

TOWN OF BLOOMFIELD

DRAFT POLICY MEMORANDUM REGARDING TAX ABATEMENTS (Written Comments Received on previous Versions Appended at the End)

I. PURPOSE

The purpose of this policy is to establish procedures for tax incentive programs in the Town of Bloomfield.

II. OBJECTIVES

1. Fiscal -To increase and maintain the non-residential tax base to a level at or above 50% of the Town's Grand List in order to facilitate the Town's capacity to provide necessary services and infrastructure.
2. Employment –To decrease the Town's unemployment rate by providing quality employment opportunities with good wages and benefits for the Town's residents.
3. Encourage Business Retention and Growth – to support existing businesses and encourage their retention and meet their expansion needs in Bloomfield.
4. Sustainable and Quality Economic Development – to encourage the incorporation of alternative energy and green technology into commercial building design.
5. Targeted Sectors – To encourage development in areas and business sectors that have been identified by the Town of Bloomfield as priority areas.

To further these objectives the Town of Bloomfield may enter into agreements to provide for a temporary abatement of the increased assessed value of the real property portion of a proposed project if the criteria listed below are met. Eligibility for tax incentive options shall apply if improvements are for at least one of the uses provided for in Connecticut General Statutes Section 12-65b as it may be revised from time to time.

Any final decision to grant and to establish the terms of agreement of a tax abatement incentive pursuant to this policy shall be within the sole discretion of the Bloomfield Town Council.

III. Abatement Criteria and Adjustments

The Town Council shall consider the following **conditions factors** in deciding whether to pursue the offering of property tax incentives on a case by case basis:

- A) Economic benefit – The proposed project must positively enhance the Bloomfield economy. Factors to be considered in determining economic benefit shall include but not be limited to: the amount of capital investment, whether the project produces value added products and services, and whether the project provides ~~both a positive fiscal and economic impact.~~ **benefits that outweigh any projected increase in costs to the Town as a result of the project.** Applicants shall provide a **cost-benefit analysis in a format that is acceptable to the Town.**
- B) Wages - ~~An increase in the average percentage abatement of up to 5% may be considered when~~ **Consideration shall be given if** the project demonstrates that it is paying wages that exceed the

median wages for similar positions in the Hartford labor market area. Any request for tax abatement should be accompanied by a list of representative jobs and a corresponding wage scale.

- C) Types of Businesses – The project shall be of a type that has been identified by the Town Council as desirable to stimulate the local economy and provide an overall positive impact on the quality of life for Bloomfield citizens. To meet this goal the project ~~must~~ should involve one or more of the following:
1. Manufacturing Facilities as per the Manufacturing Assistance Act
 2. Offices for advanced medical procedures
 3. Significant Economic Impact – which shall be defined as any eligible use under C.G.S. Section 12-65b which will make a capital investment in taxable personal property and improvements to real property equal or greater than \$50 million dollars.
 4. Hotel with conference facilities
 5. Retail and permanent multi-family residential projects located in the Bloomfield Town Center.
 6. Projects located within the Bloomfield Enterprise Zone.
- D) ~~Maintain~~ Increase the existing tax base – Incentives will be considered for businesses that invest in new buildings or building expansions. Tax abatements will be limited to the tax on the increased assessed value of a property that is directly linked to new investment. Property taxes on existing land and facilities will not be reduced for new development projects.
- E) ~~Sustainable Design – An increase in the average percentage abatement of up to 5% may be considered.~~ Consideration shall be given when a new building or addition is designed to incorporate alternative energy and green technology above and beyond best management practices .

IV. Definitions

The following definitions will be used in determining the terms of the abatement and the required level of capital investment:

1. An existing business is one that shall have had facilities and operations in Bloomfield for at least one year immediately prior to a request for consideration.
2. A new business is a business that is new to the Town of Bloomfield or has not had facilities and operations in the Town for a period of at least one year.

V. General Requirements

Requests for new tax abatements must conform to the following requirements:

1. The applicant or business must not be delinquent in any taxes or charges due to the Town of Bloomfield.
2. If the end user of a proposed facility is a lessee, the tax benefits created by the abatement must be clearly reflected in the lease as accruing to the end user applicant company and the lease must be at least for the term of the abatement period plus four (4) years.
3. Any agreement entered into pursuant to this policy shall not be assigned, transferred or sold without the written consent of the Bloomfield Town Council.
4. Construction shall commence within twelve (12) months and completed within thirty (30) months after the approval of an abatement by the Town Council and approval of a site plan by

the Town Plan and Zoning Commission, whichever comes last. The Town Council shall have the sole authority to approve any extensions of these deadlines.

