

TOWN OF ELLINGTON

ECONOMIC DEVELOPMENT TAX ABATEMENT POLICY

PURPOSE:

The Town of Ellington wants to attract new business opportunities while encouraging growth and investment in existing businesses that will increase long term tax revenue for the town. The Town has determined that farming is vitally important to the quality of life, environment, economy, and character of Ellington. This policy allows the Town to offer fixed real property tax assessments for qualified businesses and specific tax abatements for farms that agree to the terms offered by the Town.

OUTCOME:

The additional business growth will provide additional tax revenue, potential employment for town residents and opportunities for other town businesses to service the new companies. Expansion of existing town businesses will retain industry within the town proper.

The additional investment in farming will benefit quality of life, help protect the environment, diversify local taxes, and sustain farming operations in Town.

ELIGIBLE BUSINESSES:

As authorized pursuant to Connecticut General Statutes Section 12-65b (b), the Town will consider applying this policy to those specific businesses identified below:

Office; retail; manufacturing; warehouse, storage or distribution; information technology; recreation facilities; transportation facilities.

ELIGIBLE FARMS:

As authorized pursuant to Connecticut General Statutes Section 12-81m, the Town will consider applying this policy to those specific farms identified below:

Dairy farms; vegetable farms; nurseries; fruit orchards, including vineyards for the growing of grapes for wine.

GENERAL INFORMATION:

In the event of unusual or extraordinary circumstances, the Board of Selectmen (BOS) reserves the right to alter or waive any of the foregoing provisions. These guidelines may be changed, in whole or in part, or repealed in their entirety, at any time, without a public hearing, by action of the BOS. The abatement schedules contained herein will be used as a guideline; and the final abatement schedule applicable to any specific project must be approved by the BOS.

An applicant who is delinquent in any taxes that are otherwise due to the Town of Ellington, federal or state government or other municipality shall be ineligible for tax abatement.

Any agreement between the Town and a business regarding fixing the assessment will require an agreement by the business to remain solvent for a minimum of 10 years. The business will have three years to achieve the agreed to minimum full time employment level.

Any agreement between the Town and a farm regarding tax abatement will require an agreement by the farm to remain operational for a minimum of 10 years.

The fixed assessment or abatement will be based upon the capital expenditures to be spent at the time of the agreement; future expansion plans are not counted as part of this agreement.

The assessment or taxation of real property for the period prior to the fixed assessment period will be done in accordance with state and local laws and ordinances.

The length of time of an abatement agreement and the percentage of the abatement for any new eligible business is based on cost of improvements, excluding routine maintenance, only to real property as follows:

- a. Provided the costs of improvements to be constructed is \$3,000,000 or more, the increase in the assessment computed by the Assessor (in accordance with standard assessment practices) may be abated in accordance with the following for a period of no more than 7 years: 85% first and second years, 75% third year, 65% fourth year, 55% fifth year, and 45% sixth and seventh years.
- b. Provided the costs of improvements to be constructed is more than \$500,000 but less than \$3,000,000, the increase in the assessment computed by the Assessor (in accordance with standard assessment practices) may be abated in accordance with the following for a period of no more than 3 years: 75% first year, 50% second year, and 25% third year.
- c. Provided the costs of improvements to be constructed is more than \$25,000 but less than \$500,000, 50% of the increase in the assessment computed by the Assessor (in accordance with standard assessment practices) may be abated for a period of no more than 2 years.

The length of time of an abatement agreement for any existing eligible business shall also be based on cost of improvements, excluding routine maintenance, only to real property and shall be the same as those set forth above for new eligible businesses. However, the percentage of abatement for existing eligible businesses may be increased up to 5% more than the levels set forth above as applicable to new eligible businesses.

The length of time of an abatement agreement and the percentage of abatement for any new or existing eligible business proposing to construct over \$6,000,000 in improvements shall be determined on a case by case basis and approved by the BOS.

The length of time of the abatement for an eligible farm in Ellington is based on cost of improvements, excluding routine maintenance, only to real property as follows:

- a. No more than 50% of the increase in assessment computed by the Assessor (in accordance with standard assessment practices) may be abated, for a period of no more than 7 years, provided the cost of improvements is \$25,000 or more.

In the event the end user is a tenant, the tax benefit must be reflected in the lease.

DEFINITIONS:

Capital Expenditures: Cash investments to improve an asset that will have a life of more than one year.

Cost of Improvements: The actual cost of constructing such improvements.

Existing Eligible Business: An eligible business that currently has and has had facilities and operations in the Town of Ellington for a period of not less than one year as of the date of its application for tax abatement.

Improvements: Building or other structures which are permanently attached to the land.

New Eligible Business: An eligible business that is new to the Town of Ellington or has not had facilities and operations in Town for a period of at least one year prior to the date of its application for tax abatement.

Real Property: The physical parcel of land and all improvements permanently attached.

Tax Assessment Analysis: An analysis of the loss in tax revenue from granting abatement or fixed assessment on eligible cost of improvements according to the parameters listed in this policy, and including an assessment of real property for the period prior to the abatement or fixed assessment.

