

# TOWN OF WATERTOWN

## POLICY ESTABLISHING THE WATERTOWN TAX INCENTIVE PROGRAM

Approved by Watertown Town Council 1/7/2013

### Section 1. Statement of Purpose.

The purpose of the Watertown Tax Incentive Program (the "Program") is to attract, retain and expand qualified businesses, to create employment opportunities, and to promote responsible economic growth to ensure Watertown's future as a desirable community in which to live and work.

### Section 2. Eligibility.

A. The Town of Watertown may enter into written tax agreements with the owners and/or lessees of real property fixing the assessments of real property and improvements to be dedicated and used for any of the following purposes:

1. Manufacturing, including research and development facilities;
2. Retail, wholesale, warehouse and distribution facilities;
3. Information technology facilities;
4. Recreation, including sports and tourism facilities;
5. Office and business facilities, including medical;
6. Transportation and mass transit facilities; and
7. Properties in need of rehabilitation.

B. Home occupations, all residential uses, and other uses which do not fall within the above categories are not eligible to be considered for the Program.

### Section 3. Tax Abatement Schedule.

The Watertown Town Council may enter into a tax agreement with any party owning or proposing to acquire an interest in real property in the Town of Watertown, adjusting 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 any of the following limitations:

<b>Cost of Improvement</b>	<b>Year 1 Percent of Tax Abated</b>	<b>Year 2 Percent of Tax Abated</b>	<b>Year 3 Percent of Tax Abated</b>	<b>Year 4 Percent of Tax Abated</b>	<b>Year 5 Percent of Tax Abated</b>
<b>\$3,000,000 or More</b>	80%	60%	40%	20%	0%
<b>\$500,000- \$2,999,999</b>	75%	50%	20%	0%	0%
<b>\$250,000 - \$499,999</b>	50%	25%	0%	0%	0%

This table lists the standard offer for an improvement that qualifies a project for an abatement.

The final valuation shall be determined by the Town of Watertown Assessor. If a tax agreement is entered into, and assuming that all conditions of the agreement as outlined in this policy are met, no increase in the assessment of the property at issue shall be made until the October 1 assessment date immediately following the full completion of the improvements, or the issuance of a Certificate of Occupancy, which first occurs.

## **Section 4.Application.**

- A. Any eligible owner and/or lessee may apply under the Program in writing to the Economic Development Commission by filing the "Application for Tax Abatement under the Tax Incentive Policy." The applicant shall provide all required information in sufficient detail to allow the Economic Development Commission to determine costs and benefits associated with the implementation of the requested tax agreement.
  
- B. On the recommendation of the Economic Development Commission, the Watertown Town Council may enter into a tax agreement under this policy only if the proposed improvements will result in additional net permanent tax revenues to the Town without causing an overriding increase in Town costs, and if the proposed agreement will:
  - 1. Assist a business to locate in Watertown, or
  - 2. Assist a business to replace, expand or remodel existing buildings, or
  - 3. Assist a business to construct new buildings, or
  - 4. Assist an increase in or preserve existing employment opportunities, or
  - 5. Assist a substantial investment in new equipment or other personal property subject to taxation, or
  - 6. Assist a business to utilize a distressed or abandoned property, or
  - 7. Assist a property owner to make a significant rehabilitation investment within the Downtown area, or
  - 8. Provide a product, need or service to the local community, or
  - 9. Improve or renovate historic structures.
  
- C. In addition to the foregoing, the Watertown Town Council may consider the following factors:
  - 1. The compatibility of the proposed project with the Town's resources and infrastructure, including roads and utilities
  - 2. The proposed project developer's / owner's business, zoning, safety, and environmental "track record"
  - 3. The expected tax benefit to the community
  - 4. The Plan of Conservation and Development
  - 5. Watertown's quality of life.
  
- D. If the applicant is a lessee, or if an owner is applying on behalf of a lessee, tax benefits shall accrue to the benefit of the lessee, shall be reflected in a written lease a notice of which lease has been recorded on the Watertown Land Records, with a term equal to, or greater than, the period for which benefits shall accrue, and shall be so demonstrated to the Watertown Town Council.

## **Section 5.Procedure.**

The Economic Development Commission, with the advice of the Town of Watertown Finance Director, Assessor and other town agencies, as needed, shall review and evaluate each tax incentive application. After thorough review by the Commission, the application, along with a written analysis, shall be referred to the Watertown Town Council. After review, the Watertown Town Council may accept, or reject the application, or refer it back to the Commission for additional information.

The Watertown Town Council may modify, amend, or waive the term of the agreement in keeping with the intent and purpose of the Program and the best interests of the Town of Watertown.

There is no right of appeal of this decision.