5. Any agreement entered into by the Town of Bloomfield shall provide that, any tax benefit enjoyed by the approved applicant under this policy shall be forfeited and said applicant shall be required to pay all back taxes that would have been assessed plus eighteen percent (18%) annual interest, in the event that the applicant: during the period of its participation in this program:

- a) Relocates its business from Bloomfield,
- b) Becomes delinquent in taxes or fees,
- c) Closes its operation
- d) Declares bankruptcy

within a minimum of four years beyond the term of abatement. Forfeiture will cause the tax abatement agreement to become null and void. Then any tax incentive benefit enjoyed by the applicant under this policy shall be forfeited and the applicant shall be required to pay back all taxes that would have been assessed had the applicant not participated. The period of participation shall extend for a minimum of four (4) years beyond the term of the abatement.

VI. Abatement Schedule

- A) The following table will be used by the Bloomfield Town Council as a guide when setting an abatement schedule. The minimum required capital investment shall be based on the actual capital investment in taxable real property improvements, excluding land costs and personal property. The percentage abatement may vary from year to year provided, however, that the average percentage abatement shall not exceed the maximum average percentage over the entire term. The Base average and term may be increased at the sole discretion of the Council if the project meets the goals as set forth in the "Adjustment to Abatement Schedule" in subparagraph B of this Section.

New Businesses.

Minimum Taxable Real Property Capital Investment	\$1 million
Maximum Base Average Percentage Abated Over Term	Up to 70%
Maximum Term	Up to five (5) years

Existing Businesses

Minimum Taxable Real Property Improvement	\$500,000
Maximum Base Average Percentage Abated Over Term	Up to 70%
Maximum Term	Up to five (5) years

- B) Adjustment to Abatement Schedule – The Town Council may adjust the abatement schedule may reduce the maximum average percentage amount abated over the term of the agreement the abatement as set forth in Subsection A or B above by increasing the average percentage abatement by not more than 20% based on an applicant meeting the following criteria if an applicant fails to demonstrate that it will meet the following goals:
- 1. Local jobs – An increase in the average percentage abatement of up to 5% may be considered when A 10% decrease in the maximum average percentage amount abated will be applied

~~unless~~ a project demonstrates that a minimum of 20% of the ~~permanent~~ new jobs created ~~will employ~~ belong to Bloomfield residents ~~and/or~~.

- ~~2. Local contractors – An increase in the average percentage abatement of up to 5% may be considered when a project can demonstrate that a minimum of 10% of the construction value of a project will be conducted by contractors that have their physical base of operations in Bloomfield or whose principal resides in the Town of Bloomfield.~~
2. Minority representation* – ~~An increase in the percentage abatement of 5% each and every year of the remaining base fixed assessment period specified in paragraph one above after the Owner demonstrates~~ An additional 10% decrease in the maximum average percentage amount abated will be applied unless a project can demonstrate that the permanent workforce during construction was will be comprised of a minimum of 20% members of minority groups and that at least 20% of the contractors, subcontractors and materials suppliers on the Project were majority-owned by members of minority groups.

* Minorities for purposes of this incentive shall include citizens of the United States who are Black, Hispanic, Asian, Native American, Eskimo or Aleutian, or Women.

~~The Town Council may add an additional one year total to the maximum term when an applicant provides proof of compliance with any of the above criteria.~~

~~Any adjustments to the base average and term shall not be applied until such time the applicant demonstrates actual achievement of the criteria.~~

VII. APPLICATION PROCEDURE

- A) Any eligible owner and or lessee may apply under this Policy to the Town of Bloomfield on application forms provided by the Planning and Economic Development Director. The applicant shall provide all required information in sufficient detail to allow the Town to determine costs and benefits associated with the requested tax abatement. Information provided should include the following where appropriate:
 1. Project description including an estimate of the number of new jobs created and the anticipated wages.
 2. Identification of the proposed location for the new or expanded business.
 3. Description of the applicant and its products or services and including a listing of its officers.
 4. An estimate of the costs of the proposed improvements.
 5. A construction schedule.
 6. Identification of any other public incentives, financial or otherwise, which are included in the project financing.
 7. A statement of the benefits to the Town of Bloomfield for granting a tax assessment abatement including an estimate of local taxes to be paid, purchases from local vendors and a description of planned corporate community involvement.
 8. A statement specifying how the applicant intends to demonstrate compliance with the goals set forth in Section VI B above in order to avoid any of the adjustments as set forth.
 9. Other information as may be requested by the Town.
- B) Upon receipt of the completed application the Director of Planning and Economic Development shall refer the application to the Town Manager and the Town's Economic Development

Commission for review and recommendation. Each application will be reviewed on a case by case basis. The Town Manager and Economic Development Commission (EDC) shall each forward recommendations in writing to the Town Council.

VIII. TOWN COUNCIL REVIEW AND APPROVAL

- A) Prior to deciding on an application, the Council shall schedule a public presentation by the applicant at a regular or special meeting of the Council. The Council shall provide for public comments regarding any proposals for incentives at a subsequent regular or special meeting of the Council and/or schedule a formal Public Hearing.
- B) The Council shall also refer the request for a tax incentive application and recommendations of the Town Manager and EDC to the Council's Land Use/Economic Development and Finance to one or more subcommittees of the Council subcommittees for their consideration comments and/or a recommendation to the Town Council.
- C) The Town Council, in its sole discretion, shall approve, approve with modifications and conditions, or deny the application.