TOWN OF ELLINGTON ECONOMIC DEVELOPMENT TAX ABATEMENT APPLICATION PROCESS

The tax abatement application process begins by the applicant submitting a completed tax abatement application, a document stating that federal, state and local taxes are current; an itemized list of the proposed cost of improvements; copies of site development plans and building plans; disclosure of any public or supplemental funding to be used for associated improvements and a statement explaining how the proposal will provide business growth or sustain farming operations, tax revenue and potential employment for town residents to the Planning Department. Questions regarding the abatement application should be directed to the Planning Department at 860-870-3120.

The Planning Department will forward a copy of the application to the Assessor, Tax Collector and First Selectman for review. The Assessor will review the assessor parcel number(s) and the deed(s), and will provide a tax assessment analysis. The Tax Collector will confirm that taxes are current and the First Selectman will review that the application is within the program parameters.

Once all town reports have been received, the Planning Department will forward the application form, with town staff comments, to the Economic Development Commission (EDC) for the next regularly scheduled meeting. The applicant must attend the EDC meeting in order to present the application. An agenda will be sent to the applicant containing the date, time and location of the meeting. The EDC will vote on whether or not to forward the application to the Board of Selectmen (BOS). If the EDC chooses to forward the application to the BOS, the EDC will determine the terms of the abatement or fixed assessment and will state the reason(s) they support the request for tax abatement or fixed assessment in their report to the BOS; they may also add conditions of approval.

If the EDC forwards the application to the BOS, the Planning Department will request that the application be placed on the next BOS agenda. The applicant must attend the meeting in order to present the application. An agenda will be sent to the applicant containing the date, time, and location of the meeting. The EDC Chairman or his/her designee will also be in attendance to speak in favor of the application.

If approved by the BOS, the First Selectman will request that the Town Attorney draft a contract. A copy of the draft contract will be sent to the Assessor and the Planning Department for comment. Once the terms and conditions of the contract are agreed to the BOS will schedule a Town Meeting in order for the townspeople to vote to approve or deny the abatement or fixed assessment. The EDC Chairman or his/her designee will also be in attendance to speak in favor of the application.

Once approved at Town Meeting, the First Selectman will notify the Town Attorney and the Town Attorney will forward the contract to the Planning Department, which will send it to the applicant for execution. The contract must be executed and delivered to the Planning Department prior to the issuance of the Certificate of Occupancy (C.O.).

Upon issuance of the C.O., the applicant shall submit receipts to the Assessor's Department as to the actual cost of the site and building improvements in order to certify that the terms of the

contract have been met. The Assessor’s Department may forward the receipts to the EDC if the amount expended is lower than the amount in the contract. The Assessor’s Department will submit a final recommendation to the BOS to implement the tax abatement or fixed assessment. Once the BOS has approved the implementation of the abatement or fixed assessment, the First Selectman will forward a written directive to authorize the Assessor to apply the abatement or fixed assessment.

The original contract will be retained in the First Selectman’s Office, with copies sent to the applicant, Assessor, Tax Collector and Town Planner. A copy of all correspondence regarding the subject application shall be maintained in the Planning Department.

The reduced assessment or abatement will apply to the October 1st tax list immediately following the issuance of a C.O. for the new construction.

The EDC will perform an annual review in March to ensure all elements of the contract between the town and applicant remain in place. The EDC will notify the Assessor whether or not the applicant is in compliance with the contract.

If the applicant defaults on terms, conditions or warranties contained in the contract, and fails to cure such default within six (6) months after notification by the town, then the contract will terminate. The Town of Ellington may recapture up to 100% of all taxes that the Town would have received during the term of the contract in the event the fixed assessment had not been applied.

RECAPTURE CLAUSE FOR ELIGIBLE BUSINESSES AND FARMS:

If business operations or farming operations cease or a property that was granted abatement is sold prior to ten (10) years from the initial effective date of abatement, the applicant shall pay the Town a percentage of the original amount of taxes abated pursuant to the following schedule, unless a new applicant is recommended by the EDC to assume the remaining term of abatement and approved by the BOS. In no case shall the amount to be paid to the Town exceed the original amount of taxes abated.

Between 1 day and 365 days.....	100%
Between 1 year 1 day and 2 years	90%
Between 2 years 1 day and 3 years	80%
Between 3 years 1 day and 4 years	70%
Between 4 years 1 day and 5 years	60%
Between 5 years 1 day and 6 years	50%
Between 6 years 1 day and 7 years	40%
Between 7 years 1 day and 8 years	30%
Between 8 years 1 day and 9 years	20%
Between 9 years 1 day and 10 years	10%
More than 10 years	0%

Recapture taxes owed to the Town pursuant to this provision shall be due and payable by the applicant at the time of transfer, sale, or recording of his/her deed or other instrument of conveyance, or in the case of a cessation of operation, within sixty (60) days of the date on which said operations ceased. Such revenue received shall become part of the general revenue of the Town.

