increase in assessment value.	Max length of Agreement	Max percent that increase in assessment may be abated.
25%	3 years	50% of the increase in assessment based on completed work.
50%	2 years	100% of the increase in assessment based on completed work.
75%	5 years	100% of the increase in assessment based on completed work.
100% or more	10 years	100% of the increase in assessment based on completed work.

IB. Incentives to Promote Overall Economic Benefits.

The incentives in this case may be tailored to the specific needs of the project. The benefits will be Town-wide and more holistic.

IC. Eligibility Criteria.

A. General Requirements:

To be eligible for either of the two preceding incentives (IA & IB), the proposed project must be a permitted use as defined by the East Hartford Zoning Regulations, and must meet the goals and objectives defined in the Plan of C&D. Those seeking incentives must also evidence a commitment to remain in the Town well beyond the length of the incentive period, preserve and create jobs for Town residents and utilize Town businesses during construction and operation. In addition, applicants must also evidence a strong commitment to diversity recruitment and retention employment practices.

B. Specific Requirements:

To be eligible for either of the two preceding incentives (IA & IB) the project must provide for the creation of long-term tax base growth for the Town and stimulate local economic conditions for existing businesses and the development of future industry groups. To be eligible for IB incentives, the project must also have one or more of the following economic impacts:

- a. **Direct Economic Impact.** Direct impact includes all direct effects the project has on the Town due to the project's operations. These include direct employees, organizational spending, employee spending, and spending by vendors, contractors and visitors to the new or expanded business.
- b. **Indirect Economic Impact.** Indirect impact includes business-to-business purchases in the supply chain taking place in the Town/region that stem from the initial industry input purchases.
- c. **Induced Economic Impact.** Induced impact includes the value stemming from local household spending of wages received from the new or expanded business. When recipient local businesses use this new income to spend within the local community, induced impacts quickly multiply.

II. Qualifying Businesses

- A. Applicant must be a private, for-profit enterprise that is entitled to operate legally in the State of Connecticut
- B. Applicant must not be in violation of any law, regulation or agreement with the Town, State or Federal Government
- C. Applicants must demonstrate a solid financial base and reasonable growth potential
- D. Applicants must be committed to make a significant investment in newly acquired or leased real property, or must be willing to make a significant investment in rehabilitating real property that they currently own or lease, or plan to acquire or lease.
- E. Applicant and its project must meet the eligibility criteria set forth in IC above.

III. Application Procedure

Applications shall be made to the Mayor, through the Director of Development. The Director of Development may enter into negotiations with such applicant for the purpose of developing an agreement. Once agreement has been reached, the Mayor, Director of Finance and Corporation Counsel shall review the application and the agreement. After review, the application and agreement shall be forwarded to the Economic Development Commission for its review, comment and recommendation. Within thirty days of receipt of the proposed agreement, the EDC shall report its findings and recommendation to the Mayor. The Mayor may make a final recommendation and submit the application and agreement to the Town Council for approval. The application and supporting documentation will, at minimum, provide the information as outlined in Schedule A attached hereto and made a part of. *The application must be submitted, and approved by the Town Council, prior to commencement of construction or renovation of improvements on the property that will be the subject of the tax benefit or incentive.*

IV. Policy Waiver

The Council may alter or otherwise waive any and all requirements contained herein so long as the project is consistent with the goals and objectives of the current Plan of C & D.

PLEASE NOTE: nothing herein, or in any attachment, shall be deemed a promise, commitment or agreement by the Town of East Hartford or the East Hartford Town Council to provide tax benefits or financial incentives.

MARCIA LECLERC
MAYOR

DEVELOPMENT
DEPARTMENT

TOWN OF EAST HARTFORD



East Hartford, Connecticut 06108

(860) 291-7300

FAX (860) 291-7298

SCHEDULE A

Economic Development Incentive Application

(Company Name)

CONTENTS

Section 1	Incentive Summary
Section 2	Detailed Description/History of Business as Provided by Applicant
Section 3	Description of Real Property
Section 4	Description of Real and Personal Property Improvements
Section 5	Background Correspondence
Appendix 1	Tax Abatement Incentive Guidelines
Appendix 2	Sample Town Council Resolution

Section 1: Request for Incentive Summary Sheet

Applicant Name:

Applicant Address:

Address Real Property:

Incentive Sought:

Description of Business:

Employment Current and Projected:

Total Investment Real Property:

Description of Improvements:

Description of Municipal Fiscal Impact:

Description of Economic Impact:

Description of outreach to entities within the Town of East Hartford to ensure diverse community-based hiring:

Recommendation of Economic Development Commission:

Recommendation of the Mayor:

<i>Report of Estimated Value of Incentives and Revenue</i>						
<i>Description of Property</i>	<i>Estimated Market Value of Investment</i>	<i>Estimated Assessed Value</i>	<i>Annual Property Tax</i>	<i>Percent of Abatement</i>	<i>Length of Abatement</i>	<i>Incentive Value</i>
Machinery and Equipment						
Real Property Improvements						
Assessed Value of Real Property Currently			Annual Tax Revenue Generated			
Total Estimated Assessment After Completion			Annual Tax Revenue Generated		Annual Tax Revenue Increase	
Total value of abatements						
Tax Revenue Years 1 through []						
Estimated Value of Municipal Building Permits						
Total Town Revenue Years 1 through []						
<i>*All figures presented are estimates only</i>						

Section 2: Detailed Description/History of Business

Section 3: Description of Real Property

Include:

Current Assessor's Card

Section 4: Description of Real and Personal Property Improvements

Include:

- a) Location
- b) Land size, building description including existing conditions and proposed improvements
- c) Summary of Construction Plans, if available
- d) Approximate completion date

Section 5: Background Correspondence

Include:

Letter of transmittal to Mayor requesting incentive – prior to building permit application

Appendix 1: Tax Abatement Incentive Guidelines

Statutory Authority

Sec. 12-65b. Agreements between municipality and owner or lessee of real property or air space fixing the assessment of such property or air space.

(a) Any municipality may, by affirmative vote of its legislative body, enter into a written agreement, for a period of not more than ten years, with any party owning or proposing to acquire an interest in real property in such municipality, or with any party owning or proposing to acquire an interest in air space in such municipality, or with any party who is the lessee of, or who proposes to be the lessee of, air space in such municipality in such a manner that the air space leased or proposed to be leased shall be assessed to the lessee pursuant to section 12-64, fixing the assessment of the real property or air space which is the subject of the agreement, and all improvements thereon or therein and to be constructed thereon or therein, subject to the provisions of subsection (b) of this section. For purposes of this section, "improvements to be constructed" includes the rehabilitation of existing structures for retail business use.

(b) The provisions of subsection (a) of this section shall only apply if the improvements are for at least one of the following: (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 section 8-13m; or (12) use by or on behalf of a health system, as defined in section 19a-508c.

Sec. 12-65h. Agreements between municipality and owner or lessee of real property or air space containing a manufacturing facility or a wholesale and retail business fixing the assessment of personal property.

Any municipality may, by affirmative vote of its legislative body, enter into a written agreement with any party owning or proposing to acquire an interest in real property in such municipality, or with any party owning or proposing to acquire an interest in air space in such municipality, or with any party who is the lessee of, or who proposes to be the lessee of, air space in such municipality in such a manner that the air space leased or proposed to be leased shall be assessed to the lessee pursuant to section 12-64, upon which is located or proposed to be located a manufacturing facility, as defined in subdivision (72) of section 12-81, or a wholesale and retail business, as defined in subdivision (54) of section 12-81, fixing the assessment of the personal property located in the facility that is the subject of the agreement: (1) for a period of not more than seven years, provided the increase in the assessed value of such personal property in such facility or wholesale and retail business is not less than three million dollars, (2) for a period of not more than two years, provided the increase in the assessed value of such personal property in such facility or wholesale and retail business is not less than five hundred thousand dollars, or (3) to the extent of not more than fifty per cent of such increased assessment, for a period of not more than three years, provided the increase in the assessed value of such personal property in such facility or wholesale and retail business is not less than twenty-five thousand dollars.

Appendix 2: Sample Resolution

**TOWN OF EAST HARTFORD SAMPLE RESOLUTION
BUSINESS INCENTIVE POLICY**

WHEREAS, the Town of East Hartford has a Business Incentive Policy to assist businesses who desire to locate or expand their operations in East Hartford; and

WHEREAS, the Town's goals are to preserve and create jobs, create a stable long-term tax base and encourage growth of new and existing businesses; and

WHEREAS, (XXXXXX Company) will be locating at (XXXXXX) and investing (XXXXXX dollars) for improvements and employing (XXXXXX) persons; and

WHEREAS, (XXXXXX Company) has applied for (tax fixing, assessment fixing) at a level of (XXXXXX) for a period of (XXXX) years; and

WHEREAS, the Town of East Hartford will benefit from the location of a stable business in our town and the increase of our employment base by (XXXX); and

WHEREAS, Connecticut General Statutes, (Section 12-65b) and (Section 12-65h), provide the legal authority for a municipality to enter into this tax agreement.

NOW, THEREFORE, BE IT RESOLVED that the East Hartford Town Council authorizes the Mayor, Marcia A. Leclerc, to execute an agreement with (XXXXXX Company) pursuant to the Town's Business Incentive Policy and under the authority granted under the Connecticut General Statutes, (Section 12-65b) and (Section 12-65h), for their business (location/expansion) in the Town of East Hartford.