



TOWN OF MIDDLEBURY
Economic Development Commission
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TAX INCENTIVE POLICY

Section 1—PURPOSE

In an effort to attract, retain and expand businesses, the Town of Middlebury has adopted this **Middlebury Tax Incentive Policy** in accordance with Connecticut General Statutes 12-65b and 12-65h (as amended). This policy establishes a tax incentive program for the Town and allows the Town to enter into written agreements with the owners and/or lessees of certain real property located within the Town Middlebury in order to fix tax assessments of real and/or personal property in the manner set forth by this policy.

The State of Connecticut also offers an **Airport Development Zone Tax Incentive Program** for businesses with an economic relationship to the Oxford Airport. Such businesses must be located in the Oxford Airport Development Zone and most of Middlebury falls within that zone. See **Appendix A** for a description of that program and application procedures as some businesses could qualify for either program and each has unique advantages.

Section 2—ELIGIBILITY

A. In accordance with the provisions of CGS 12-65b, the Special Town Meeting called by the Board of Selectmen **MAY** enter into written tax agreements with owners and/or lessees of real and /or personal property for manufacturing use and real property for the following items labeled 2-7, if the improvements are for one of the following:

1. Manufacturing use
2. Office Use
3. Retail Use
4. Storage, warehouse or distribution use
5. Information Technology
6. Recreation Facilities
7. Transportation Facilities

- 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 a tax incentive program under this policy. Home occupations (as defined by the Middlebury Zoning Regulations), and all other land uses are not eligible to participate in a tax incentive program under this policy.
- C. Only manufacturing facilities, as defined in subdivision (72) of CGS section 12-81 are eligible to participate in the benefits authorized under CGS 12-65h.
- D. In accordance with provisions of CGS12-65h, The Special Town Meeting called by the Board of Selectmen may enter into written personal property tax agreements with owners /or lessees of real property located in a manufacturing facility as defined in CGS 12-81

Section 3—ABATEMENT SCHEDULE

The Board of Selectman as authorized at a Special Town Meeting may enter into a tax agreement with any party owning or proposing to acquire an interest in real property in the Town of Middlebury fixing 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 cost of the project improvements (based on the valuation of construction and or renovations) exceeding the following thresholds:

Real Property Tax Incentive Options

More than \$3,000,000	5 years
\$500,000 - \$3,000,000	4 years
\$100,000 - \$499,999	3 years

Greater Than \$100,000 - Capital Improvement

Any applicant who obtains commercial/industrial development property for the purpose of engaging in any of the activities or uses contemplated for this tax abatement program, or who engages in a capital improvement project for an already existing business enterprise located in the Town of Middlebury which qualifies under this tax abatement program, which development property or capital improvements have the effect of a net gain of assessed value in an amount of \$100,000.00 or greater, may apply for the following tax rebate:

<u>YEAR</u>	<u>PERCENTAGE OF INCENTIVE</u>
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1	35
2	25
3	15

Greater Than \$500,000 - Capital Improvement

Any applicant who obtains commercial/industrial development property for the purpose of engaging in any of the activities or uses contemplated for this tax incentive policy, or who engages in a capital improvement project for an already existing business enterprise located in the Town of Middlebury which qualifies under this tax incentive program, which development property or capital improvements have the effect of a net gain of assessed value in an amount of \$500,000.00 or greater, may apply for the following tax rebate:

<u>YEAR</u>	<u>PERCENTAGE OF INCENTIVE</u>
1	35
2	30
3	25
4	20

Greater than \$3,000,000 - Capital Improvement

Any applicant who obtains commercial/industrial development property for the purpose of engaging in any of the activities or uses contemplated for this tax incentive policy, or who engages in a capital improvement project for an already existing business enterprise located in the Town of Middlebury which qualifies under this tax incentive program, which development property or capital improvements have the effect of a net gain of assessed value in an amount of \$3,000,000.00 or greater, may apply for the following tax rebate:

<u>YEAR</u>	<u>PERCENTAGE OF INCENTIVE</u>
1	35
2	30
3	25
4	20
5	15

This graduated statement lists the minimum value of the improvements that qualify a project for abatement, the maximum abatement amount and the maximum abatement period. The Special Town Meeting called by the Board of Selectmen shall determine the specific abatement for each project based upon the benefits to the Town.

Section 4—The Board of Selectman as authorized at a Special Town Meeting may enter into a tax agreement under this policy only if the agreement will:

1. Cause a business to locate in the Town, or
2. Cause a business to replace, construct, expand or remodel existing buildings, or
3. Cause a business to construct new buildings, or
4. Cause an increase in employment opportunities, or
5. Cause a substantial investment in new equipment or other personal property subject to taxation, or
6. Preserve existing employment opportunities.

A. The following additional factors will favor the consideration of applicant for the requested tax abatement:

1. The proposed project will comply and will continue to comply with all applicable federal, state and local codes and regulations.
2. The proposed project will create at least one or more new jobs
3. The proposed project developer/owner has no delinquency in any taxes or sewer, water and / or service charges due the Town of Middlebury, or any other town they do business in.
4. An accounting of any filed or pending lawsuits in the current or previous town(s) in which business was conducted by the applicant in the past ten years.

