



# Town of Simsbury

933 HOPMEADOW STREET

SIMSBURY, CONNECTICUT 06070

## **Economic Development Commission**

Wednesday, October 23, 2019

5:30 pm

Program Room 2, Simsbury Public Library, 725 Hopmeadow Street

## **REGULAR MEETING AGENDA**

### Call to Order

- 1) Housekeeping Items
  - a) Selection of Chair for November 2019 – October 2020
  - b) Selection of Vice Chair for November 2019 – October 2020
  - c) Sustainability Team Representative
  - d) Liaison Appointments for November 2019 – October 2020
    - i. Zoning
    - ii. Design Review
  - e) 2020 Regular Meeting Schedule
  - f) Reminder: October 31, 2019 at noon, Hartford Public Library, Panel on Economic Growth
- 2) Minutes
  - a) August 28, 2019
- 3) 2018/2019 Annual Report and Presentation to the Board of Selectmen Discussion
- 4) Economic Development Work Plan
- 5) Economic Development Goals List
- 6) EDC Work Plan Update from Work Streams/Teams
  - a) Business Recruitment, Retention and Outreach
    - i. Business roundtable debriefing/review
  - b) Business Incentives
    - ii. Tax Abatement Memo from Board of Finance
  - c) Support Entrepreneurs/Marketing
    - iii. Marketing materials refresh & approved funding
    - iv. Business plan for incubator or co-working space



# Town of Simsbury

933 HOPMEADOW STREET

SIMSBURY, CONNECTICUT 06070

d) Strategic Vision

7) Development Update

Adjournment



# Town of Simsbury

933 HOPMEADOW STREET ~ SIMSBURY, CONNECTICUT 06070

Maria E. Capriola - Town Manager

To: Ericka Butler, Town Clerk  
Cc: Economic Development Commission  
From: Maria E. Capriola, Town Manager  
Date:  
Re: Economic Development Commission – 2020 Regular Meeting Schedule

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At their meeting on INSERT DATE, 2019 the Economic Development Commission amended their regular meeting schedule for 2020. The revised date is highlighted in red. Meetings will be held at 5:30 pm monthly on the fourth Wednesday, with exceptions noted below.

Meeting dates are as follows:

January 22, 2020  
February 26, 2020  
March 25, 2020  
April 22, 2020  
May 20, 2020 (3<sup>rd</sup> Wednesday)  
June 24, 2020  
July 22, 2020  
August 26, 2020  
September 23, 2020  
October 28, 2020  
November 18, 2020 (3<sup>rd</sup> Wednesday)  
December 16, 2020 (3<sup>rd</sup> Wednesday)

The meetings will be held in Program Room 2 of the Simsbury Public Library located at 725 Hopmeadow Street. Meetings will be properly noticed in accordance with FOIA requirements.

# Town of Simsbury Economic Development Commission

Yearly Update  
November 2018 – October 2019

*Draft*

1

## Agenda

- Economic Development Commission (EDC) Mission & Team Members
- Overview of Economic Development in Simsbury and the Role of the EDC
- Initial Workstream Requests and Team Assignments
- Accomplishments to Date
- Plans for next 6-12 Months
- Q&A Session
- Appendix

*Draft*

2

### Economic Development Commission (EDC) Mission & Team Members

- EDC Mission Statement
  - *The Commission shall serve as an advisory board to the Board of Selectman. The purpose of the Commission shall be to promote and develop the economic resources of the Town and to advance the Town's economic development goals as defined by the Board of Selectman. The Commission shall be empowered to conduct research into economic conditions and trends, and to collaborate with community organizations which promote economic development.*
- Team Members
  - Bob Crowther, Chair, Business Recruitment, Outreach & Retention, liaison to Sustainability Committee
  - Tom Earl - Business Incentives,
  - Bill Freeman (recently resigned) – Support Entrepreneurs, Liaison to Design Review Board
  - Brooke Freeman - Support Entrepreneurs, liaison to MSP
  - Ron Jodice – Liaison to Zoning Commission
  - Peter Van Loon – Business Incentives, Business Development Incentive Committee
  - Charmaine Seavy – Support Entrepreneurs, liaison to Tourism

**Draft**

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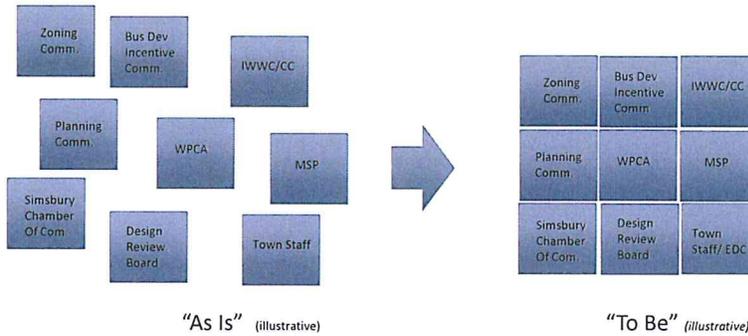
### Economic Development Commission (EDC) Mission & Team Members