IX. AGREEMENT

- A) Pursuant to the Town Council decision the applicant shall enter into a written agreement with the Town fixing the assessment of the real property in accordance with the assessment schedule that was approved. The record owner of the real property that is the subject of the agreement shall either co-sign the agreement or provide written acknowledgement of consent to the terms of the agreement if the applicant will not own the real property at the time the tax benefits start accruing.
- B) The Agreement shall incorporate the appropriate provisions of this Policy, in particular the following:
 - 1. The applicant or the owner of the real property must not be delinquent in any taxes or fees due to the Town.
 - 2. If the end user of the proposed facility is to be a lessee, then the tax benefits created by this abatement must be clearly reflected in the lease as accruing to the applicant company and the lease must be at least for the term of the abatement period plus four (4) years.
 - 3. Any agreement entered into pursuant to this policy shall not be assigned, transferred or sold without the written consent of the Bloomfield Town Council.
 - 4. Construction shall commence within twelve (12) months and completed within thirty (30) months after the approval of an abatement by the Town Council and approval of a site plan by the Town Plan and Zoning Commission, whichever comes last. The Town Council shall have the sole authority to approve any extensions of these deadlines.
 - 5. Any agreement entered into by the Town of Bloomfield shall provide that, in the event that the applicant during the period of its participation in this program:
 - a) Relocates its business from Bloomfield,

Benefit). Also, why make a \$50 million threshold when Abatement Schedule (pg 3) says otherwise? **CONFUSING**

4. Pg.2 - III B) 7: Why include Bloomfield Enterprise Zone? Aren't incentives sufficient already? Could this be a double dip? Is the lack of tax abatement holding up development of the Zone? (Not a big deal, but simply raises questions.)
5. Pg.2 - III E) General Requirements, 4: Why change from 6 months and 24 months to 12 months and 30 months for a construction start? Either there is a commitment to build or not. If applicant can't start construction within 30 months, whole deal might be dubious or subject to reconsideration.

My earlier comment regarding Timing of Issuance still stands: This policy does not state when the Town Council will consider an application for tax abatement. Nor does it provide for a preliminary indication of the town's willingness to consider or support abatement if applicant successfully completes local plan approval processes. **Absent one or the other, the town's ability to influence the final project design will be severely compromised.** If the design review and abatement approval processes were included within the new longer timetable that might be more acceptable.

6. Pg.2 - III E) General Requirements 5: Grammatically awkward. The opening thru item d) is not a sentence. THEN cannot start a second sentence. SUGGEST:

Any agreement entered into by the Town of Bloomfield shall provide that, any tax benefit enjoyed by the approved applicant under this policy shall be forfeited and said applicant shall be required to pay all back taxes that would have been assessed, in the event applicant:

- a) Relocates its business from Bloomfield;
- b) Becomes delinquent in taxes or fees;
- c) Closes its operation;
- d) Declares bankruptcy;

within a minimum of four years beyond the term of abatement. Forfeiture will cause the tax abatement agreement to become null and void.

7. Pg.3 - IV. Abatement Criteria and Adjustments; C): Provide fiscal benefits that outweigh any projected increase in costs to the town as a result of the project. Applicants shall provide a cost benefits analysis that is acceptable to the town. **VAGUE** I think we should be talking about applicant's installation of road and utility improvements, ornamental street lighting, parking garages, park and public access improvements that defray public expense.

Regarding a Cost Benefits Analysis, I believe that applicant and town should agree on a third party to perform the analysis appropriate in form to the town's specification.

8. Pg.3 - V. Abatement Schedule; C) Adjustment to Abatement Schedule 3: Local contractors **MUST** have a **LEGITIMATE** base of operations in Bloomfield, **NOT** just be a

resident, **NOT** simply have a post office box, or **NOT** an office cubicle. This could lead to serious abuse.

9. Pg.3 - V. Abatement Schedule; C) Adjustment to Abatement Schedule 4. Sustainable Design: I think we should tie the abatement to the applicant's pursuit of LEEDs building certification. Fuel cells, micro-grids and solar should qualify, but not energy efficient lighting, insulation, fuel pumps or the latest HVAC equipment. This is in their best interests and will most be done anyway. Specificity needed.

10. Pg.4 - V. Abatement Schedule; C) Adjustment to Abatement Schedule 5. Minority representation: How does this differ from #2 and #3 immediately above? **Eskimos and Aleutians – REALLY?**

11. Pg.5 - VII. Town Council Review and Approval: Much better

12. Pg.7 - VIII. Agreement B) 10. "If circumstances warrant, the Town Council may, at its sole discretion, modify any of the requirements of this policy after receiving input from the public and/or an applicant". **SUSPICIOUS** – simplify:

This policy may be modified from time to time by the Town Council subject to extant requirements for public notice and hearing.

