

**The following is Article IX of the Taxation Ordinance at Chapter 184 of the Ordinances of the Town of North Haven approved and adopted by the October 14, 2014 Special Town Meeting which shall be effective fifteen (15) days after publication:**

**Article IX. Economic Development Tax Incentive Program**

**[HISTORY: Originally adopted by the Town of North Haven 10-14-2014 Special Town Meeting.]**

**§ 184-29. Declaration of purpose.**

It is hereby found and declared that an economic development tax incentive program is necessary to aid in the location of new businesses to the Town of North Haven and the expansion of existing businesses to strengthen the Town of North Haven's tax base. This Article of Chapter 184 of the Ordinances of the Town of North Haven is enacted pursuant to Section 12-65b of the Connecticut General Statutes and seeks to maintain and enhance the Town of North Haven as a desirable and competitive business location.

**§ 184-30. Qualifying Provisions.**

A. Definitions.

When used in this Article, the terms below shall have the following meanings:

**APPLICANT:** Any real property owner or lessee of real property responsible for payment of taxes on real property in the Town of North Haven pursuant to the terms of a written or proposed lease agreement applying for an economic development tax incentive.

**ASSESSED VALUE:** The assessed value as determined by the Assessor of the Town of North Haven.

**DEVELOPMENT PROJECT:** Any real estate development project involving new construction or expansion of existing space.

**EXPANSION:** Addition(s) to existing building(s).

**SUBSTANTIAL COMPLETION:** Date upon which building under construction is available for use for its intended purpose.

**TOTAL COST OF IMPROVEMENTS:** The cost to create new space for private business activities, including construction and expansion of buildings (foundation, walls, roof, electrical, mechanical, HVAC, etc.) and all site work including paving, curbing, landscaping, fencing, drainage, and utilities.

B. Eligibility Requirements.

1. This economic development tax incentive program shall be available to manufacturing, storage, warehousing, distribution, office, information technology, and recreational facilities and transient residential businesses limited to hotels with or without an interior or attached restaurant(s), locating to or located in all areas of the Town of North Haven. The program shall not apply to residential developments, retail businesses, or restaurants.
2. Applications will only be accepted for improvements to real property. This Article does not provide for tax incentives on personal property.
3. If multiple uses are proposed or operating at the real property involved (e.g. office and retail), the tax incentives offered herein shall only apply to new construction or expansion related to the qualifying uses identified in § 184-30.B.1. above.
4. Applicants are encouraged to consider and make a good faith effort, to the extent feasible, to utilize Town residents and Town based businesses during both the construction and operation phases.

#### **§ 184-31. Application and Review Process and Tax Incentive Agreement.**

Based upon approval of this Article by the legislative body of the Town of North Haven, the Assessor of the Town of North Haven will initially determine an applicant's eligibility for the economic development tax incentive program and verify the total cost of real property improvements and the Board of Selectmen of the Town of North Haven may exercise the Town's statutory authority under Connecticut General Statutes Section 12-65b to enter into an agreement with an eligible applicant fixing the assessment of the applicant's real property.

##### **A. Application and Review Process.**

Applications for economic development tax incentives set forth below in § 184-32 for development projects limited to new construction and expansion, shall be submitted to the Assessor for the Town of North Haven on forms prepared by the Assessor.

Applications for economic development tax incentives must be submitted prior to construction of any proposed new structure or in the case of an expansion, prior to construction of an addition(s) to an existing building(s).

The Assessor will review all applications and initially determine an applicant's eligibility.

If eligibility is determined in an applicant's favor, the Assessor will submit a recommendation and written analysis to the Board of Selectmen along with a draft tax incentive agreement for its consideration.

##### **B. Tax Incentive Agreement**

Upon receipt and review of the Assessor's recommendation and written analysis and the draft tax incentive agreement, the Board of Selectmen shall vote to approve the tax incentive agreement with the terms recommended by the Assessor or vote to deny the tax incentive agreement. In the event of approval, the Board of Selectmen shall also authorize execution of the tax incentive agreement by the First Selectman. Nothing in this Ordinance shall require the Board of Selectmen to approve any tax incentive agreement.

In the circumstance where the lessee is the applicant, the real property owner and the lessee must execute the tax incentive agreement.

The tax incentive agreement shall be expressly contingent upon the verification of the total cost of improvements by the Assessor when the qualifying real property improvements have reached substantial completion through review of construction contracts, payment applications, requisitions, proof of payments, certification by the applicant, and such other documentation as is requested by the Assessor to verify construction costs.

When the Assessor has verified the total cost of improvements to his/her satisfaction, the Assessor shall confirm such verification in writing to the real property owner and the Assessor shall have the authority to reduce the assessed value of the new construction or expansion in accordance with the schedule contained below in § 184-32.