- Ex-Officio Members
  - Bill Rice – ex officio member from the Planning Commission
  - Jackie Battos – ex officio member from the Zoning Commission
  - Eric Wellman - ex officio member from the Board of Selectmen
  - Maria Capriola – Town Manager, ex officio, staff
- Staff Members
  - Melissa Appleby - Deputy Town Manager
  - Mike Glidden - Director of Planning & Community Development
  - Tom Fitzgerald – Management Specialist
  - Town Manager's Office interns
- Partners
  - Lisa Gray - Director of Simsbury Chamber of Commerce
  - Sarah Nielsen – Executive Director of Main Street Partnership

**Draft**

4

The role of the EDC is to create an environment that will enable economic development to occur in Simsbury through effective communication and efficient processes



- **Communication** – The EDC will work across the groups to share information, help identify issues and assist in problem solving. We will do this by attending each others meetings, having a liaison to the other commissions, and reporting to the larger group.
- **Process** – Having efficient Economic Develop Processes will ensure that Simsbury is being responsive to existing and future business owners. We will do this through our Business Outreach process and continuous improvement of the Approval Process Cycle.

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5

The Commission was initially tasked with four (4) Work Plans

- Initial 4 Work Plans
  1. **Business Incentives** – Review incentive programs used in CT and make recommendations regarding which options the Town should pursue
  2. **Strategic Vision** – Review the past studies conducted on economic development in Simsbury and identify items that should be implemented
  3. **Business recruitment, retention and outreach** – Develop a formal, coordinated process for communicating with businesses
  4. **Support entrepreneurs** – Refresh the Town’s branding and marketing materials to attract businesses

**Draft**

6

The Business Incentives team has completed extensive research with the goal to make recommendations on the Town Policy for such actions

- EDC Leads – Peter Van Loon, Tom Earl with Maria Capriola
- The team’s efforts have been in research and activities since end of 2018.

Research

- Reviewed current Simsbury incentives
- Spoke to other towns about their incentives, processes and results , i.e. Windsor, West Hartford, Manchester
- Reviewed web sites of other states and cities
- Leveraged the EDC roundtable to query Simsbury business leaders and owners
- Reviewed recent survey spreadsheet of 30 towns in Connecticut that focused on types of business incentives each town offered
  - 7 of the 30 towns did not offer incentives
  - Several offered tax incentives and no or reduced permit fees.

Activities

- EDC has a representative on the Business Development Incentive Committee
- Worked through the EBAD application process and ultimate approval of the Tax Abatements

Insights Gained/Lessons Learned

- Incentives are derived and subject to state law
- States and larger cities will always have more money to invest than Simsbury
- Transparency is a “must” into the process, from permitting to business incentive approval, and its ease of use is of primary importance.
- Financial incentives are not a primary reason for locating or expanding in Simsbury. Attitude and other economic factors, e.g. labor pool quality, quality of life, access to transportation, are of primary consideration
- Businesses desire certainty of government action for their own planning
- Attitude, whether obstructionist, apathetic or supportive, is valued and a key determinant of whether businesses invest in a town.
- Town of Simsbury is regarded for its supportive attitude towards business

Next Steps 2019-2020

- Expand EDC roundtable to get additional business perspective
- Ensure continued improvement of all town business processes related to business investment
- Develop potential proactive offering of current incentives
- Develop collaboration opportunities with state agencies and other towns for Selectmen approval

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**Strategic Vision - From the recommendations of the multiple Town Studies, the Economic Development Commission is working on four (4) additional Work Streams**

EDC Leads – Bob Crowther, Ron Jodice with Melissa Appleby

- Overall conclusion from reviewing the multiple Town Studies
  - Many of the recommendations have already been or are in the process of being implemented
  - Several recommendations align with the initial four (4) workstreams to be worked by the EDC
- *Additional four (4) Workstreams for EDC Members*
  1. Review the application approval process for any new or existing land use proposals to ensure it is as efficient and effective as possible
    - Work ongoing - Ron Jodice with Mike Glidden, Jackie Battos
  2. Review and amend Land Use regulations to consolidate and simplify zoning regulations to facilitate economic development
    - Work ongoing – Mike Glidden
  3. Create an Economic Development Project Evaluation and Discussion Guide –
    - Work ongoing to integrate overall framework with efforts by the Business Incentive Committee – Bob Crowther, Melissa Appleby
  4. Create an orientation and continuous education process for commission members
    - EDC Team will update existing orientation binders with new content as the Work Plans evolve