13. **ADDITIONAL COMMENTS**

A. There still remain no provisions to monitor applicant progress toward meeting hiring, and contracting goals, short of receiving their report at the end of the year?

B. What basis, if any, does the Town have to deny an application for tax abatement? None stated.

Submitted by: David Mann

ADDITIONAL COMMENTS ON VERSION 1.3

TOWN OF BLOOMFIELD DRAFT POLICY MEMORANDUM REGARDING TAX ABATEMENTS (My comments in red - Kevin Gough)

I. PURPOSE

The purpose of this policy is to establish procedures for tax incentive programs in the Town of Bloomfield.

II. OBJECTIVES

1. Fiscal -To increase and maintain the non-residential tax base to a level at or above 50% of the Town's Grand List in order to facilitate the Town's capacity to provide necessary services and infrastructure.
2. Employment –To decrease the Town's unemployment rate by providing quality employment opportunities with good wages and benefits for the Town's residents.
3. Encourage Business Retention and Growth – to support existing businesses and encourage their retention and meet their expansion needs in Bloomfield.
4. Sustainable and Quality Economic Development – to encourage the incorporation of alternative energy and green technology into commercial building design **and to promote sustainable business types and practices.**
5. Targeted Sectors – To encourage development in areas and business sectors that have been identified by the Town of Bloomfield as priority areas.

[Comment: If these are the purposes, then the document should clearly demonstrate how the policy promotes these purposes. For example, as stated before, how does an abatement policy promote “maintain[ing] the non-residential tax base to a level at or above 50%” – on its face, abatements reduce the proportion of the non-residential tax base. Another example: the policy should concretely demonstrate how it encourages “sustainable and quality economic development.”]

To further these objectives the Town of Bloomfield may enter into agreements to provide for a temporary abatement of the increased assessed value of the real property portion of a proposed project if the criteria listed below are met. Eligibility for tax incentive options shall apply if improvements are for at least one of the uses provided for in **Connecticut General Statutes Section 12-65b** **[state what this really means; don't simply reference the statute]** as it may be revised from time to time.

Any **final** decision to grant and to establish the terms of agreement of a tax abatement incentive pursuant to this policy shall be within the sole discretion of the Bloomfield Town Council.

III. Precedents

The Town Council shall consider the following conditions in deciding whether to pursue the offering of property tax incentives on a case by case basis:

- A) Economic benefit – The proposed project must **positively enhance** **[nice term but it needs to be well defined, not nebulous]** the Bloomfield economy. Factors to be considered in determining economic

benefit shall include but not be limited to: the amount of capital investment [why? since CT law prohibits taxing potentially much of the capital, e.g. manufacturing machinery, the level of capital investment may be irrelevant to 'positively enhancing' the Bloomfield economy; in the case of robotics, it may be inversely correlated], whether the project produces value added products and services, and whether the project provides both a positive fiscal and economic impact [as demonstrated by a third-party (? or Town-generated) cost benefit analysis – tie to IV(C)].

- B) Types of Businesses – The project shall be of a type that has been identified by the Town Council as desirable to stimulate the local economy and provide an overall positive impact to the quality of life for Bloomfield citizens. To meet this goal the project must involve one of the following:
1. Manufacturing Facilities as per the Manufacturing Assistance Act [what are these? Please specify]
 2. Offices for advanced medical procedures
 3. Significant Economic Impact – which shall be defined as any eligible use under C.G.S. Section 12-65b which will make a capital investment in taxable personal property and improvements to real property equal or greater than \$50 million dollars. [delete – Under this definition, anything “big” enough qualifies, regardless of quality; this is not a “type”, it is a “size”]
 4. Hotel
 5. Retail and permanent multi-family residential projects located in the Bloomfield Town Center [what is the maximum size, both from a sustainable market level and relative to maximal population that Bloomfield can support? Does the Town need any housing? If housing in Center is better, how will housing on the outskirts be eliminated and agriculture reinstated?]
 6. Projects located within the Bloomfield Enterprise Zone [delete – this is not a “type”, it is a location]
- C) Maintain the existing tax base – Incentives will be considered for businesses that invest in new buildings or building expansions. Tax abatements will be limited to the tax on the increased assessed value of a property that is directly linked to new investment. Property taxes on existing land and facilities will not be reduced for new development projects.
- D) Definitions – The following definitions will be used in determining the terms of the abatement and the required level of capital investment:
1. An existing business is one that shall have had facilities and operations in Bloomfield for at least one year immediately prior to a request for consideration.
 2. A new business is a business that is new to the Town of Bloomfield or has not had facilities and operations in the Town for a period of at least one year.
- E) General Requirements – **Requests** for new tax abatements must conform to the following requirements:
1. The applicant or business must not be delinquent in any taxes or charges due to the Town of Bloomfield.
 2. If the end user of a proposed facility is a lessee, the tax benefits created by the abatement must be clearly reflected in the lease as accruing to the applicant company and the lease must be at least for the term of the abatement period plus four (4) years.