**§ 184-32. Schedule of Economic Development Tax Incentives.**

The following schedule of economic development tax incentives shall be available based upon the total cost of improvements to real property, in the form of an adjustment or reduction in the assessed value of that portion of the real property comprised of the qualifying new construction or expansion, by the percentage noted:\*

**Total Cost of Improvements of \$500,000 to \$3,000,000**

**Three (3) Year Adjustment Period**

<u>Assessment Year</u>	<u>Adjustment Amount</u>	<u>Net Adjusted Tax Obligation</u>
Year 1	50%	50%
Year 2	30%	70%
Year 3	20%	80%

**Total Cost of Improvements of Greater Than \$3,000,000 to \$10,000,000**

**Five (5) Year Adjustment Period**

<u>Assessment Year</u>	<u>Adjustment Amount</u>	<u>Net Adjusted Tax Obligation</u>
Year 1	70%	30%

Year 2	60%	40%
Year 3	50%	50%
Year 4	30%	70%
Year 5	20%	80%

**Total Cost of Improvements of Greater Than \$10,000,000**

**Seven (7) Year Adjustment Period**

<u>Assessment Year</u>	<u>Adjustment Amount</u>	<u>Net Adjusted Tax Obligation</u>
Year 1	75%	25%
Year 2	65%	35%
Year 3	55%	45%
Year 4	45%	55%
Year 5	35%	65%
Year 6	25%	75%
Year 7	15%	85%

\*The fair market value and assessed value of the qualifying real property improvements may change from year to year due to statutory revaluation or due to changes to the property, as provided by the Connecticut General Statutes.

As the above schedule suggests, at the conclusion of the adjustment period for the successive tax years, the real property owner shall be responsible for paying 100% of the real property taxes due.

**§ 184-33. Effective Date of Adjustment.**

Adjustment of assessed value shall commence on the October 1 Grand List following the verification of the total cost of improvements by the Assessor as confirmed by the Assessor in writing to the real property owner.

**§ 184-34. Delinquency on Obligations to The Town of North Haven.**

Any applicant delinquent in any real or personal property taxes, motor vehicle taxes, sewer use charges or assessments, fees, charges, fines, interest, penalties, and/or liens to the Town of North Haven shall not be eligible for incentives unless the applicant has entered into an acceptable agreement with the Tax Collector of the Town of North Haven or the Town of North Haven to pay the delinquent taxes, sewer use charges or assessments, fees, charges, fines, interest, penalties, and/or liens and is in compliance with the terms of the agreement.

If an applicant receiving incentives becomes delinquent in any real or personal property taxes, motor vehicle taxes, sewer use charges or assessments, fees, charges, fines, interest, penalties, and/or liens to the Town of North Haven at any time during the incentive period and does not enter into acceptable repayment arrangements with the Tax Collector or the Town of North Haven or defaults upon the repayment arrangements, the incentives shall cease and the property owner shall be liable for paying not only the delinquent taxes, sewer use charges or assessments, fees, charges, fines, interest, penalties, and/or liens, but also all taxes adjusted or reduced pursuant to the tax incentive agreement to the date of delinquency.

For the purposes of this section, delinquency shall be determined in accordance with Connecticut General Statutes Section 12-146.

**§ 184-35. Pay Back Period.**

Applicants acknowledge that by participating in this economic development tax incentive program, a commitment is being made to the Town of North Haven by the applicant. If an applicant or property owner receiving economic development tax incentives substantially reduces its operations on its real property, attempts to assign its rights under its agreement with the Town of North Haven for tax incentives, sells or otherwise transfers the real estate involved, or declares bankruptcy during the applicable three (3), five (5), or seven (7) year adjustment period identified in § 184-32, then any tax incentive benefit received by the applicant under this program shall be forfeited and the applicant shall be required to pay back all the taxes that would have been assessed had the applicant not participated in the program. However, in the circumstance where a lessee is an applicant and the lessee remains and continues to do business at the real property, the tax incentive benefit shall continue. Any unpaid tax imposed pursuant to the provisions of this section shall constitute a lien upon the real property. Each such lien may be continued, recorded, and released in the manner provided by Connecticut General Statutes for continuing, recording, and releasing property tax liens. In order to maintain eligibility, the Assessor of the Town of North Haven may require property owners to submit affidavits of eligibility on an annual basis.

**§ 184-36. Fees Not Abated.**

Any fees required to obtain local permits and licenses shall not be abated, waived, reduced, or forgiven pursuant to this Article.

**§ 184-37. Term of Economic Development Tax Incentive Program.**

This Article shall take effect fifteen (15) days after publication of the Article in a newspaper having a circulation in the Town of North Haven and shall remain in effect through October 31, 2024 such that the Assessor of the Town of North Haven will not accept any applications for economic development tax incentives subsequent to October 31, 2024.