

Sec. 32-9p-8. Property tax exemption

(a) Section 12-81 (59) of the statutes partially exempts manufacturing facilities from real property taxation imposed on the property by any taxing jurisdiction in the State. In the case of a building which is expanded or partially renovated, the exemption applies only to that part of the building which is the expansion or which has been renovated. This part is designated the manufacturing facility and is partially exempted from real property taxes. That part of the building which is not the expansion or has not been renovated is not exempt from taxation and will be treated separately from the manufacturing facility without regard to the statutes. Thus, in the case of a manufacturing facility which consists of a constructed, renovated or expanded portion of an existing plant, the assessed valuation of the manufacturing facility is the difference between the assessed valuation of the plant prior to its being improved and the assessed valuation of the plant upon completion of the improvements. In the case of a manufacturing facility which consists of an acquired portion of an existing plant, the assessed valuation of the manufacturing facility is the assessed valuation of the portion acquired.

(b) Machinery and equipment installed in any manufacturing facility is also partially exempt from Section 12-81 (60) of the statutes from personal property taxation imposed on the property by any taxing jurisdiction in the State. The exemption does not apply to any machinery and equipment installed in any part of the building which has not been designated as a manufacturing facility except for machinery and equipment acquired and installed on or after October 1, 1986 in a manufacturing facility for which an eligibility certificate had been previously issued, when such acquisition and installation is part of a business expansion which involves a contiguous enlargement of the previously certified facility is not less than 50% of its floor space. To qualify under this provision, the facility being enlarged must continue to be used for manufacturing purposes and the area which represents the enlargement must meet the requirements of a manufacturing facility. Both the facility being enlarged and the enlarged area must be occupied by the same firm to whom the original certificate was issued or by a successor firm to whom a replacement certificate was issued by the department.

In order to qualify for the exemption the machinery and equipment must represent an addition to the assessment or grand list of the municipality in which the exemption is claimed and be directly attributable to and installed concurrently with the acquisition, construction, renovation or expansion established at the time the eligibility certificate is issued. Machinery and equipment existing in a manufacturing facility which has been acquired will also qualify for the exemption. Exempt machinery and equipment and the person responsible for paying taxes due with respect to the machinery and equipment will be stated in the eligibility certificate. Machinery and equipment installed in a manufacturing facility after an eligibility certificate is issued will also qualify for exemption from personal property taxation, but the exemption will not extend beyond the date the exemption of the manufacturing facility expires and will not apply unless the machinery and equipment is listed on the applicable replacement eligibility certificate together with the appropriate taxpayer. Any machinery and equipment installed in a building which has not been acquired, constructed, substantially renovated or expanded is not exempt from taxation under the program.

(c) The manufacturing facility and qualified machinery and equipment are exempt from property taxation to the extent of eighty percent (80%) of their assessed valuation. The owner, user or appropriate taxpayer is responsible for taxes payable with respect to the 20% of the assessed valuation which is not exempt from taxation. Taxes due the taxing jurisdiction are payable at the same times and in the same manner as they would be payable if the exemptions were inapplicable. The five year duration of the exemption of the real and personal property from taxation is described in Section 32-9p-9 of these regulations. The Procedural Guide contains instructions for persons desiring to claim a property tax exemption and forms which are required to be filed with the assessor of the taxing jurisdiction in making the claim. Once an eligibility certificate is issued the assessor or board of assessors is responsible for establishing the assessed valuation of the manufacturing facility. The statutes do not prohibit the lawful contest by interested persons of the valuation so established.

(Effective October 13, 1991)