**Draft** 8

*Business Recruitment, Retention and Outreach* – A process has been implemented to create relationships with Simsbury’s major businesses as well as getting input from local businesses quarterly

- EDC Lead – Bob Crowther with Maria Capriola, Mike Glidden
- A process has been created to ensure yearly meetings with Simsbury Town Management & top Simsbury businesses. Sample businesses that we will be reaching out to:
  - Curaleaf
  - Drake Hill Mall
  - Dyno Nobel Inc
  - Ensign Bickford Aerospace & Defense (EBAD)
  - Highcroft Simsbury LLC
  - Hoffman Brothers Auto
  - McLean Home Care
  - Micro Semi
  - Mitchell’s Auto
  - Simsbury Town Shoppes
  - Simsmore Square Enterprise

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Two Roundtable events have been held over the past 5 months with participation from 22 Simsbury business owners.

June 12th Attendees:

- Westminster School
- Edens Property Management
- The Riverview
- Anthology of Simsbury
- Simsbury/Liberty Bank
- Bosco’s Nursery
- Ensign Bickford Realty
- The Winehouse
- The Ensign House
- The Masters School
- Fitzgerald’s
- West Street Wine & Spirits
- Welden Hardware
- Story Teller Cottage
- Bill Selig Jewlers
- Simsbury Chamber of Commerce
- Simsbury Mainstreet Partnership

September 18<sup>th</sup> Attendees

- Westminster School
- Sage Financial
- Simscroft-Echo Farms
- Benneche Law Firm
- The Simsbury Inn
- Richman Business Brokers & Insurance
- Simsbury Chamber of Commerce
- Simsbury Mainstreet Partnership

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The feedback from the first workshop provided a base of information that will serve as a foundation for future events

- **Implications to Town Policies/Programs**
- *Communication:* Lack of communication between town government and businesses cause unforeseen consequences to business owners. Communication with the State, the Town and local Businesses continues to be important and can improve.
- *Signage:* The inconsistent and restrictive approach to signage policy hinders businesses and limits the clientele base.
- *Parking/Traffic:* Lack of parking spaces and traffic control (heightened during special events) is a major issue for storefront properties. Traffic congestion along Route 10 will be a challenge as the new apartments & other developments come online. The Town needs to continue to look at transportation alternatives, i.e. ride shares, shuttle services.
- *Marketing/Advertising:* The multiple platforms for daily/upcoming events are detrimental to businesses because the information is scattered rather than clear, concise and in a single location. There must be a streamline of information to one specific platform so businesses can easily inform and reach their customers. Social media should be a viable platform for the town to promote local business events. Businesses want to attract younger generations (20-40 year-olds) by building/creating new structures to promote new experiences. (Brewery, Technology Work Space, Uber/UberEats, Airbnb).
- *Town Appearance/Geographic Divide:* Abandoned properties detract from the welcoming appearance of Simsbury. Continue to look for ways to make the Town more walkable, attract people to live downtown. Look for ways to better integrate Tariffville and the north and south ends of Town with the Main Street businesses of Simsbury.
- *Town Culture:* While Town Staff is friendly and professional, there has been a culture of saying “no” to businesses that hinders new projects, although the culture has been improving. The Town needs to find ways to say “Yes”. The Permitting Process, while improved, could be more efficient. Zoning, Wetlands and Sewage Commissions could be more responsive.
- *Tax/Fees:* Certain elements of Town taxes and fees (i.e. Eno Hall) are cost prohibitive to small businesses. Look to build a tax base that is balanced (commercial & residential) and compatible with the town vision and established culture.
- **Benefits of Town Policies/Programs**
- *Community:* Simsbury promotes a scenic and welcoming community with lots of amenities that produces a positive experience for residents and tourists. It has become a destination location for people outside the state. The town is able to attract and retain residents. It needs to continue to develop, maintain and capitalize on these features to grow tourism and other businesses in town (i.e. hotels, restaurants, retail).
- *Police/Emergency Services:* The responsiveness, adaptability, and compassion of town emergency personnel produce excellent services to businesses and customers.

