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Bradley Airport Development Zone Provides Opportunities for Investment

On June 2, 2010, Governor Jodi Rell signed Public Act 10-98, which creates a new Bradley Airport Development Zone (BADZ). The zone, encompassing contiguous census tract blocks in Windsor Locks, Suffield, East Granby, and Windsor, provides enterprise zone tax incentives to manufacturers and other specified businesses that develop or acquire property and create jobs in the zone. The effective date of the act is October 1, 2011, the new property tax exemptions apply to assessment years beginning on or after October 1, 2012, and the extended corporation business tax credit applies to income years beginning on or after January 1, 2013. Ample lead time is afforded for businesses considering expansion in central Connecticut and, in particular, those for which Bradley International Airport is a consideration in locational decisions.

Eligible Business Facilities

Tax and other incentives under this legislation are extended to businesses that acquire an idle facility, or construct, substantially renovate, or expand a facility within the BADZ, and operate the facility for specified uses. A business qualifies for the incentives if it uses the facility to carry out one or more of the following:

- Manufacture, process, or assemble raw materials, parts, or manufactured products
- Perform research and development directly related to manufacturing
- Significantly service, overhaul, or rebuild machinery and equipment for industrial uses

Warehouse and motor freight distribution uses also qualify for the incentives but only if they handle goods shipped by air, thereby reinforcing the connection to Bradley International Airport. The commissioner of the Department of Economic and Community Development (DECD) may also determine that certain service businesses, including information technology, may also qualify if they depend upon or relate directly to the airport. Other retail businesses do not qualify.

Property Tax Incentives

Generally speaking, the legislation extends the existing enterprise zone property tax exemption to

real and personal property, including machinery and equipment, of an eligible business located within the BADZ. The exemption is equal to 80 percent of the assessed value of the improvements and extends for five assessment years following the year of completion. The commissioner of DECD may extend the exemption for an additional five years in the case of manufacturing facilities (SIC Code 2833 or 2834) employing at least one thousand full-time employees who have not been relocated from another facility in the state operated by the business.

The property tax exemption is administered under the auspices of DECD, which must certify a facility's eligibility for the exemptions. Application must then be made to the appropriate municipality, which is eligible for partial reimbursement of reduced revenue from the state.

Corporation Business Tax Credits

The legislation extends the existing enterprise zone corporation business tax credit to eligible businesses located within the BADZ. The credit applies for ten years and is generally in the amount of 25 percent of the tax attributable to the qualifying facility. If at least 150 or 30 percent of the full-time employees of the business reside in the municipality or BAZD and qualify for federal job training assistance, the credit steps up to 50 percent of such tax.

As in the case of other corporation business tax credits, the enterprise zone credit is subject to the annual 70 percent limitation on use of tax credits.

Distressed Municipality Status

The legislation designates the census tracts comprising the BADZ within the towns of Windsor Locks, Suffield, East Granby, and Windsor as distressed municipalities, which qualifies them for targeted housing, economic development, open space acquisition, and brownfield cleanup benefits or funding under programs administered by DECD.

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