B. 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.

Section 5—APPLICATION PROCEDURE

A. Any eligible owner and/or lessee may apply under this policy in writing to the Economic Development Commission on the approved application forms provided by the Office of the First Selectman. 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.

B. The Economic Development Commission at its next regular meeting will review the application and invite the proposed developer/owner to make a formal presentation so long as the application is received by the 2nd Tuesday of any given month.

C. The Economic Development Commission shall examine the application to determine if it conforms to and complies with the town's requirements. Each

application shall be reviewed on a case by case basis. Within 30 days of receipt of the application, the Economic Development Commission shall report their findings in writing to the Board of Selectmen with its recommendation for referral to the Special Town meeting.

- D. The Board of Selectman shall act upon the Economic Development Commission's report within 30 days by either returning the matter to the Economic Development Commission for further action based on its recommendations for changes to the proposed tax abatement agreement or scheduling a Special Town Meeting to vote to approve the applicant's tax abatement agreement. The Board of Selectman's decision shall be based upon the Connecticut General Statutes, the information provided in the application package, the recommendation from the Economic Development Commission and Section 4 of this Policy.
- E. The final decision shall be the sole responsibility of the Special Town Meeting. In the event of unusual or extraordinary circumstances, the Special Town Meeting may alter or waive any requirements contained herein.

Section 6—AGREEMENT

- A. Pursuant to the affirmative vote of the Special Town Meeting, the First Selectman on behalf of the Town of Middlebury will enter into a written agreement with the owner or lessee of real property, fixing the assessment of the real or personal property for the terms of the agreement.
- B. The fixed assessment period shall commence with the first fiscal year of the Town of Middlebury for which a tax list is prepared on October 1st immediately following the issuance of a Certificate of Occupancy for any construction. The assessment of the real property for the period prior to the affixed assessment period shall be determined in the normal course pursuant to state and local laws and ordinances.
- C. With regards to the incentive program, year 1 of the abatement agreement begins October 1st immediately following the application process; the approval process and a CO (certificate of occupancy) being issued.
- D. After approval of any such tax agreement, construction shall commence within twelve (12) months and shall be completed within twenty-four (24) months. 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 shall immediately become due and payable, unless alternative arrangements are authorized by the Board of Selectmen.

- E. 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 shall immediately become due and payable.
- F. Any person or firm who is delinquent in any taxes, interest or liens (including water and sewer user fees) 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.
- G. 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.
- H. Any tax agreement entered into pursuant to this policy shall be recorded in the Middlebury land records and shall constitute a priority lien against the property benefited until the conditions of the tax abatement have been fulfilled and the agreement has expired. Upon default under the terms of the agreement, or material misrepresentation in the application, the taxes abated shall immediately become due and payable, with interest as provided by law, and may be liened; and the lien may be foreclosed in the same manner as provided by law for tax property liens generally.

Section 7—TRANSFERABILITY

Any tax agreement entered into pursuant to this policy shall not be subject to assignment, transfer or sale without the consent of the Board of Selectmen. In the event that any such agreement is assigned, transferred or sold without the Board of Selectmen's consent, then the agreement shall terminate, as of the effective date of assignment, transfer or sale and the full amount of the tax that would otherwise be due to the Town of Middlebury shall immediately become due and payable.

Section 8—MISCELLANEOUS LIMITATIONS

This policy shall not be retroactive. Nothing in this policy shall require the Town of Middlebury to enter into a tax abatement agreement. The final decision to any tax abatement is at the sole discretion of the Town of Middlebury The Board of Selectmen may terminate an abatement granted hereunder prior to the expiration

thereof in the event a fraud or misrepresentation by an applicant regarding any statements or representations contained in the application, addendum, or any supporting documentation.

Appendix A—AIRPORT DEVELOPMENT ZONE (ADZ) Incentives

Middlebury's Airport Development Zone incentives are offered jointly and consistent with Connecticut General Statutes § Sec. 32-75d as administered by the Connecticut Airport Authority (CAA). Application must be made and approved by the CAA and forwarded by the Middlebury Economic and Industrial Development Commission (EIDC) to the Middlebury Board of Selectmen as compliant with Economic and Industrial Development Commission procedures. Any application to the CAA must be filed concurrently with the EIDC. Applications must demonstrate an economic relationship to the airport and be located in the State of Connecticut Oxford Airport Development Zone as designated by the CAA. ADZ benefits are available in lieu of Middlebury Economic and Industrial Development incentives. The benefits of both programs cannot be applied for on the same project.

The ADZ program provides for **property tax** incentives based on the value of the improvement on newly constructed, renovated or expanded facilities in the ADZ that are approved by the CAA and Middlebury. The real and personal property tax exemptions are funded 50/50 by the state and Middlebury.

The real property tax exemption is equal to 80% of the assessed value of the improvements for 5 years.

The personal property tax exemption is equal to 80% of the assessed value of the machinery or equipment installed in the facility as part of the development or acquisition.

Businesses that qualify for the property tax exemptions also qualify for a State of Connecticut Corporation Business Tax Credit (25% for 10 years, set by the state) equal to the portion of the tax attributable to the facility. Applicants must be approved at the state and local level for these program benefits.

Visit <http://www.ctairports.org/EconomicDevelopment/AirportDevelopmentZoneForms.aspx> For more information.