

Borough of Naugatuck

COMMERCIAL TAX ABATEMENT ORDINANCE

OCTOBER 2012

Section 1: PURPOSE

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

Section 2: ELIGIBILITY

- A. In accordance with the provisions of CGS 12-65b & 12-65h, the Board of Mayor and Burgesses may enter into written tax agreements with the owners and/or lessees of real and/or personal property.
- B. Only legally existing uses, businesses relocating to the Borough, new business development and business expansion in a Commercial or Industrial zone are eligible to participate in a tax incentive program under this policy. Residential only occupants and all other land uses are not eligible to participate in a tax incentive program under this policy.
- C. Application for tax abatement must be made within six (6) months of receipt of Borough of Naugatuck certificate of occupancy for use of building.
- D. Consideration may be given to those applicants who incorporate environmentally friendly ("green") improvements.
- E. Any applicant who is delinquent in any taxes, interest or liens that are due to the Borough shall be ineligible to enter into any such tax agreement under this policy until such delinquencies or liens are remedied.

Section 3: ABATEMENT SCHEDULE

The Board of Mayor and Burgesses may enter into a tax agreement with any party owning or proposing to acquire an interest in real and/or personal property in the Borough of Naugatuck to set the assessment of the real and/or personal 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 exceeding the following thresholds:

Borough of Naugatuck Tax Abatement Schedule

Cost of Improvements	1st year Abatement	2nd year Abatement	3rd year Abatement	4th year Abatement	5th year Abatement	Term
Greater than \$3,000,000.00	100%	80%	60%	40%	20%	Up to 5 years
\$500,000.00 up to \$2,999,999.99	100%	50%	0	0		Up to 2 years
\$25,000.00 up to \$499,999.99	50%	25%	25%	0		Up to 3 years

This table lists the minimum value of an improvement that qualifies a project for abatement, the maximum abatement amount and the maximum abatement period. ***The NEDC shall recommend to the Board of Mayor and Burgesses the specific abatement for each project based upon the benefits to the Borough.***

Section 4: GENERAL REQUIREMENTS

- A. The Borough of Naugatuck may enter into a tax agreement under this policy only if the agreement will:
1. Cause a business to locate in the Borough, 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. Preserve existing employment opportunities.
- 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 Borough.

Section 5: APPLICATION PROCEDURE

Any eligible owner and/or lessee may apply under this policy in writing to the Borough of Naugatuck through the CEO of the Naugatuck Economic Development Corporation (NEDC) on application forms provided by the Economic Development Office. The applicant shall provide all required information in sufficient detail to allow the Borough to determine costs and benefits associated with the implementation of a requested tax agreement.

- A. Upon receipt of the completed application, the CEO shall review the application for appropriateness. After thorough review and within thirty (30) days of receipt of the application, the recommendation, along with a written analysis, shall be referred to the NEDC Board of Directors and the Development Incentives Subcommittee.
- B. The NEDC Board of Directors, in its sole discretion shall approve, approve with modifications or conditions or deny the application within thirty (30) days from the date of the first regularly scheduled meeting at which the referral appears on the NEDC agenda. Granting of the tax abatement shall be subject to a majority vote of the NEDC Board of Directors. The NEDC's decision shall be based upon the Connecticut General Statutes, the information provided in the application package and the recommendation from the NEDC and the NEDC Development Incentives Subcommittee.
- C. The NEDC decision shall be forwarded to the Board of Mayor and Burgesses and shall be advisory only.

Section 6: AGREEMENT

- A. If approved by the Board of Mayor and Burgesses, the Borough will enter into a written agreement with the owner or lessee of real and/or personal property, setting the assessment of the real and/or personal property for the terms of the agreement.
- B. After approval of any such tax agreement, construction or acquisition shall commence within twelve (12) months and shall be completed within twenty-four (24) months unless the projected timeframe to complete the project is stated to be more than twenty four (24) months at the time of application. In the event that construction is not commenced and/or completed within the specified timeframe, 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 Mayor and Burgesses.
- C. If an applicant fails to comply with the payment of tax 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.
- D. Any person or firm in violation of any Borough of Naugatuck permit is subject to termination of abatement.
- E. All agreements shall contain a provision that any applicant granted a tax abatement shall repay the Borough of Naugatuck the dollar amount abated, plus interest, if the business leaves Naugatuck before the ten (10) year anniversary of the execution of the agreement.
- F. 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.

Section 7: TRANSFERABILITY

Any tax agreement entered into pursuant to this policy shall not be subject to assignment, transfer or sale unless approved by the Board of Mayor and Burgesses.

Section 8: TAX ABATEMENT AGREEMENT AUTHORITY

Nothing in this policy shall require NEDC and the Naugatuck Board of Mayor and Burgesses to enter into a tax agreement.

Section 9: *This policy shall not be retroactive*