

*Robert J. Back*

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TOWN COUNCIL MAJORITY OFFICE and via MICROSOFT "TEAMS"

TAX POLICY COMMITTEE

TOWN CLERK  
EAST HARTFORD

OCTOBER 27, 2020

PRESENT Angie Parkinson, Chair; Rich Kehoe, Chair, Town Council,  
Craig Stevenson, Chair, Economic Development Commission and  
Linda Trzetzziak, Finance Director

ALSO Marcia Leclerc, Mayor  
PRESENT Eileen Buckheit, Development Director  
Via TEAMS Councillors Don Bell and Pat Harmon

CALL TO ORDER

Chair Parkinson called the meeting to order at 5:36 p.m.

APPROVAL OF MINUTES

June 9, 2020

MOTION By Don Bell  
seconded by Pat Harmon  
to **approve** the minutes of the June 9, 2020 meeting.  
Motion carried 3/0.

OPPORTUNITY FOR RESIDENTS TO SPEAK

None

NEW BUSINESS

Economic Development Incentives Guidelines

Chair Parkinson stated that the overall goal of this evening is to understand proposed policies, ask questions, and create a framework to call a second meeting in a few weeks for final approval of the guidelines. Assuming that both Craig Stevenson and Eileen Buckheit are able to draft responses to the questions raised at tonight's meeting within 4 or 5 days, the next Tax Policy meeting will be called for its final review of the guidelines.

Craig Stevenson, Chair of the Economic Development Commission, discussed the plan and stated that the objectives of this incentive document would be the guide for all economic developments. He does not want to limit C.G.S. §12-65(b) which is the primary

tax abatement statute. This statute is only applicable when values increase—not when a large building is vacant, for example, and there is no large capital project proposed. The goal is to craft predictable guidelines for developers with updated policies to reflect 2020 realities. Mr. Stevenson reminded the Committee members that there should be a net gain in tax revenues even with a tax abatement because of the new investment in the property. He believes that incentives don't make a bad deal good, it makes a good deal better.

Eileen Buckheit, Development Director, discussed efforts to improve the Silver Lane Corridor and "South Meadows" region. She discussed both the enterprise and railroad depot zones located in East Hartford. Improvements in these zones that meet the state criteria automatically qualify for tax abatements. Some properties have received abatements multiple times. The problem with this program is that even though we don't have the highest number of applications, we have the highest value by far in the state, due to the fact that East Hartford is the headquarters for Pratt & Whitney Aircraft and their investment in new construction qualifies for a tax abatement under state law. This creates additional uncertainty and less revenue generated for East Hartford. Some towns do not use 7-year abatement agreements (Bridgeport). There are issues statutory interpretation. Another economic incentive tool is the City and Town Development Act—in effect for 5 years after town approval in 2016 and provides the Town broad powers to provide economic development incentives such as allowing developers to utilize Town bonding while not counting against us as liability. Basically, allowing them to borrow at the lower town interest rate. There are also tax abatements for a period up to 20 years. State law allows for reauthorization of the Act by the Town Council. General town policy is that we do not waive building permit fees (most towns don't do it).

Mike Goman, the town's on-call real estate consultant, assists with economic development for East Hartford. Mr. Goman stated that tax abatements have been most used because they are the "easiest and cleanest". Hotel business has "evaporated". Retail is struggling mightily and the next wave of closures is likely in late January after the holiday season. Office space is running 80% vacant in many places. However, residential, medical office, and industrial are still very active sectors. Without a tax abatement, though, developers are unlikely to go ahead with projects. The best incentive guidelines are simple, broad, and flexible.

Chair Kehoe expressed his interest in broad policy statement that balances the incentives with municipal policy and perspective. We want to convey a message to developers that we are willing to talk and make a solid proposal work for the town provided it meets our development goals. Developers should understand what we will be looking for when reviewing a development project for an abatement.

General discussion progressed. Councillor Don Bell stated that revising the goal should be to create wealth in town, a favorable environment for forming long-term partnerships, and ensuring diversity and inclusion with the incentives we provide.

Councillor Angie Parkinson requested a copy of the City and Town Development Act and a draft of the pamphlet that Eileen Buckheit and Craig Stevenson will be working on which Chair Kehoe requested that outlines the various programs available for developers.

ADJOURNMENT

MOTION      By Don Bell  
                 seconded by Pat Harmon  
                 to **adjourn** (7:11 p.m.)  
                 Motion carried 3/0.

cc: Town Council  
     Mayor Leclerc  
     Linda Trzetzziak, Finance Director  
     Eileen Buckheit, Development Director  
     Craig Stevenson, EDC Chair