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The feedback from the second workshop was similar to the first, with some new issues and concerns being raised

**Implications of Town Policies/Programs**

- *Communication:* It feels like there is a disconnect between the Town and business community. The smaller independent businesses feel like the town only focuses on the large businesses in town. Town staff should research what types of businesses choose to relocate to Simsbury and why. Would like to see the private schools do more outreach to the community to be more welcoming.
- *Boards and Commissions:* the two political parties need to do better jobs at vetting candidates for boards and commissions. There needs to be a balance of those who want to keep the “Simsbury charm” and those that want to help the town grow. Unaffiliated voters need more representation, they are the largest voting bloc in town and should not be under represented like they are now.
- *Signage:* The policy should be updated to reflect that different types of business require different signage needs.
- *Parking/Traffic:* Traffic congestion is only increasing especially during rush hour commutes or special events. This increase in traffic is causing safety concerns for people walking that have to cross busy roads like Hopmeadow. The lack of parking available for people is an extreme inconvenience and turns away some from using shops and restaurants.
- *Marketing/Advertising:* There should be a mobile friendly platform that combines all activities and events happening in town that is easily accessible for anyone to look at. This will help bring in tourists and could increase attendance at events. Using programs like Adopt-A-Road or similar programs for sections of the Rail Trail can be ways to generate revenue to offset maintaining costs.
- *Town Appearance/Geographic Divide:* The Town should work to find solutions to make buildings like Andy’s, Gibbs Mobil, and others into new retail or restaurants. Improving the look of the town center while making it more walkable will help attract more visitors to the area. Tariffville and Weatogue need to be incorporated more, they feel forgotten about when decisions are made, too much focus on Main Street.
- *Tax/Fees:* Using Town funds for land grant purchases, tax abatements, and other items over the years needed to be analyzed properly to ensure the Town was receiving the most it could.

**Benefits of Town Policies/Programs:**

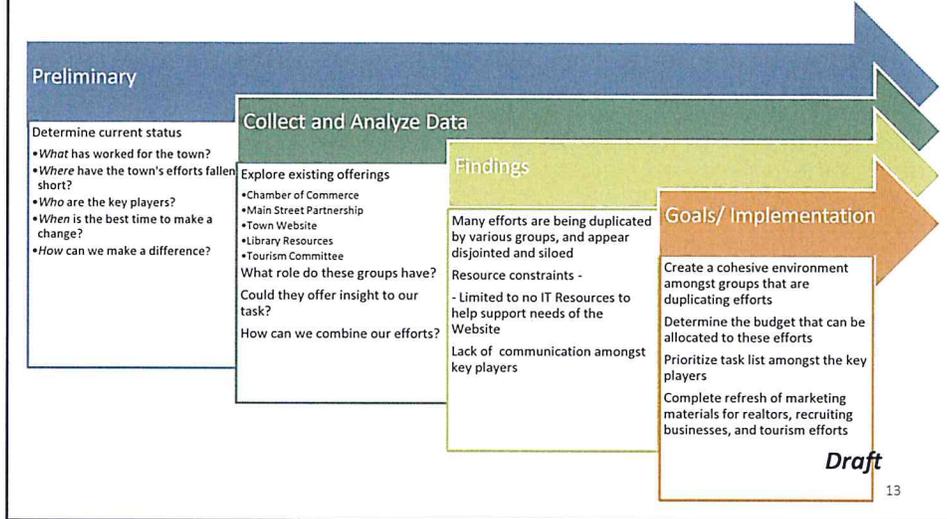
- *Community:* Simsbury has an authentic New England feel to the town that is attractive to those who walk or drive through it. Businesses in town have support for each other and the camaraderie between them generates a friendly atmosphere.
- *Resources:* Businesses have many resources available through the Town, the Chamber or Main Street Partnership that are there to assist their needs

**Draft**

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*Support Entrepreneurs* – The workstream will be a long term effort as it assists with the marketing materials refresh, updating the EDC Website, and participating in the Hospitality Task Force

- EDC Leads – Brooke Freeman, Charmaine Seavy, Bill Freeman with Sarah Nielson



Going forward, the Team will continue to implement work on existing workstreams and entertain new initiatives

- Plans for next 6 – 12 months ???
- Questions / Comments / Feedback ????

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Topic Area	BOS Idea	EDC Deliverable	Timeframe
Business Incentives	Reinvest in the infrastructure rebate program fund for partial rebate of infrastructure improvements made in public right of way	<ul style="list-style-type: none"> <li>• Work with staff to identify and review business incentive programs in Connecticut (infrastructure programs, tax abatements, tax increment financing, and others</li> <li>• Recommend to the BOS which program(s) Simsbury should invest in to use in business attraction and/or retention</li> </ul>	<12 months
Strategic Vision	Review previous EDC studies and plans that have already been completed. Determine priority items that should be advanced.	<ul style="list-style-type: none"> <li>• A prioritized list of items the EDC recommends should be pursued</li> <li>• Work with Maria to determine who should lead the implementation of each item</li> <li>• Develop a roadmap for implementation</li> </ul>	<12 months
Business Recruitment, retention, and outreach	Develop a response protocol when a business expresses a concern about doing business with the town; Develop a process for elected officials to conduct business visitations; Develop and track feedback received from businesses;	<ul style="list-style-type: none"> <li>• Develop a formalized business visitation program including who attends, frequency, what's discussed, and how findings are documented</li> <li>• Recommend a tool for the tracking of and response to business feedback (concerns, issues, etc...</li> <li>• Develop a survey that will serve as an exit interview for businesses who leave Simsbury and determine how survey responses will be aggregated and tracked</li> <li>• Develop a process that ensures our town government reaches out to and stays close to our 10-15 highest tax paying businesses</li> </ul>	12 – 24 months
Support Entrepreneurs	Attract entrepreneurs that want to live and work in the same town	<ul style="list-style-type: none"> <li>• Refine existing branding materials created with the Preserve America Grant (including EDC folder, Heritage Charm and Adventure brochures, and public school packet).</li> </ul>	12 – 24 months

