

# **Economic Development Incentive Guidelines**

**Town of Cromwell**

**Adopted by the Board of Selectman on June 11, 2008**

## **I. Overview**

The primary objective of offering economic development incentives is to encourage the strategic economic growth and expansion of businesses through the establishment of a public/private partnership, consistent with the Town of Cromwell's Plan of Conservation and Development ("POCD"). In addition, the Town of Cromwell, in adopting these incentive guidelines, establishes the following broad objectives:

1. Preservation and creation of jobs for local residents
2. High-quality, long-term growth of the Town of Cromwell's tax base
3. Stimulation of the local economic conditions to strengthen existing businesses and to develop growth in strategic industries
4. Accomplishment of community goals as stated in the current POCD

Any proposed incentives shall be subject to approval by the Board of Selectman, upon the recommendation of the First Selectman.

## **II. General Requirements**

Applicants for incentives will be considered if the following circumstances apply:

1. The proposed project is located in an appropriate zone as defined in the Cromwell Zoning Regulations

2. There is a commitment to remain in the town beyond the length of the abatement or other incentive period if applicable
3. All tax obligations to the Town by the Applicant are current
4. Reasonable efforts will be made to employ Town residents
5. The project meets goals and objectives identified in the current POCD
6. Reasonable efforts will be made to use Cromwell businesses during construction and operation

In addition, applicants must meet the following eligibility criteria:

1. Applicant must be a for-profit enterprise that is entitled to operate legally in the State of Connecticut
2. Applicant must not be in violation of any law, regulation or agreement with the Town, State or Federal Government
3. Applicant must demonstrate a solid financial base and reasonable growth potential
4. Applicant must be committed to make a significant investment in new or rehabilitated real or personal property
5. Applicant's project must provide the Town of Cromwell the opportunity to create new employment, enhance the tax base, encourage technological innovation or investment, or address another goal or objective identified in the POCD

### **III. Qualifying Locations**

Areas targeted for strategic economic development will receive priority in consideration for incentives:

1. Downtown: lower Main Street (south of West Street) and areas east
2. Brownfields
3. Kirby Road
4. Geer Street and areas north
5. Rte 3 Area, north of Court Street

6. Northern Tier (Commerce Drive and areas north)

#### **IV. Qualifying Businesses**

Generally, the following types of for-profit enterprises shall receive consideration for incentives:

1. Those belonging to target industries as identified in the current POCD or other economic development planning tools
2. Those belonging to targeted industry clusters as identified by the State of Connecticut Department of Economic and Community Development
3. Those proposing a project that advances a stated goal or objective of the POCD

In addition, there are location-specific requirements for the type of enterprises eligible for consideration:

1. Downtown
  - a. Strategic businesses (must be conforming use)
  - b. Locally owned small businesses consistent with POCD
  - c. Restaurants (excluding national chains)
  - d. Affordable 1 BR or loft-style dwellings targeting young professionals or retirees, with 2 BR dwellings considered only in special circumstances
  - e. Cultural establishments (theatres, performing arts)
  - f. Boutique retail shops – (clothing, book stores, art galleries)
  - g. Specialty food store (Italian market, bakery, chocolatier)
  - h. Upscale wine bar or martini bar
2. Brownfields
  - a. Any business that does not deteriorate the public image of Cromwell and does not have a significant environmental impact
3. Kirby Road
  - a. Professional services and office buildings
4. Geer Street

- a. Any development that is consistent and compatible with adjacent business parks in Rocky Hill (light manufacturing and business parks)
5. Rte 3 Area
  - a. Retail businesses for any property with frontage on Rte 3
  - b. For properties without frontage on Rte 3, any development that is consistent and compatible with adjacent business parks in Rocky Hill (light manufacturing and business parks)
6. Northern Tier
  - a. Businesses with a significant and positive impact to Cromwell in industries that are consistent with the POCD for the area

## **V. Application Procedure**

1. Applicant contacts Economic Development Coordinator or visits Office of Developmental Services at Town Hall
  - a. Copy of Economic Development Incentive Guidelines is issued, along with Exhibits A&B.
  - b. Contact information for Economic Development Coordinator is provided to applicant
2. Economic Development Coordinator receives draft of application (see Exhibit A for details), helps applicant to complete application, and verifies its accuracy
3. If applicant is existing Cromwell business, Economic Development Coordinator notifies Tax Collector's Office of pending application
4. If existing Cromwell business, Tax Collector's Office issues statement of tax payment history to Economic Development Commission ("EDC")
5. EDC reviews application, votes to either recommend acceptance or denial of application, based upon guidelines and tax payment history, and provides commentary to First Selectman, with copies sent to Tax Assessor and Finance Director
6. Tax Assessor and Finance Director review application and EDC's commentary and provide their own recommendations and commentary to First Selectman

