

Beacon Falls Board of Selectmen  
10 Maple Avenue  
Beacon Falls, CT 06403



TOWN OF BEACON FALLS  
PUBLIC HEARING  
MONDAY MARCH 26, 2018  
MINUTES  
(SUBJECT TO REVISION)

1. Call to order/Pledge of Allegiance

First Selectman Chris Bielik called the Public Hearing to order at 7:19 P.M.

Members Present First Selectman Chris Bielik, Selectman Mike Krenesky,  
Selectman Peter Betkoski, Absent  
EDC; Sadie Colcord  
Public: 19

2. Town of Beacon Falls Tax Incentive Program Ordinance - discussion

Bielik; Town of Beacon Falls Tax Incentive Program Ordinance, explained about the tax incentive. See attachment. Bielik, Thank Sadie Colcord for being here and Joe Roderigo from Board of Finance for all of their hard work on this Program. The intentions are for attracting business to the town of Beacon Falls, and try and make us more competitive and attractive to new business. And it is a scalable plan. Based on the value the business would be bringing into town.

Krenesky; I am in full support to moving forward with it. I do have one question, should there be an end date to this ordinance? Sadie; No it does not; most of the other towns do not have end dates. Bielik; Just like any ordinance, there is a revision or rescission that available if the town decides we can always propose removing it.

Bill Giglio, 274 Bethany Rd: This was in the newspaper, only for new construction? Bielik; no it's also for the expansion of existing facilities in town Bill Giglio, Anyway further incentivizing someone instead of an expiration date, but if you do it before this date you get something? Bielik; I think the way we have it structured is for larger projects. Existing business may be able to take advantage of some of the smaller tiers, but for new business into town, the maximum would be for a larger project, instead of putting a time on it. Depending on the size of the project there is an employment clause in it, of a certain size to be hired within the local population.

Sergio Felix, 135 Pines Bridge Rd; What was the thought process as for more traffic with the welfare of the resident being affected? Bielik; the primary focus in the area that is zoned for industrial use, like the industrial park. Sergio Felix; you're proposing a new ordinance, I have been dealing with you on the ordinance, and none of them have been enforced. So what is the purpose of this ordinance? Bielik; to try and grow the tax base in town. The town of Beacon Falls could use new commercial revenue, the scales are tipped right now, and property taxes are paid by residences around 70-75% instead of commercial business. Sergio Felix; you're turning this from a small town, into an industrial. Bielik; It will be hard to maintain the quality of life in Beacon Falls with the way the tax structure is, we have crumbling infrastructure, roads that need to be repaired, wastewater treatment plant that needs to be updated. Unless we find additional sources of revenue this will continue to deteriorate.

Krenesky; one of the major challenges is the state of CT, the state of the economy thing hasn't turned around, at the end of the day this is just a Band-Aid for that whole process, but it puts us on the map as a community that is open to new industrial development compared to other towns. I happened to be talking with Shelton Mayor, Mark Lauretti, he drove through Beacon Falls and said I could see several businesses that would look really great in downtown Shelton, so we need to be able to attract business and keep them so someone

doesn't come into town and start picking them off, which means we need to become a much more business-friendly community.

Ned Grace 45 Cedar Ln: There is always a balance between a way of life and paying for that, etc, etc, just a thought I've been in other towns that have an ordinance where they have jake brakes or engine brakes if we can look into that and keep it from happening.

Bielik: I am always willing to listen to those types of suggestion, as long as it falls within the statues.

Motion to adjourn the Public Meeting at 7:28 P.M.

Jack Betkoski/Joe Rodorigo; no discussion; all ayes, by voice vote 0 nays, and 0 abstentions.

Respectfully Submitted

Joann S. Overby  
Board of Selectmen, Clerk

## **Town of Beacon Falls Tax Incentive Program Ordinance**

### **Section 1 – Purpose**

In an effort to grow its local economic base, the Town of Beacon Falls has adopted this tax incentive ordinance in accordance with the Connecticut General Statutes 12-65b and 12-65h, as amended. This ordinance establishes a tax incentive program for the Town and allows it to enter into written agreements with the owners of certain real property located in Beacon Falls in order to fix the tax assessments of real and/or personal property in the manner laid out in this ordinance.

### **Section 2 – Enterprise Corridor Zone Tax Incentives**

The Town of Beacon Falls participates in the Naugatuck Valley Enterprise Corridor Zone Program that is run through the Connecticut Department of Economic and Community Development. The program offers tax incentives to firms in the industries listed below:

- a. Manufacturing
- b. Warehousing and distribution
- c. Certain service firms (contact Economic Development Coordinator for a complete list)

Projects eligible for the Enterprise Zone benefits must meet the following criteria:

- a. Substantial renovation of an existing facility involving capital expenditures of at least 50% of the assessed value of the facility prior to its renovation. All renovation activities must be permitted by the Town in order for their value to be recognized. The only costs that matter in meeting the 50% test are those costs that were incurred for work that required the use of a building permit.
- b. Construction of a new facility. The expanded portion of an existing facility is considered new construction.
- c. Acquisition of a facility by new owners after having been idle for at least one year prior to acquisition. Within the Enterprise Corridor Zone, the idleness requirement does not apply to companies with an average of five or fewer employees in the six months preceding acquisition of the facility, and is at least six months for businesses that have an average of between six and nineteen employees in the preceding six months. A one year idleness is required if there are more than nineteen employees involved.