3. Any agreement entered into pursuant to this policy shall not be assigned, transferred or sold without the written consent of the Bloomfield Town Council.
4. Construction shall commence within **twelve months (12)** and completed within **thirty (30)** months after the approval of an abatement by the Town Council and approval of a site plan by the Town Plan and Zoning Commission, whichever comes last. The Town Council shall have the sole authority to approve any extensions of these deadlines.
5. Any agreement entered into by the Town of Bloomfield shall provide that, in the event that the applicant during the period of its participation in this program:
 - a) Relocates its business from Bloomfield,
 - b) Becomes delinquent in taxes or fees,
 - c) Closes its operation
 - d) Declares bankruptcy

Then any tax incentive benefit enjoyed by the applicant under this policy shall be forfeited and the applicant shall be required to pay back all taxes that would have been assessed had the applicant not participated. The period of participation shall extend for **a minimum of four (4) years** beyond the term of the abatement.

IV. Abatement Criteria and Adjustments All projects receiving an abatement shall meet the criteria set forth as follows:

- A) Employment – The applicant shall commit to use its best efforts to make new job opportunities created by the project available to Bloomfield residents.
- B) Wages – The Town of Bloomfield expects that projects receiving tax incentives pay wages that are at or above the median wage for similar positions in the Hartford labor market area.
- C) Provide Fiscal benefits that outweigh any projected increase in costs to the Town as a result of the project. Applicants shall provide a cost-benefit analysis in a format that is acceptable to the Town.
- D) **Environmental Review – All proposed projects are subject to passing [needs definition] an environmental review including but not limited to potential noise, automobile & truck traffic congestion and pollution, toxic and polluting materials, energy usage, and water usage.**

V. Abatement Schedule

- A) The following table will be used by the Bloomfield Town Council as a guide when setting an abatement schedule for **New Businesses**. The minimum required capital investment shall be based on the actual capital investment in taxable real property improvements, excluding land costs and personal property. The percentage abatement may vary from year to year provided, however, that the average percentage abatement shall not exceed the maximum average percentage over the entire term. **The Base average and term may be increased at the sole discretion of the Council if the project meets the goals as set forth in the “Adjustment to Abatement Schedule” in subparagraph C of this Section [delete this and Section C; if desired, the items in Section C need to be required for an abatement, not be add-on goodies to an applicant].**

Maximum Taxable Real Property Improvement (Assessed Value)	Base Average % Abated Over Term	Maximum Term
\$500K -10M	30%	2 years
\$11M-20M	40%	3 years
\$21-30M	50%	4 years
\$31-50M	60%	4 years
\$52-80M	70%	4 years
Over \$80M	80%	6 years

[In my view, maximum amounts and lengths are too high; as noted earlier, I would cap at 50% for 4 years.]

[More critically, the break points of the ranges need to be brought into line with what is being abated, namely the “assessed value”, not the “market value”. If this is not done, applicants may arbitrage the 30% differential (assessed value = 70% of appraised (i.e. market) value).]

B) The following table will be used by the Bloomfield Town Council as a guide when setting an abatement schedule for **Existing Businesses**. The minimum required capital investment shall be based on the actual capital investment in taxable real property improvements, excluding land costs and personal property. The percentage abatement may vary from year to year provided, however, that the average percentage abatement shall not exceed the maximum average percentage over the entire term. The Base average and term may be increased at the sole discretion of the Council if the project meets the goals as set forth in the “Adjustment to Abatement Schedule” in subparagraph C of this Section.

Maximum Taxable Real Property Improvement (Assessed Value)	Base Average % Abated Over Term	Maximum Term
\$350K – 3 M	40%	3 years
\$4M-10M	40%	3 years
\$11M-20M	40%	3 years
\$21-30M	50%	4 years
\$31-50M	60%	4 years
\$52-80M	70%	4 years
Over \$80M	80%	6 years

[Same comments as per Sec. B.]

C) [As noted above, just drop this section as an “add on” and decide which, if any, of these items you want to require in order to obtain the basic abatement. Or, say if the business does them all they’re eligible for the maximum abatement in the table above but if they don’t do some of these things it reduces what the Council awards. In any case, the problem, as seen with World Class Distribution, is that none of these objectives was gained and the company was given abatement.] Adjustment to Abatement Schedule – The Town Council may adjust the abatement schedule as set forth in Subsection A or B above by increasing the average percentage abatement by not more than 20% based on an applicant meeting the following criteria:

1. Wages - An increase in the average percentage abatement of up to 5% may be considered when the project demonstrates that it is paying wages that exceed the median wages for similar positions in the Hartford labor market area.
2. Local jobs – An increase in the average percentage abatement of up to 5% may be considered when a project demonstrates that a minimum of 20% of the new jobs created belong to Bloomfield residents.
3. Local contractors - An increase in the average percentage abatement of up to 5% may be considered when a project can demonstrate that a minimum of 10% of the construction value of a project is being conducted by contractors that have their base of operations in Bloomfield or whose principal resides in the Town of Bloomfield.
4. Sustainable Design – An increase in the average percentage abatement of up to 5% may be considered when a new building or addition is designed to incorporate alternative energy and green technology.
5. **Minority representation* – An increase in the percentage abatement of 5% each and every year of the remaining base fixed assessment period specified in paragraph one above after the Owner demonstrates that the workforce during construction was comprised of a minimum of 20% members of minority groups and that at least 20% of the contractors, subcontractors and materials suppliers on the Project were majority-owned by members of minority groups.**

(* Minorities for purposes of this incentive shall include citizens of the United States who are Black, Hispanic, Asian, Native American, Eskimo or Aleutian, or Women.)

The Town Council may add an additional one year total to the maximum term when an applicant provides proof of compliance with any of the above criteria.

Any adjustments to the base average and term shall not be applied until such time the applicant demonstrates actual achievement of the criteria.

VI. APPLICATION PROCEDURE

- A) Any eligible owner and or lessee may apply under this Policy to the Town of Bloomfield on application forms provided by the Planning and Economic Development Director. The applicant shall provide all required information in sufficient detail to allow the Town to determine costs and benefits associated with the requested tax abatement. Information provided should include the following where appropriate:
1. Project description including an estimate of the number of new jobs created and the anticipated wages.
 2. Identification of the proposed location for the new or expanded business.
 3. Description of the applicant and its products or services and including a listing of its officers.
 4. An estimate of the costs of the proposed improvements.
 5. A construction schedule.
 6. Identification of the abatement schedule requested and an indication of whether any adjustments per Section IV C above will be sought.
 7. Identification of any other public incentives, financial or otherwise, which are included in the project financing.
 8. A statement of the benefits to the Town of Bloomfield for granting a tax assessment abatement including an estimate of local taxes to be paid, purchases from local vendors and a description of planned corporate community involvement.
 9. Other information as may be requested by the Town.
- B) Upon receipt of the completed application the Director of Planning and Economic Development shall refer the application to the Town Manager and the Town's Economic Development Commission for **economic** review and recommendation. **Other reviews will be submitted to relevant Town bodies if relevant (e.g. environmental review to Conservation, Energy, and Environment Committee).** Each application will be reviewed on a case by case basis. The Town Manager and Economic Development Commission shall each forward recommendations in writing to the Town Council.

VII. TOWN COUNCIL REVIEW AND APPROVAL

- A) Prior to deciding on an application, the Council shall **schedule a public presentation by the applicant at a regular or special [delete "or special" – there is no reason that the presentation cannot be scheduled in the regular time frame of the Council] meeting of the Council. The Council shall provide for public comments regarding any proposals for incentives at a subsequent regular or special [again, delete "special"] meeting of the Council prior to reaching a decision said proposal, which cannot occur at the same meeting when comments are taken. [Should this be "public comments" or a "hearing"? I prefer the latter, as it imbues the process with more formality.]**
- B) **The Council may also refer the request for a tax incentive to one or more subcommittees of the Council or other Town Committees or Commissions for comments and/or a recommendation.**

- C) The Town Council, in its sole discretion, shall approve, approve with modifications and conditions, or deny the application.

VIII. AGREEMENT

- A) Pursuant to the Town Council decision the applicant shall enter into a written agreement with the Town fixing the assessment of the real property in accordance with the assessment schedule that was approved. The **record** owner of the real property that is the subject of the agreement shall either co-sign the agreement or provide written acknowledgement of the terms of the agreement if the applicant will not own the real property at the time the tax benefits start accruing.
- B) The Agreement shall incorporate the appropriate provisions of this Policy, in particular the following:
1. The applicant or the owner of the real property must not be delinquent in any taxes or fees due to the Town.
 2. If the end user of the proposed facility is to be a lessee, then the tax benefits created by this abatement must be clearly reflected in the lease as accruing to the applicant company and the lease must be at least for the term of the abatement period plus four (4) years.
 3. Any agreement entered into pursuant to this policy shall not be assigned, transferred or sold without the written consent of the Bloomfield Town Council.
 4. Construction shall commence within **twelve (12)** months and completed within **thirty (30)** months after the approval of an abatement by the Town Council and approval of a site plan by the Town Plan and Zoning Commission, whichever comes last. The Town Council shall have the sole authority to approve any extensions of these deadlines.
 5. Any agreement entered into by the Town of Bloomfield shall provide that, in the event that the applicant during the period of its participation in this program:
 - a) Relocates its business from Bloomfield,
 - b) Becomes delinquent in taxes or fees,
 - c) Closes its operation
 - d) Declares bankruptcy

Then any tax incentive benefit enjoyed by the applicant under this policy shall be forfeited and the applicant shall be required to pay back all taxes that would have been assessed had the applicant not participated. The period of participation shall extend for **a minimum of four (4)** years beyond the term of the abatement.