**2018-2019 ECONOMIC WORKPLAN IDEAS - Sorted by Topic, then Priority**

Topic Area	IDEAS	# IMPORTANT TO	PRIORITIZATION High (5-6), Medium (3-4), Low (1-2), Not Important (0)
<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>● Reinvest in the infrastructure rebate program fund (provides for partial rebate of infrastructure improvements made in a public right of way).</li> </ul>	5	High
	<ul style="list-style-type: none"> <li>● Improve on-street parking and proximity of parking to downtown businesses.</li> </ul>	3	Medium
	<ul style="list-style-type: none"> <li>● Improve cell service reliability.</li> </ul>	3	Medium
	<ul style="list-style-type: none"> <li>● Improve wayfinding signage.</li> </ul>	2	Low
	<ul style="list-style-type: none"> <li>● Research opportunities to invest in fiber to improve broadband speeds and reliability.</li> </ul>	2	Low
<b>Business Recruitment, Retention, and Outreach</b>	<ul style="list-style-type: none"> <li>● Develop a response protocol and follow-up when a business has expressed a concern about doing business with the town.</li> </ul>	4	Medium
	<ul style="list-style-type: none"> <li>● Develop and formalize a process for elected officials to visit and welcome all new businesses.</li> </ul>	4	Medium
	<ul style="list-style-type: none"> <li>● Develop and track feedback received from businesses regarding issues, concerns, etc.</li> </ul>	4	Medium
	<ul style="list-style-type: none"> <li>● Have demographic data and information on available properties readily accessible and current.</li> </ul>	3	Medium
	<ul style="list-style-type: none"> <li>● Market our assets and leverage our proximity to the airport.</li> </ul>	3	Medium
	<ul style="list-style-type: none"> <li>● Conduct exit interviews with business that leave town.</li> </ul>	2	Low
<b>Land Use and Permitting Process</b>	<ul style="list-style-type: none"> <li>● Set maximum time limits for processing land use applications and issuing permits. Identify process improvements to reduce time needed for review and permitting processes.</li> </ul>	3	Medium
	<ul style="list-style-type: none"> <li>● Consolidate meetings of multiple land use bodies when reviewing an application.</li> </ul>	3	Medium
	<ul style="list-style-type: none"> <li>● Develop a permitting guide.</li> </ul>	2	Low
<b>Support Entrepreneurs</b>	<ul style="list-style-type: none"> <li>● Attract entrepreneurs that want to live and work in the same town; develop a marketing package to attract this group of entrepreneurs.</li> </ul>	3	Medium
	<ul style="list-style-type: none"> <li>● Create co-working spaces.</li> </ul>	2	Low
	<ul style="list-style-type: none"> <li>● Identify infrastructure improvements that the town can support to help entrepreneurs be successful.</li> </ul>	1	Low
<b>Strategic Vision</b>	<ul style="list-style-type: none"> <li>● Review previous economic development studies and plans; implement ideas and action items when feasible or appropriate.</li> </ul>	6	High
	<ul style="list-style-type: none"> <li>● Promote culture and tourism. Collaboratively work with the Culture, Parks and Recreation Commission, Tourism Committee and non-profit entities in town that support and enhance economic development.</li> </ul>	4	Medium
	<ul style="list-style-type: none"> <li>● Engage in regional economic development initiatives.</li> </ul>	3	Medium
	<ul style="list-style-type: none"> <li>● Maintain our community character.</li> </ul>	1	Low
	<ul style="list-style-type: none"> <li>● Encourage and support high school students that want to start a business in town.</li> </ul>	1	Low

**Economic Development Commission**  
**Roundtable Discussion Notes – Overview**

Wednesday, September 18, 2019 at 7:30am

Adams Dining Hall, Westminster School – 995 Hopmeadow Street

**Major themes from the discussion**

*Simsbury should strive to build upon the community feel it already exudes by making businesses feel more connected and welcoming with Town Officials.*