The benefits associated with the program are as follows:

- a. A five-year, 80% abatement of local property taxes on qualifying real and person property, subject to the property being new to the grand list of the municipality as a direct result of a business expansion or renovation project, or in the case of an existing building, having met the vacancy requirement. The property tax abatement is for a full five-year period and takes effect with the start of the first full assessment year following the issuance of a Certificate of Eligibility from the Department of Economic and Community Development.
- b. A ten-year, 25% credit on that portion of the state's corporation business tax that is directly attributable to a business expansion or renovation project as determined by the Connecticut Department of Revenue Services. The corporation tax credit is available for a full ten-year period and takes effect with the start of the business' first full fiscal year following the issuance of a Certification of Eligibility from the Department of Economic and Community Development. The corporate tax credit increases to 50% if a minimum of 30% of the new full-time positions are filled by either zone residents or are residents of the municipality and are WIA eligible.

Because this is a State-run program, the process detailed hereafter for receiving tax incentives from the Town of Beacon Falls is different than the process required to receive the Enterprise Corridor Zone benefits.

Recipients of the benefits of the program are not eligible to receive additional tax incentives from the Town of Beacon Falls.

Interested firms may contact the Town's Economic Development Coordinator for more details on the Enterprise Corridor Zone program.

The granting of Enterprise Zone benefits is at the discretion of the State of Connecticut, and the Town of Beacon Falls has no regulatory authority over the process.

### **Section 3 – Components of 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 of certain real and/or personal property located in Beacon Falls if the improvements are made for one of the following uses:
  - a. Office use

- b. Retail use
  - c. Manufacturing use
  - d. Warehouse, storage, or distribution use
  - e. Structured multilevel parking use necessary in connection with a mass transit system
  - f. Information technology
  - g. Recreation facilities
  - h. Transportation facilities
  - i. Mixed-use development, as defined in CGS 8-13m. Limited to developments on the following streets: North Main Street, South Main Street, and Railroad Avenue.
- 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 ordinance. Home occupations (as defined by the Beacon Falls Zoning Regulations), and all other land uses are not eligible to participate in a tax incentive program under this ordinance.
- C. Only manufacturing facilities, as defined in subdivision (72) of CGS 12-81 are eligible to participate in the benefits authorized under CGS 12-65h.
- D. In accordance with the provisions of CGS 12-65h, the special town meeting called by the Board of Selectmen may enter into written personal property tax agreements with owners of real property located in a manufacturing facility as defined in subdivision (72) of CGS 12-81.

#### **Section 4 – Abatement Schedule**

The Board of Selectmen, 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 Beacon Falls 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*

<b>Value of Capital Improvements</b>	<b>Number of Years Eligible to Receive Incentives</b>
\$2,500,000 or greater	5
\$300,000-\$2,499,999	4
\$150,000-\$299,999	3

*Capital Improvements of \$150,000 or Greater*

Any applicant who obtains commercial/industrial 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 Beacon Falls 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 \$150,000 or greater, may apply for the following tax rebate:

<b>Year</b>	<b>Percentage of Property Tax Exempt</b>
1	50%
2	30%
3	10%

*Capital Improvements of \$300,000 or Greater*

Any applicant who obtains commercial/industrial property for the purpose of engaging in any of the activities or uses contemplated for this tax incentive ordinance, or who engages in a capital improvement project for an already existing business enterprise located in the Town of Beacon Falls which qualifies under this tax incentive program, which development property or capital improvements have the effect of a net gain of assessed value in the amount of \$300,000 or greater, may apply for the following tax rebate:

<b>Year</b>	<b>Percentage of Property Tax Exempt</b>
1	50%
2	40%
3	30%

4	20%
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*Capital Improvements of \$2,500,000 or Greater*

Any applicant who obtains commercial/industrial property for the purpose of engaging in any of the activities or uses contemplated for this tax incentive ordinance, or who engages in a capital improvement project for an already existing business enterprise located in the Town of Beacon Falls which qualifies under this tax incentive program, which development property or capital improvements have the effect of a net gain of assessed value in the amount of \$2,500,000 or greater, may apply for the following tax rebate:

Year	Percentage of Property Tax Exempt
1	50%
2	40%
3	30%
4	20%
5	10%

In the case of an investment of this size, the Town also requires that 10% of any new employees hired through the duration of the fixed assessment reside within Beacon Falls or the immediately surrounding towns unless the applicant is able to prove that this an undue hardship for the firm.

Pursuant to the Manufacturers Assistance Act, the Town of Beacon Falls will consider tax agreements based on the above schedules for all qualified owners and applicants of personal property used for manufacturing as defined in CGS 12-65h, as amended. Machinery and equipment must qualify for five- or seven-year depreciation for federal tax purposes.