6. The applicant shall provide an annual report detailing compliance with the employment and wage provisions of this policy as well as the achievement of any of the agreed upon adjustment

provisions of Section IV C above. Any adjustments to the base average and term in accordance with Section IV C shall not be applied until such time the applicant demonstrates actual achievement of the criteria.

7. The Town Council may request that the recipient of a tax abatement report in person on its progress in bringing the full project and agreements to completion during the term of the agreement.
8. The provisions of the agreement shall be binding on the applicant, real property owner and its successors or assigns. The agreement shall be filed on the land records **of the subject property** in the Town Clerk's office.
9. Failure to comply with any of the provisions or conditions associated with a fixed assessment project including but not limited to provisions of the fixed assessment agreement and any requirements specified by the Town of Bloomfield's land use Commissions **will** result in the Town Council's review of, and possible modification to, said fixed assessment agreement. **[Can use more affirmative – it only states that the Council will review, not force any changes.]**
- 10. If circumstances warrant, the Town Council may, at its sole discretion, modify any of the requirements of this policy after receiving input from the public and/or an applicant. [delete this – again, this document doesn't need a loophole; if someone powerful enough wants it, "circumstances" will always warrant....]**

DRAFT

Michelle J. Bononi

Questions and Comments: Town of Bloomfield Draft Policy Memorandum Regarding Tax Abatements

II. OBJECTIVES

1. Fiscal -To increase and maintain the non-residential tax base to a level at or above 50% of the Town's Grand List in order to facilitate the Town's capacity to provide necessary services and infrastructure. **Comment: A demonstration of how this policy may facilitate the estimated budgetary requirement to provide necessary services and infrastructure to the Town should be stated for the shortest term and the longest term of any abatement term contemplated.**
2. Employment –To decrease the Town's unemployment rate by providing quality employment opportunities with good wages and benefits for the Town's residents. **Comment: Replace "good wages" with "median wage for similar positions in the Hartford market area.**
4. Sustainable and Quality Economic Development – to encourage the incorporation of (insert) **"quality materials"**, alternative energy and green technology into commercial building design. **Question: How is sufficiency or value for this item to be determined? The Town has no architectural consultant, nor design review committee. What criteria will be used for review?**
5. Targeted Sectors – To encourage development in areas and business sectors that have been identified by the Town of Bloomfield as priority areas. **Question: Other than zoning compliance and general specifications in the Plan of Conservation and Development, how would the Town identify targeted businesses and suitable locations since there is no target list? What other information is available?**
6. Add: Consider the use of available State of Connecticut located qualified contracting and supplier services for the completion of site improvements.

III. Precedents

B) Types of Businesses

6. Hotel - **Question: Do hotels provide median wage? Compensation to be proven. Why would this use be abated? May wish to consider no abatements for projects that propose generally lower compensation rates.**
7. Retail and permanent multi-family residential projects located in the Bloomfield Town Center. **Question: Has a ceiling for multi-family residential been reached? Will retail/commercial uses be reduced if multi-family uses are encouraged? Can the Town afford to lose the revenue? Neighborhood services are already lacking to serve existing, not to mention proposed, residents. Why would Town sacrifice most valuable retail/commercial Center locations to residential?**
8. Projects located within the Bloomfield Enterprise Zone. **Question: Any limitations?**

- C) Maintain the existing tax base – Incentives will be considered for businesses that invest in new buildings or building expansions. Tax abatements will be limited to the tax on the increased assessed value of a property that is directly linked to new investment. Property taxes on existing

land and facilities will not be reduced for new development projects. **Question: Should a minimum square footage area be specified to qualify for building expansions?**

D) Definitions

1. An existing business is one that shall have had facilities and operations in Bloomfield for at least one year immediately prior to a request for consideration. **Question: Why one year? Propose at least three (3) years for establishment. Propose a jobs addition/site improvement/enlargement qualifier.**
2. A new business is a business that is new to the Town of Bloomfield or has not had facilities and operations in the Town for a period of at least one year. **Question: Is this a “me too!” provision? Absent intent for a very significant expansion, why would this be considered after one year?**

E) General Requirements

2. **ADD: Applicant to identify any and all other public incentives, financial or otherwise, included in the project financing.**
4. Any agreement entered into pursuant to this policy shall not be assigned, transferred or sold without the written consent of the Bloomfield Town Council. **Question: Does this infer that Agreement does not survive sale or lease of an abated facility/operation? Don't often see an agreement described as being “sold”.**
7. **ADD: Any additional information requested by the Town of Bloomfield Council or administrative staff relative to the proposed project tax abatement.**

III. Abatement Criteria and Adjustments

- C) Provide Fiscal benefits that outweigh any projected increase in costs to the Town as a result of the project. Applicants shall provide a cost-benefit analysis in a format that is acceptable to the Town. **ADD: Examples of such fiscal benefits that may outweigh projected increase in costs, but are not limited to the examples are:**

Road use damage, increased public safety services, needed traffic control devices and signage, noise, lighting abatement and other resulting compliance limitations.