**Implications of Town Policies/Programs**

- *Communication:* It feels like there is a disconnect between Town Hall and business community. The smaller independent businesses feel like the town only focuses on the large businesses in town. Town staff should research what types of businesses choose to relocate to Simsbury and why. Would like to see the private schools do more outreach to the community to be more welcoming.
- *Boards and Commissions:* the two political parties need to do better jobs at vetting candidates for boards and commissions. There needs to be a balance of those who want to keep the “Simsbury charm” and those that want to help the town grow. Unaffiliated voters need more representation, they are the largest voting bloc in town and should not be under represented like they are now.
- *Signage:* Inconsistent enforcement of signage policy allows rule breakers to go unpunished and this hurts those that do follow the rules. The policy should be updated to reflect that different types of business require different signage needs.
- *Parking/Traffic:* Traffic congestion is only increasing especially during rush hour commutes or special events. This increase in traffic is causing safety concerns for people walking that have to cross busy roads like Hopmeadow. The lack of parking available for people is an extreme inconvenience and turns away some from using shops and restaurants.
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more visitors to the area. Tariffville and Weatogue need to be incorporated more, they feel forgotten about when decisions are made, too much focus on Main Street.

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### **Benefits of Town Policies/Programs**

- *Community*: Simsbury has an authentic New England feel to the town that is attractive to those who walk or drive through it. Businesses in town have support for each other and the camaraderie between them generates a friendly atmosphere.
- *Resources*: Businesses have many resources available through the Town, the Chamber or Main Street Partnership that are there to assist their needs

### **Attendees:**

- Carol Kirsch – Westminster School
- Rob Thompson – Sage Financial
- Mike Girard – Simscroft-Echo Farms
- Tom Benneche – Benneche Law Firm
- Jan Losee – The Simsbury Inn
- David Richman – Richman Business Brokers & Insurance

### Town of Simsbury

- Maria Capriola – Town Manager
- Melissa Appleby – Deputy Town Manager
- Michael Glidden – Director of Planning
- Thomas Fitzgerald – Management Specialist
- Bob Crowther – Economic Development Commission
- Tom Earl - Economic Development Commission
- Bill Freeman - Economic Development Commission
- Ron Jodice – Economic Development Commission
- Charmain Seavy – Economic Development Commission

- Lisa Gray – Executive Director, Simsbury Chamber of Commerce
- Sarah Nielson – Simsbury Mainstreet Partnership

To: Board of Finance  
From: Lisa Heavner and Rob Pomeroy  
Date: August 24, 2019  
Re: Simsbury Abatement Program

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Below, please find recommendations to improve the Town of Simsbury's business incentive program for business abatements. The memorandum is divided into four parts:

- I. Background Information on Tax Abatements and Best Practices**
- II. Specific Recommendations for Simsbury's Abatement Program**
- III. Alternatives to Tax Abatements**
- IV. References used for Best Practice Analysis**

## **I. Background Information on Tax Abatements and Best Practices**

Purpose of Taxation: The discussion about abatements starts with a look at the purpose of taxes. Taxes pay for the good and services residents need or want. Taxes generally fund those areas where it doesn't make sense for individuals or businesses to pursue or invest in because of the scope of the project or because no profit is possible/generated – e.g. Education, public safety, roads, libraries and preserving and maintaining open space and parkland.

When municipalities tax, they generally adhere to four basic principles:

1. *Fairness*: each person or business should pay their fair share
2. *Market efficiency*: the market, not government, should be picking business winners and losers
3. *Simplicity*: town should avoid discretionary layers or loopholes that increase administrative costs
4. *Integrity*: towns should avoid discretionary ad hoc abatement awards

Sometimes, however, towns elect to deviate from these principles for good reasons. An example might be to give seniors an abatement when they qualify with income/asset limits or to all public safety volunteers in recognition of their service. These are nondiscretionary abatement awards based on identified qualification limits/parameters. Most residents are supportive of these types of abatements because they are the right thing to do, they know they may one day be in a similar position or need the services.

When a town elects to give some businesses a tax advantage over other businesses in an ad hoc manner based on the discretion of elected officials, the discussion gets a little murkier and those decisions should be made with caution. Giving one business an advantage over another may violate the fairness, market efficiency, simplicity and integrity principles of taxes, so towns should engage in a rigorous multi-step process before granting the award including:

- **Risk Analysis** – *Is this business a viable and credible business?*
- **“But for” analysis:** *Is the incentive necessary to induce the business to come or invest?*
- **Cost Benefit Analysis-** *Will the benefits to the Town outweigh the costs?*
- **Metrics Analysis** – *Does the agreement contain sufficient performance requirements to ensure the town receives what was promised?*
- **Transparency** – *Has the town used a fair and open process?*

Risk Analysis: When a business requests an abatement, the first step is a risk analysis of the business requesting the abatement – *Is this a viable and credible business?* The analysis should include an evaluation of the following:

- Does this business have a credible business plan?
- Is the business proposal adequately financed?
- Does the business have reputable investors?
- Will the business be using untested technology?
- Can the business model can be successful when abatement runs out?

