



City of Torrington Tax Incentive Policy (Revised July 2005)

Section 1

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

Section 2

A. The City Council may enter into written tax agreements with owners and/or lessees of real and/or personal property for property satisfying any of the following requirements:

1. The improvements are for manufacturing use
2. The improvements are for office use
3. The improvements are for warehouse or distribution use
4. The improvements are for information technology
5. Special consideration shall be given to distressed or abandoned industrial property, including conversion to residential use

B. Only legally existing manufacturing, office, warehouse or distribution land uses or land approved for such uses by the Planning and Zoning Commission are eligible to participate in a tax incentive program under this policy. Home occupations (as defined by Torrington Zoning Regulations), residential uses, except as described in Section 2, A. 6, and Section 4, C, and all other land uses are not eligible to participate in a tax incentive program under this policy.

C. With the exception of Item 1, the following are ineligible uses: Private clubs; automobile sales or service; entertainment or retail food and beverage; retail drug store; retail clothing, card, toy, household, hardware, haircutting and appliance stores; golf course country clubs; massage parlor; health clubs; tennis or racquet sports facility; recreation less than 20,000 square feet; hot tubs or sun tan facilities; or race tracks.

D. In order to receive tax relief for eligible personal property under this policy, such personal property must be located and utilized within a manufacturing facility. The applicant must first apply for M-65 exemption prior to the local tax abatement for personal property.

Section 3

The City Council may enter into a tax agreement with any party owning or proposing to acquire an interest in real property in the City of Torrington, fixing the assessment of the real property, which is the subject of the Agreement, and all improvements thereon or therein and to be constructed hereon or therein, subject to any of the following limitations:

Real Property Abatement Schedule

| Cost of Improvement | Year | | | | | | |
|---------------------|------|-----|------|------|------|------|------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| \$3 M + | 20% | 30% | 40% | 50% | 60% | 80% | 100% |
| \$500,000-\$3 M | 25% | 50% | 100% | 100% | 100% | 100% | 100% |
| \$25,000-\$500,000 | 50% | 75% | 100% | 100% | 100% | 100% | 100% |

Personal Property Abatement Schedule

| Cost of Improvement | Year | | | | | | |
|---------------------|------|-----|------|------|------|------|------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| \$3 M + | 20% | 30% | 40% | 50% | 60% | 80% | 100% |
| \$500,000-\$3 M | 25% | 50% | 100% | 100% | 100% | 100% | 100% |
| \$25,000-\$500,000 | 50% | 75% | 100% | 100% | 100% | 100% | 100% |

The final valuation shall be determined by the City of Torrington Assessor.

Section 4

In an effort to encourage the rehabilitation of real estate within Downtown Torrington, the City Council can enter into a tax abatement agreement with property owners within income eligible census blocks in the Downtown district. (see highlighted areas in map below)

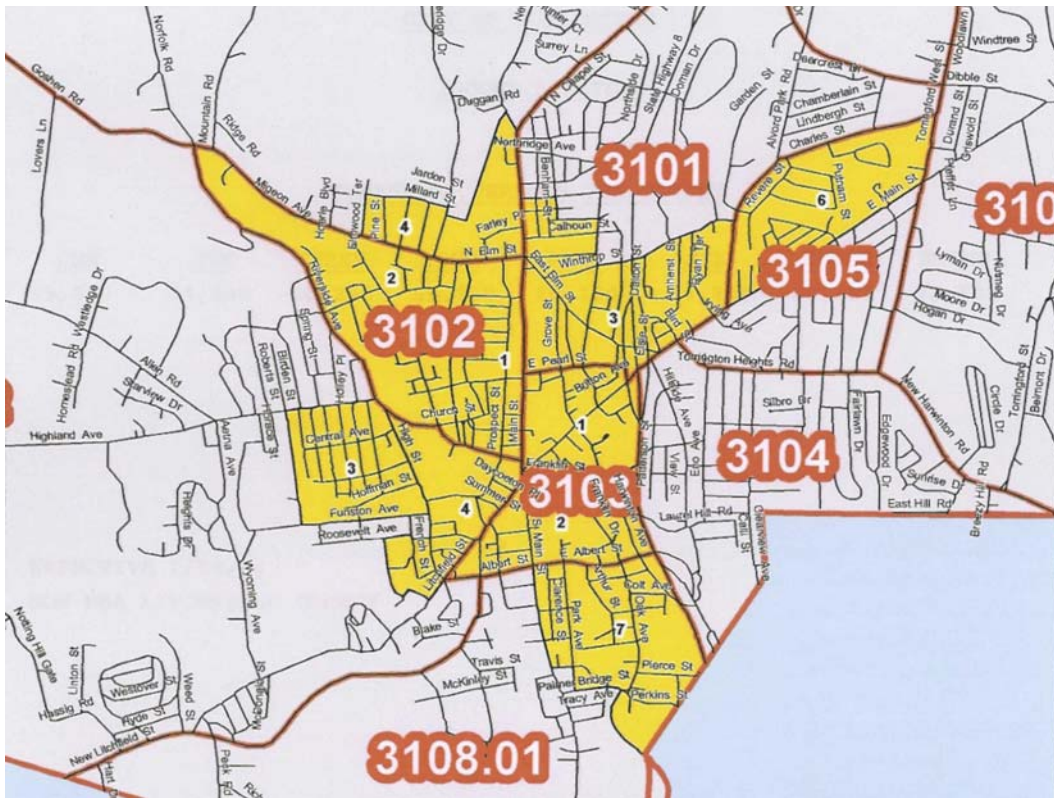
A. A deferral of increased assessment in real property is allowable for consideration when:

1. The structure on the property to be rehabilitated and/or improved must be at least twenty-five (25) years old for residential properties and at least thirty (30) years old for non-residential properties.
2. All necessary building, zoning, wetlands and other permits must be obtained prior to applying for deferment;
3. The proposed rehabilitation and/or improvement(s) must increase the value of the improvements on the real property by a minimum of ten (10%) percent for residential properties and fifteen (15%) percent for non residential properties.

B. The deferral of increased assessment will be in accordance with the following schedule:

| Year | 1 | 2 | 3 | 4 | 5 |
|-----------|------|-----|-----|-----|-----|
| Exemption | 100% | 80% | 60% | 40% | 20% |

C. In addition to the uses specified in Section 2,A, eligible uses for the rehabilitation tax abatement include residential and retail.



Section 5

A. Any eligible owner and/or lessee may apply under the policy in writing to the City Council on form provided by the City of Torrington, titled "Application for Tax Abatement under the Tax Incentive Policy". The applicant shall provide all required information in sufficient detail on the required forms to allow the City Council to determine costs and benefits associated with the implementation of the requested tax agreement.

B. The City Council may enter into a tax agreement under this policy only if the agreement will:

1. Cause a business to locate in the City, 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. Cause a substantial investment in new equipment or other personal property subject to taxation, or
6. Cause a business to utilize a distressed or abandoned property.
7. Cause a property owner to make significant rehabilitation investments within the Downtown district.

C. If the applicant is a tenant or if an owner is applying on behalf of a tenant, tax benefits shall accrue to the benefit of the tenant, be reflected in the lease and shall be so demonstrated to the City.

Section 6

The Mayor, together with the Tax Assessor, City Planner, and Economic Development Coordinator shall review all tax incentive requests on an application basis. After thorough review by the aforementioned staff, the application, along with a written analysis, shall be referred to the City Council. After review, the City Council shall either approve or deny the application within 30 days from the date of such referral.

Section 7

A. After approval and signing of any such tax agreement, construction shall commence within twelve (12) months of signing of the tax agreement and shall be completed within twenty-four (24) months. In the event that construction is not commenced and/or completed within the specified time frame, 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 City Council.

B. If an applicant fails to comply with the payment of taxes upon the due date determined by the City Council, then any agreement entered into pursuant to this policy shall immediately terminate and the full amount of the tax, including the accrued interest, that would otherwise be due shall immediately become due and payable.

C. Any person or firm who is delinquent in any City of Torrington taxes at the time of application to the City Council shall be ineligible to enter into any such tax agreement under this policy.

D. Any tax assessed and levied upon motor vehicles shall not be subject to any such agreement pursuant to this policy.

E. The applicant agrees to maintain and make available upon request to the Assessor supporting documentation, including, but not limited to, invoices, bills of sale, and bills of lading pertaining to the machinery and equipment for which the applicant is claiming exempt status.

Section 8

Any tax agreement entered into pursuant to this policy shall not be subject to assignment, transfer or sale without the written consent of the City Council. In the event that any such agreement is assigned, transferred or sold without the written consent of the City Council, the agreement shall terminate as of the effective date of assignment, transfer or sale and the full amount of the tax that would otherwise be due the City of Torrington shall immediately become due and payable.

Section 9

Nothing in this policy shall require the City Council to enter into a tax agreement. The final tax abatement is at the discretion of the City Council.

Section 10

The City Council may terminate an exemption granted hereunder prior to the expiration thereof in the event a fraud or misrepresentation by an applicant regarding any statements or representations contained in the application filed hereunder.