IV. Abatement Schedule
(New Businesses)

Comment: Reduce Base Average % and Maximum Term by 35 to 45%.

(Existing Businesses)

Comment: Consideration of base and term increase given only with regard to significant job number increase. Don't know that the percentages could be increased, but why would they be decreased without an incentive to the Town?

Also, would Town wish to give consideration to a business that wishes to occupy an existing large facility and seeks an abatement by committing to a high number of premium pay jobs?

Remove underlined section: The percentage abatement may vary from year to year provided, however, that the average percentage abatement shall not exceed the maximum average percentage over the entire term. The Base average and term may be increased at the sole discretion of the Council if the project meets the goals as set forth in the “Adjustment to Abatement Schedule” in subparagraph C of this Section.

Comment: Base Average reduced by 10%. Maximum Terms reduced by 2 years.

B) Adjustment to Abatement Schedule – The Town Council may adjust the abatement schedule as set forth in Subsection A or B above by increasing the average percentage abatement by not more than 20% based on an applicant meeting the following criteria:

1. **Question: Must meet all of the criteria? A few?**
2. Wages - An increase in the average percentage abatement of up to 5% may be considered when the project demonstrates that it is paying wages that exceed the median wages for similar positions in the Hartford labor market area. **Comment: Town needs to determine whether it will grant abatements to low job compensation proposals.**
3. Local jobs – An increase in the average percentage abatement of up to 5% may be considered when a project demonstrates that a minimum of 20% of the new jobs created belong to Bloomfield residents. **Remove “belong to Bloomfield residents” add “first consideration is that 20% of new jobs created will give preference to qualified Bloomfield residents”.**
4. Local contractors - An increase in the average percentage abatement of up to 5% may be considered when a project can demonstrate that a minimum of 10% of the construction value of a project is being conducted by contractors that are have their base of operations in Bloomfield or whose principal resides in the Town of Bloomfield. **Question: Where do these numbers come from? How can they be justified in the open market? So, a company “principal” can move to Bloomfield have no operations in Bloomfield and justify a 5% abatement? The abatement percentages and terms are generous enough even with proposed reductions.**
5. Sustainable Design – An increase in the average percentage abatement of up to 5% may be considered when a new building or addition is designed to incorporate alternative energy and green technology. **Comment: This item should be removed as per citation in II OBJECTIVES, 4, regarding no present ability to review sufficiency of proposal other than, perhaps, energy usage (TBD by others). Absent the ability to review, item benefits resale of site by developer.**

The Town Council may add an additional one year total to the maximum term when an applicant provides proof of compliance with any of the above criteria. **Comment: Remove the above un-numbered comment as being contained in overall specifications and reductions that already appear highly beneficial to applicant without additional term consideration.**

V. APPLICATION PROCEDURE

8. A calculation of taxes abated **ADD: per estimated project value.**

10. **ADD: Applicant to define proposal impact on abutting residential, multi-family and other non-commercially zoned land uses.**
12. **ADD: The Bloomfield Town Council reserves the right to amend the abatement policy at any time after initial approval.**

VI. TOWN COUNCIL REVIEW AND APPROVAL

- A) Prior to deciding on an application, the Council shall schedule a public presentation by the applicant at a regular or special meeting of the Council. The Council shall schedule a Public Hearing on any application where the total anticipated taxes to be abated are in excess of Two (2) million dollars. **Comment: Reduce (2) million dollars to \$500,000 dollars**
- B) **ADD: Town Council shall verify in making its decision to approve or approve with conditions property tax abatements, that any revenue decreases from federal, state, regional, other entities, or reduced Bloomfield Property Tax generation that results in a financial shortfall following the approval of tax abatements shall not be passed to taxpayers by way of any increased assessment, property tax increase, tax millage increases, or the sale of general obligation bonds by the Town Council to cover such shortfalls.**
- C) **ADD: Consider the use of available State of Connecticut located qualified contracting and supplier services for the completion of site improvements.**

VII. AGREEMENT

5. Any agreement entered into by the Town of Bloomfield shall provide that, in the event that the applicant during the period of its participation in this program:
 - a) Relocates its business from Bloomfield,
 - b) Becomes delinquent in taxes or fees,
 - c) Closes its operation
 - d) Declares bankruptcy

Then any tax incentive benefit enjoyed by the applicant under this policy shall be forfeited and the applicant shall be required to pay back all taxes that would have been assessed had the applicant not participated. The period of participation shall extend for four (4) years beyond the term of the abatement.

Comment: A minimum number of days of notice that is required to inform the Town of Bloomfield of any intent to act on or communicate the status of any of the above circumstances shall be stated in the Agreement.