“But for” Analysis: If the company is viable and credible, the next question to ask is whether “but for” the abatement the company would not have come or invested in the town. Research shows that most companies ask for an abatement *after* they have made their decision or that taxes are such a comparative minor cost that property taxes are not actually determinative in the decision-making process. ***Incentives should only be used if they are actually incentivizing a business to do what it would not have otherwise done.*** When a town awards an incentive to a company that has already decided to invest or to a company where the taxes are such a small part of its costs that taxes are not determinative, the town is giving a gift and not, in fact, incentivizing at all.

Cost Benefit Analysis: If the town determines that an incentive really is necessary, the next step is to conduct a cost benefit analysis (CBA). Do the benefits of the incentive outweigh the costs? Towns should evaluate direct and indirect costs like:

- Will the business add tax revenue?
- Will the new business or investment result in increased costs to town: e.g. education, infrastructure, public safety, social services
- Will there be indirect cost increases like: congestion, pollution, environmental impact?
- Are there displacement costs to other businesses? (e.g. is the town favoring a new business over an existing business in the same sector with the abatement award)

- Are multiplier jobs created?
- How many new employees will be hired?
- What are the wages of the new employees?

**Metrics Analysis:** If the town decides it is advantageous to award an abatement, the town needs to ensure there are adequate performance measurements, metrics and evaluations to hold the business and town officials accountable for the award. Examples might include:

- Claw-back provisions if construction, hiring or wage targets are not met
- Independent verification of wage, employment, and construction value through site visits, independent audits, or payroll.
- Timeline targets for construction and hiring.

**Transparency:** Finally, an important nod to transparency. Because the granting of business abatements involves an ad hoc determination by elected officials, it is important that the process be fair and transparent to avoid/diminish accusations of favoritism. Transparency can be accomplished, for example by:

- Placing abatement information and awards on the website in one easily accessible location.
- Accounting for abatements as part of the budgeting process
- Allowing interested stakeholders time to evaluate proposals and give comment

## **II. Specific Recommendations for Simsbury's Abatement Program**

Recommendations are listed by category: measurement, accountability, transparency, language clarifications, and policy considerations.

### **Measurement Recommendations:**

- Town should provide an independent Economic and Fiscal Impact Analysis,<sup>1</sup> including cost-benefits<sup>2</sup> with multipliers, before the award of the abatement (e.g. revenue, education, public safety, infrastructure). Quality of life enhancements/costs should be evaluated as part of this process (e.g. noise, pollution, congestion, environmental impact, aesthetics). Redistribution costs should also be part of the analysis (identify stakeholders paying more due to the

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<sup>1</sup> Bartle, Joh, Hildreth, W. Bartley, Marlow, Justin, *Management Policies in Local Government and Finance – Sixth Ed.* (ICMA 2020), p. 338. Bartle references IMPLAN ([reic.uwcc.wisc.edu/implant/](http://reic.uwcc.wisc.edu/implant/)) or REMI ([remi.com/](http://remi.com/)) for large scale projects or simple spreadsheet models like those found in Harry F. Campbell and Richard P.C. Brown, *Benefit-Cost Analysis* (Cambridge University Press, 2003). Other tools include: InformAnalytics (<http://informanalytics.org>), Impact DataSource (<http://impactdatasource.com>) and The Triple Bottom Line tool (<http://tbltool.org>)

<sup>2</sup> GFOA Tax Abatement Transparency – Best Practice: <https://www.gfoa.org/tax-abatement-transparency>

- subsidy – e.g. a displaced or reduced business due to competition from the subsidized property, or seniors paying more because a business is paying less).
- Town should develop a high-quality evaluation of the tax incentive to measure the actual economic impact at the conclusion of the abatement and report its conclusions.

Accountability Recommendations:

- Require performance contracts and regular reporting by the applicant on compliance with provisions on employment and wages, construction, schedule/timing and any other performance measures. Annual reporting and verification through independent sources should be used (e.g. town site inspections, payroll, audits).<sup>3</sup> Failure to comply with performance provisions should be subject to a claw-back of the abatement at the discretion of the Board of Selectmen, with back taxes required to be paid.
- Require staff to conduct a risk assessment of the investment proposed (e.g. investor’s track record, other financial backers, whether project involves new and untested technology).
- Require staff/applicant to demonstrate that the tax abatement was *necessary* to retain/recruit the business. (“but for” analysis) Do not award a larger tax abatement than necessary.
- Add a section: “The Board of Selectmen may require the recipient of a tax abatement to report in person on its progress in bringing the full project and agreements to completion during the term of the agreement.” (Bloomfield Incentive Policy)

Transparency Recommendations:

- Dedicate a portion of the town website to tax abatement information so the public can easily find and compare awards and review documents. (abatement information in agendas and minutes is not sufficiently transparent).<sup>4</sup>
- Add a representative from the Board of Education to the Business Development Committee as the loss of revenue may adversely impact the school budget.
- Allow the representatives of the BDC time to consult publicly with their board members (BOF, EDC, and BOE) before the meeting of the BDC.
- Require the abatements be accounted for in the budget process. GFOA Best Practice<sup>5</sup>

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<sup>3</sup> Town Press releases highlighted the creation of new jobs as a benefit of the abatement for Ensign Bickford, but the Town Manager confirmed at the July 2019 Board of Finance meeting that job creation was not part of the abatement and that job creation would not be measured, reported or evaluated. Failure to meet projections would not result in a claw-back of the abatement.

<sup>4</sup> Maciag, Mike, *When it Comes to Tax Incentives, How Transparent is Your City?* Governing, 13 Mar. 2017. [www.governing.com/topics/finance/gov-economic-development-incentives-good-jobs-first.html](http://www.governing.com/topics/finance/gov-economic-development-incentives-good-jobs-first.html)

<sup>5</sup> GFOA Tax Abatement Transparency – Best Practice: <https://www.gfoa.org/tax-abatement-transparency>

- Include a sunset provision of the abatement, requiring that it be renewable by a deliberative political decision rather than by default.

Language Clarification Recommendations:

- Highlight that not all businesses that ask for an abatement will receive one.
- Highlight that abatements are only given to the increased value of the project, not existing/current taxes paid.
- Expand application- applicant should describe its products and services in detail including sales volume and revenues.
- Expand application - require businesses to disclose any government current and/or past *contracts* or subsidies in *dollar amounts* (local, state or federal) and any prior bankruptcies.
- Expand application on leased properties: If the end user of a proposed facility is a lessee, the tax benefits created by the abatement must be clearly reflected in the lease as accruing to the end user and the lease must be at least for the term of the abatement *plus four (4) years*. (Demonstrates the business intends to stay beyond the abatement period).

Policy Considerations:

- Add a limit on the number or total value of incentives.
- The Town should work with surrounding municipalities to develop Anti-Poaching Agreements/Anti-Piracy Rules to avoid a race to the bottom in competition for businesses.
- Decline abatements to businesses re-locating from a neighboring town to avoid regional economic strife.
- Add a sustainable design preference – Consideration shall be given when a new building or addition is designed to incorporate alternative energy and green technology above and beyond best management practices.
- Limit tax abatements to mobile facilities that export goods or services out of the region and/or to assist with historical preservation to avoid pitting new businesses against existing.
- Limit the total abatement amount to no more than 50% of the total new taxes during the fixed period (shared cost)
- Set a limit on the public investment (tax expenditure) for each new job.

### **III. Alternatives to Tax Abatements**

“The Ultimate purpose of local development policy is to foster a stable economy that is sustainable over the long term.”<sup>6</sup> Abatements are only one strategy towns have available to them to attract and retain economic development. While this memorandum focuses on abatements, it is important not to lose sight of the fact that there are other strategies, some of which may be more optimal. Options include:

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<sup>6</sup> Bartle, p. 325.

- ***Keeping the overall tax burden low***
- Streamlining permitting and zoning processes
- Investing in quality of life assets like schools, public safety, roads, parks and recreational areas, bicycle paths, performing arts centers. (ICMA refers to this as a creative class strategy)
- Business retention - conducting business surveys, business visitations, coordinating with the Chamber of Commerce and Main Street
- Providing online services
- Making infrastructure improvements (e.g. fiber optics, high speed internet, utility capacity)
- Offering workforce/business education and programming (e.g. Simsbury Library's Business Resource Center)
- Developing incubators
- Providing affordable housing
- Partnering with other local governments
- Tax Increment Financing (TIFs). (Not likely a good fit for Simsbury)<sup>7</sup>

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<sup>7</sup> Bartle notes that it is illogical to use TIFs for extremely healthy business districts. (Bartle, p. 323). Tax Increment Financing (TIF) involves the establishment of a TIF district “where any subsequent growth in aggregate property tax revenues, whether as a result of new construction or of rising values of existing properties, is ‘captured’ by the district and used for investments within it.” Bartle, p. 333. “But because TIF diverts tax revenues from the general fund to the TIF authority, opportunity costs may be substantial. If a TIF district captures more than a small amount of total tax base growth, the community will have to choose between reducing services or raising taxes citywide. Moreover, the relationship between TIF districts and other taxing jurisdictions such as school or other special districts, often raises equity issues, as potential revenues are diverted from these entities, as well as from the general revenue fund budget-toward what is typically a business district.” Bartle, p. 334.

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