7. Economic Development Coordinator submits draft of proposal to applicant, along with request for updated application, with copies of draft sent to Board of Selectmen
8. If applicant decides to proceed with construction/renovation, applicant provides updated application (timeline, extent of construction/renovation, etc) to Economic Development Coordinator.
9. Economic Development Coordinator notifies First Selectman and Board of Selectmen of decision by applicant to proceed and provides a copy of the updated application
10. First Selectman reviews updated application and makes recommendation to the Board of Selectmen
11. The updated application and terms and conditions are presented to the Board of Selectman for final approval, upon the recommendation of the First Selectman.
  - a. Economic Development Coordinator notifies applicant of decision
  - b. If approved, the First Selectman and Economic Development Coordinator work on specifics of contract based upon latest information and any additional conditions required by the Board of Selectmen.
12. If application is approved, First Selectman works with Town Attorney to draft formal contract that includes a strict but reasonable timeline and expiration date, along with other terms and conditions per the economic development incentive guidelines
13. Economic Development Coordinator presents contract to applicant
14. If signed by applicant, contract is then signed by First Selectman
15. First Selectman's Office sends copies of signed contract to applicant, Tax Assessor, Tax Collector, Finance Director, Town Planner, and Economic Development Coordinator

## **VI. Policy Waiver**

In the event of unusual or extraordinary circumstances, the Board of Selectmen, upon the recommendation of the First Selectman, may alter or otherwise waive any and all requirements contained herein so long as the project is consistent with the goals and objectives of the current POCD.

## **VII. Types of Incentives**

The Town may provide economic development incentives as it may be eligible to provide in accordance with State Statutes including but not limited to Personal and Real Property Tax Abatements (See Exhibit B) or Rebates; grants, loans, loan guarantee, down payment, employment or local hiring credit; public infrastructure improvements, job training program or other purchase assistance.

**Exhibit A**

**APPLICATION REQUIREMENTS AND PROCEDURES:  
Required Supporting Documentation**

**Applications should include where appropriate the following:**

1. Letter requesting consideration for Economic Development Incentives Program.
2. Name and current address of the company to operate the business.
3. Name, address, and principles of entity that will own the real property.
4. Financial information on the operating business (3 years if possible).
5. Narrative on the business describing products or services to be produced or provided.  
This should include current and future number of employees as well as any plans for future growth.
6. Listing of Chief Officers of the business and a brief description of their background.
7. Timeline of proposed schedule for construction and/or renovation
8. Number of jobs created, facility employment (total), and facility Payroll (total)
9. Circumstances, which would justify approval of the tax assessment reduction.
10. Construction cost:
  - a. Land cost, building costs
  - b. Construction payroll
  - c. New furniture and equipment
11. Operating cost:
  - a. Annual sales by the facility in the jurisdiction
  - b. Annual facility purchases of operating items subject to sales tax
12. Amount of facility purchases from local wholesalers
13. Amount of facility purchases from local service firms
14. Amount of facility purchases from local manufacturers (include SIC codes)

**Exhibit B**

**Tax Abatement Options by Strategic Location**

Unless otherwise restricted by Connecticut State Statute (see 12-65B), tax abatement will be offered as follows, based upon location and proposed amount to be spent on construction and renovations:

1. Downtown
  - a. Over \$3 million in construction and renovations, 100% of fixed assessment for 7 years
  - b. Over \$500 thousand... 100% of fixed assessment for 2 years
  - c. Over \$100 thousand... 50% of fixed assessment for 3 years
2. Brownfields
  - a. Maximum benefit
3. Kirby Road
  - a. Over \$3 million in construction and renovations, 100% of fixed assessment for 3 years OR 50% of fixed assessment for 7 years
  - b. Over \$500 thousand... 100% of fixed assessment for 1 year OR 60% of fixed assessment for 2 years
  - c. Over \$100 thousand... 50% of fixed assessment for 1 year OR 30% of fixed assessment for 2 years
4. Geer Street
  - a. Maximum benefit for 1<sup>st</sup> 5 buildings, on a case-by-case basis for each additional building
5. Rte 3 Area
  - a. For retail businesses, same as Kirby Road
  - b. For light manufacturing and business parks, same as Geer Street
6. Northern Tier
  - a. On a case-by-case basis