## **Section 6.Conditions of Approval.**

- A. After approval and signing of any such tax agreement, all agreed upon conditions shall commence within twelve (12) months of signing of the tax agreement and shall be completed within an additional twenty four (24) months. In the event that improvements are 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, if any, that would otherwise be due shall immediately become due and payable, unless alternative arrangements are authorized in writing by the Watertown Town Council.
- B. If an applicant fails to comply with the payment of taxes during the period of the abatement upon the due date determined by the Watertown Tax Assessor, then any agreement entered into pursuant to this policy shall immediately terminate and the full amount of the tax, including the accrued interest, if any, that would otherwise be due shall immediately become due and payable.
- C. Any person or firm who is delinquent in any taxes and/or fees due the Town of Watertown or the State of Connecticut at the time of application shall be ineligible to enter into any such tax agreement under this policy.
- D. No zoning or wetland violations shall exist with respect to the subject property.
- E. Any tax assessed and levied upon personal property shall not be subject to any such agreement pursuant to this policy.
- F. The applicant agrees to maintain and make available upon request to the Assessor supporting documentation, including, but not limited to, income tax returns, business records, invoices, bills of sale, and bills of lading pertaining to the improvements for which the applicant is claiming exempt status.

## **Section 7.Tax Assessment Agreement.**

- A. Any tax agreement entered into pursuant to this policy shall not be subject to assignment or transfer without the prior written consent of the Watertown Town Council. In the event that any such agreement is assigned or transferred without the written consent of the Watertown Town Council, the agreement shall terminate as of the effective date of assignment or transfer, and the full amount of the tax that would otherwise be due the Town of Watertown shall immediately become due and payable.
- B. Any tax agreement entered into pursuant to this policy shall be recorded in the Watertown 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, with interest as provided by law, and the Town may record a lien therefor against the subject property; and the lien may be foreclosed in the same manner as provided by law for tax property liens generally.

## **8. Miscellaneous.**

- A. This policy shall not be retroactive. Nothing in this policy shall require the Town of Watertown to enter into a tax agreement. The final decision to grant any tax abatement and/or the amount thereof, is at the sole discretion of the Town of Watertown.
- B. The Watertown Town Council may terminate an abatement 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, addendum, or any supporting documentation.
- C. A tax agreement shall expire and terminate as provided herein or as set forth in the agreement.
- D. The Economic Development Commission is authorized to develop the application, addendum, agreement, promotional and program materials, and to develop policy regulations and guidelines, subject to approval by the Watertown Town Council.



## **APPLICATION FOR TAX INCENTIVE PROGRAM**

**DATE**

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**APPLICANT'S  
FULL NAME  
ADDRESS**

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**APPLICANT'S  
RELATIONSHIP TO  
THE PROJECT**

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**BUSINESS NAME  
MAILING ADDRESS**

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**ADDRESS OF  
PROJECT SITE**

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**TELEPHONE**

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**E-MAIL**

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**OFFICER/OWNER'S  
NAMES**

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**BRIEF PROJECT DESCRIPTION**

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**The following may be requested during the approval process:**

- A. Business Plan**
- B. An audited financial statement or unaudited financial statements with at least the last three years of state and federal income tax returns.**

**APPLICANT INFORMATION**

- 1. If you are applying as the lessor of commercial space, please provide the types and names of possible lessees you intend to target. Also, include a statement concerning the extent of control you will exercise over the occupancy of the space.**

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**2. If you are applying as the owner of a business, please describe your business, including the proposed hours of operation and the personal property you will install to run the business.**

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**3. Have you been party to an environmental action? If so, please explain.**

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**4. Have you ever operated a similar business under a different name? Have you ever operated any business under a different name? If so, please explain.**

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**TYPE OF PROJECT**

**5. Explain how you meet the eligibility requirements under Watertown's Tax Incentive Policy. Reference the appropriate section(s).**

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**6. Why is this incentive desired?**

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**7. What are the nature of and total projected costs of the improvements to be constructed?**

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**8. What is the estimated minimum value of the construction or renovation to the real property for this business?**

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**9. What is the estimated value of and type of personal property which will be added to this location?**

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**10. Will this project rehabilitate an existing building?**

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**11. Do you anticipate any potential environmental impact associated with this project with either clean-up of a present condition or the potential of having to provide environmental problems associated with this project?**

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**12. Please explain how this project will impact/enhance the exterior of the building.  
(Attach plans and specifications if possible).**

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**TIMETABLE**

**13. What is the target date to begin construction?**

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**14. What is the estimated timeline for construction or implementation?**

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**IMPACT ON COMMUNITY**

**15. How many jobs do you expect to create once the project is complete?**

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**16. Will your project require any improvements to or extension of the Town infrastructure  
and/or utility systems? If so, please explain.**

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**Applicants are encouraged to attach additional narrative descriptions, supportive documents, or project data that would further assist in the evaluation of this application.**

**The applicant affirms that the information provided in this application, or submitted with this application is true and accurate to the best of the applicant's knowledge and belief. This application is signed under penalty of false statement.**

**Signatures** \_\_\_\_\_ **Date** \_\_\_\_\_  
\_\_\_\_\_  
**Date** \_\_\_\_\_  
\_\_\_\_\_  
**Date** \_\_\_\_\_  
**Notary** \_\_\_\_\_ **Date** \_\_\_\_\_