



General Assembly

Substitute Bill No. 5106

February Session, 2000

An Act Concerning Low And Moderate Income Housing Tax Credits.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 8-395 of the general statutes, as amended by section 33 of
2 public act 99-173, is repealed and the following is substituted in lieu
3 thereof:

4 (a) As used in this section, (1) "business firm" means any business
5 entity authorized to do business in the state and subject to the
6 corporation business tax imposed under chapter 208, or any company
7 subject to a tax imposed under chapter 207, or any air carrier subject to
8 the air carriers tax imposed under chapter 209, or any railroad
9 company subject to the railroad companies tax imposed under chapter
10 210, or any regulated telecommunications service, express, telegraph,
11 cable, or community antenna television company subject to the
12 regulated telecommunications service, express, telegraph, cable, and
13 community antenna television companies tax imposed under chapter
14 211, or any utility company subject to the utility companies tax
15 imposed under chapter 212, and (2) "nonprofit corporation" means a
16 nonprofit corporation incorporated pursuant to chapter 602 or any
17 predecessor statutes thereto, having as one of its purposes the
18 construction, rehabilitation, ownership or operation of housing and
19 having articles of incorporation approved by the executive director of
20 the Connecticut Housing Finance Authority in accordance with

21 regulations adopted pursuant to section 8-79a or 8-84.

22 (b) The Commissioner of Revenue Services shall grant a credit
23 against any tax due under the provisions of chapter 207, 208, 209, 210,
24 211 or 212 in an amount equal to the amount specified by the
25 Connecticut Housing Finance Authority in any tax credit voucher
26 issued by said authority pursuant to subsection (c) of this section.

27 (c) The Connecticut Housing Finance Authority shall administer a
28 system of tax credit vouchers within the resources, requirements and
29 purposes of this section, for business firms making contributions to
30 housing programs developed, sponsored or managed by a nonprofit
31 corporation, as defined in subsection [(w) of section 8-39] (a) of this
32 section, which benefit low and moderate income persons or families
33 which have been approved prior to the date of any such contribution
34 by the authority. Such vouchers may be used as a credit against any of
35 the taxes to which such business firm is subject and which are
36 enumerated in subsection (b) of this section. For income years
37 commencing on or after January 1, 1998, to be eligible for approval a
38 housing program shall be scheduled for completion not more than
39 three years from the date of approval. Each program shall submit to
40 the authority quarterly progress reports and a final report upon
41 completion, in a manner and form prescribed by the authority. If a
42 program fails to be completed after three years, or at any time the
43 authority determines that a program is unlikely to be completed, the
44 authority may reclaim any remaining funds contributed by business
45 firms and reallocate such funds to another eligible program.

46 (d) No business firm shall receive a credit pursuant to both this
47 section and chapter 228a in relation to the same contribution.

48 (e) Nothing in this section shall be construed to prevent two or more
49 business firms from participating jointly in one or more programs
50 under the provisions of this section. Such joint programs shall be
51 submitted, and acted upon, as a single program by the business firms
52 involved.

53 [(f) The sum of all tax credit granted pursuant to the provisions of
54 this section shall not exceed seventy-five thousand dollars annually
55 per business firm and no]

56 (f) No tax credit shall be granted to any business firm for any
57 individual amount contributed of less than two hundred fifty dollars.

58 [(g) No tax credit shall be granted to any bank, bank and trust
59 company, insurance company, trust company, national bank, savings
60 association, or building and loan association or any other business
61 entity for activities that are a part of its normal course of business.]

62 [(h)] (g) Any tax credit not used in the period during which the
63 contribution was made may be carried forward or backward for the
64 five immediately succeeding or preceding income years until the full
65 credit has been allowed.

66 [(i)] (h) In no event shall the total amount of all tax credits allowed
67 to all business firms pursuant to the provisions of this section exceed
68 five million dollars in any one fiscal year.

69 [(j) No tax credit shall be granted to any business firm unless such
70 firm furnishes proof to the Commissioner of Revenue Services that the
71 amount of funds expended for contributions for the support of
72 housing programs by such business firm is not less in the year for
73 which such credit is sought than the amount expended in the year
74 immediately preceding the year for which such credit is sought.]

75 [(k)] (i) No organization conducting a housing program or programs
76 eligible for funding with respect to which tax credits may be allowed
77 under this section shall be allowed to receive an aggregate amount of
78 such funding for any such program or programs in excess of four
79 hundred thousand dollars for any fiscal year.

80 [(l)] (j) Nothing in this section shall be construed to prevent a
81 business firm from making any contribution to a housing program to
82 which tax credits may be applied which contribution may result in the

83 business firm having a limited equity interest in the program.

84 [(m)] (k) The Connecticut Housing Finance Authority, with the
85 approval of the Commissioner of Revenue Services, shall adopt written
86 procedures in accordance with section 1-121 to implement the
87 provisions of this section. Such procedures shall include provisions for
88 issuing tax credit vouchers for contributions to housing programs
89 based on a system of ranking housing programs. In establishing such
90 ranking system, the authority shall consider the following: (1) The
91 readiness of the project to be built; (2) use of the funds to build or
92 rehabilitate a specific housing project or to capitalize a revolving loan
93 fund providing low-cost loans for housing construction, repair or
94 rehabilitation to benefit persons of very low, low and moderate
95 income; (3) the extent the project will benefit families at or below
96 twenty-five per cent of the area median income and families with
97 incomes between twenty-five per cent and fifty per cent of the area
98 median income, as defined by the United States Department of
99 Housing and Urban Development; (4) evidence of the general
100 administrative capability of the nonprofit corporation to build or
101 rehabilitate housing; (5) evidence that any funds received by the
102 nonprofit corporation for which a voucher was issued were used to
103 accomplish the goals set forth in the application; and (6) with respect
104 to any income year commencing on or after January 1, 1998: [(6)] use]
105 (A) Use of the funds to provide housing opportunities in urban areas
106 and the impact of such funds on neighborhood revitalization; and [(7)]
107 (B) the extent to which tax credit funds are leveraged by other funds.

108 [(n)] (l) Vouchers issued or reserved by the Department of Housing
109 under the provisions of this section prior to July 1, 1995, shall be valid
110 on and after July 1, 1995, to the same extent as they would be valid
111 under the provisions of this section in effect on June 30, 1995.

112 [(o)] On or before October 1, 1995, the authority shall adopt written
113 procedures, in accordance with section 1-121, to implement the
114 provisions of this section.]

115 [(p)] (m) The credit which is sought by the business firm shall first
116 be claimed on the tax return for such business firm's income year
117 during which the contribution to which the tax credit voucher relates
118 was paid.

HSG Committee Vote: Yea 11 Nay 0 JFS C/R PD