The Town would like to see benefits for its local workforce as a result of the tax incentive program, so additional consideration will be given to applicants that commit to hiring any new employees from Beacon Falls and the surrounding towns.

**Section 5 – Other Development Incentives**



In addition to the granting of a tax abatement in accordance with this ordinance, the Town may consider, on a case-by-case basis, other financial development incentives. Such incentives include but are not limited to:

- a. Extension of water and/or sanitary sewer lines; waiving of hookup charges, and
- b. Direct grants to the applicant for infrastructure improvements.

### **Section 6 – General Requirements**

The Board of Selectmen, as authorized at a special town meeting, may enter into a tax agreement under this ordinance only if the agreement will:

- a. Cause a business to locate in the town, or
- b. Cause a business to replace, construct, expand, or remodel existing buildings, or
- c. Cause a business to construct new buildings, or
- d. Cause a substantial investment in new equipment or other personal property subject to taxation.

Additionally, the applicant must meet the following criteria to be considered for a tax agreement:

- a. The total value of the investment new to the grand list may not be less than \$150,000.
- b. The proposed project will comply and will continue to comply with all applicable federal, state, and local codes and regulations.
- c. The project must demonstrate a solid financial base and growth potential through the preparation and submittal of a financing plan which demonstrates that the applicant possesses the capital necessary for completing the project and to ensure reasonable business growth.
- d. The applicant, including any members, associates, or individuals that are a member or officer of the entity with which the applicant is associated, and any other entity with which the applicant may be associated, must not be delinquent in any taxes, water and sewer charges, or any other charges to the Town of Beacon Falls on the date that such tax abatement takes effect for the duration of the tax abatement agreement.
- e. The applicant must submit 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.

- f. Only property owners, not lessees, are eligible to receive the tax benefits detailed in this ordinance.

### **Section 7 – Application Procedure**

- A. Any eligible owner may apply under this ordinance in writing to the Board of Finance by submitting the approved application formsto the Economic Development Coordinator, which shall be provided by said Economic Development Coordinator. The applicant shall provide all required information in sufficient detail to allow the Town to determine the costs and benefits associated with the implementation of the requested tax agreement.
- B. The Board of Finance, at its next regular meeting, shall review the application and invite the proposed developer/owner to make a formal presentation so long as the application is received by the 2<sup>nd</sup> Thursday of any given month.
- C. The Board of Finance 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 Board of Finance shall report its findings in writing to the Board of Selectmen with its recommendation for referral to a special town meeting.
- D. The Board of Selectmen shall act upon the Board of Finance's report within 30 days by either returning the matter to the Board of Finance 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 Selectmen's decision shall be based upon the Connecticut General Statutes, the information provided in the application package, the recommendation from the Board of Finance, and Section 6 of this ordinance.
- 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 8 – Agreement**

- A. Pursuant to the affirmative vote of the special town meeting, the First Selectman on behalf of the Town of Beacon Falls will enter into a written agreement with the owner 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 Beacon Falls for which a tax list is prepared on October 1<sup>st</sup> 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 regard to the incentive program, Year 1 of the abatement agreement begins October 1<sup>st</sup> immediately following the application process; the approval process and a 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 timeframe, then any agreement entered into pursuant to this ordinance 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 ordinance 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 ordinance shall be recorded in the Beacon Falls 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 (including accrued interest) and may be

liened, with the lien being foreclosed in the same manner as provided by law for tax property liens generally.

### **Section 9 – Tax Clawback Provision**

In the event that the investment value is less than \$150,000 once the approved project has been completed, then any agreement entered into pursuant to this program shall immediately terminate and the full amount of the taxes exempt (including accrued interest) up to that point in time shall immediately become due and payable.

In the event that the investment value is less than the amount agreed upon by the Town but more than \$150,000 once the approved project has been completed, then the applicant must meet with Town staff and elected officials to discuss changes that should be made to the original agreement based on the actual value of the investment.

### **Section 10 – Transferability**

Any tax agreement entered into pursuant to this ordinance 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 the assignment, transfer, or sale, and the full amount of the tax that would otherwise be due to the Town of Beacon Falls shall immediately become due and payable.

### **Section 11 – Ordinance Modification**

In the event that changes to this ordinance are necessary, the Board of Finance must review and recommend them to the Board of Selectmen. The Board of Selectmen then must vote to approve or reject the changes. If approved, the changes will go into effect immediately and will only be implemented for new applications.

### **Section 12 – Other Limitations**

This ordinance shall not be retroactive. Nothing in this ordinance shall require the Town of Beacon Falls to enter into a tax abatement agreement. The final decision for any tax abatement is at the sole discretion of the Town of Beacon Falls. The Board of Selectmen may terminate an abatement granted hereunder prior to the expiration thereof in the event of a fraud or misrepresentation by an applicant regarding any statements or representations contained in the application, addendum, or any supporting documentation.