**TOWN OF ELLINGTON
REAL ESTATE TAX ASSESSMENT ABATEMENT
APPLICATION FORM**

APPLICANT'S INFORMATION:

BUSINESS/FARM NAME: _____

OWNER(S): _____

MAILING ADDRESS: _____

PHONE: _____ FAX: _____

EMAIL: _____

PROPERTY DESCRIPTION:

PROPERTY ADDRESS: _____

ASSESSOR'S PARCEL NUMBER (APN): _____

DEED: VOL. _____ PG. _____ TOTAL AC. OF PARCEL: _____

PROPERTY IMPROVEMENT INFORMATION:

LAND ACQUISITION: YES / NO (CIRCLE ONE)

IF YES, TOTAL AC. ACQUIRED: _____

AMOUNT OF LAND IN ELLINGTON USED FOR FARMING, IN ACRES: _____

AMOUNT OF LAND OUTSIDE OF ELLINGTON USED FOR FARMING, IN ACRES AND BY LOCATION: _____

NEW CONSTRUCTION OR ADDITION: (CIRCLE ONE)

NEW CONSTRUCTION (SQ. FT.): _____

TOTAL BUILDING (SQ. FT.): _____

INDUSTRY TYPE, FARM TYPE & BUSINESS/FARM USAGE STATEMENT:

ANTICIPATED WASTE OUTPUT (GPD): _____

COST OF LAND: \$ _____

COST OF BUILDING OR ADDITION: \$ _____

COST OF SITE IMPROVEMENTS: \$ _____

FAIR MARKET VALUE OF EXISTING MACHINERY: _____

FAIR MARKET VALUE OF EXISTING EQUIPMENT: _____

FAIR MARKET VALUE OF EXISTING MOTOR VEHICLES: _____

COST OF NEW MACHINERY: \$ _____

COST OF NEW EQUIPMENT: \$ _____

COST OF NEW MOTOR VEHICLES: \$ _____

NUMBER OF EXISTING EMPLOYEES: _____

NUMBER OF ANTICIPATED ADDITIONAL EMPLOYEES: _____

EXPECTED HIRE DATES OF ADDITIONAL EMPLOYEES: _____

TYPE OF JOBS AND JOB TITLES OF ANTICIPATED ADDITIONAL EMPLOYEES: _____

VALUE OF PUBLIC AND/OR SUPPLEMENTAL FUNDING: _____

ANTICIPATED CONSTRUCTION SCHEDULE: _____

If additional space is needed, please provide a separate attachment(s).

ATTACH A DOCUMENT THAT STATES YOU ARE CURRENT WITH FEDERAL, STATE AND LOCAL TAXES; PROVIDE COPIES OF SITE DEVELOPMENT PLANS AND BUILDING PLANS, AND A STATEMENT EXPLAINING HOW THE PROPOSAL WILL PROVIDE BUSINESS GROWTH, SUSTAIN FARMING, TAX REVENUE AND POTENTIAL EMPLOYMENT FOR TOWN RESIDENTS. IF A BUSINESS, INCLUDE A LIST OF ALL BUSINESS NAMES WITH PRINCIPALS AND TOWNS THAT YOU HAVE DONE BUSINESS IN FOR THE PAST 5 YEARS.

PLEASE ATTACH ANY ADDITIONAL INFORMATION THAT YOU FEEL WILL BE HELPFUL DURING THE TAX ABATEMENT REVIEW.

SIGNATURE: _____ DATE: _____

APPLICATION REVIEW SHEET

ASSESSOR:

DATE REFERRED: _____

DATE REVIEWED: _____

COMMENTS:

SIGNATURE

TAX COLLECTOR:

DATE REFERRED: _____

DATE REVIEWED: _____

COMMENTS:

SIGNATURE

FIRST SELECTMAN:

DATE REFERRED: _____

DATE REVIEWED: _____

COMMENTS:

SIGNATURE

ECONOMIC DEVELOPMENT COMMISSION:

APPLICATION FORWARDED TO BOS: YES / NO (CIRCLE ONE)

DATE: _____

COMMENTS:

EDC CHAIRMAN SIGNATURE

BOARD OF SELECTMEN:

APPLICATION FORWARDED TO TOWN MEETING: YES / NO (CIRCLE ONE)

DATE: _____

COMMENTS:

FIRST SELECTMAN SIGNATURE

APPROVED AT TOWN MEETING ON: _____

BUILDING PERMIT NUMBER: _____

POLICY APPROVAL/REVISIONS:

BOS ADOPTED 5-13-2002

BOS APPROVED AS REVISED 11-13-2006 AND 3-18-2013

REVISED 5-15-2013 (ORGANIZATIONAL/GRAMMATICAL REVISIONS ONLY)

BOS APPROVED AS REVISED 9-15-2014 (CHANGE PLANNING TO ASSESSOR'S DEPARTMENT PAGE 4, 2ND PARAGRAPH)

BOS APPROVED 7-10-2017 (ADD FARM PROVISION)

BOS APPROVED 4-12-2021 (ADD ABATEMENT SCHEDULES, DEFINE NEW & EXISTING ELIGIBLE BUSINESS & ADD RECAPTURE CLAUSE FOR BUSINESSES)