



AN ACT CONCERNING INCENTIVES FOR THE RESTORATION OF HISTORIC BUILDINGS.

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

1 Section 10-320j of the general statutes is repealed and the following
2 is substituted in lieu thereof:

3 (a) As used in this section, the following terms shall have the
4 following meanings unless the context clearly indicates another
5 meaning:

6 (1) "Commission" means the Connecticut Historical Commission
7 established under section 10-320b;

8 (2) "Historic home" means a building that: (A) Will contain one-to-
9 four dwelling units of which at least one unit will be occupied as the
10 principal residence of the owner for not less than five years following
11 the completion of rehabilitation work, (B) is located in a targeted area,
12 and (C) is (i) listed individually on the National or State Register of
13 Historic Places, or (ii) located in a district listed on the National or
14 State Register of Historic Places, and has been certified by the
15 commission as contributing to the historic character of such district;

16 (3) "Nonprofit corporation" means a nonprofit corporation
17 incorporated pursuant to chapter 602 or any predecessor statutes
18 thereto, having as one of its purposes the construction, rehabilitation,

19 ownership or operation of housing and having articles of incorporation
20 approved by the Commissioner of Economic and Community
21 Development in accordance with regulations adopted pursuant to
22 section 8-79a or 8-84;

23 (4) "Owner" means any taxpayer filing a state of Connecticut tax
24 return who possesses title to an historic home, or prospective title to an
25 historic home in the form of a purchase agreement or option to
26 purchase, or a nonprofit corporation that possesses such title or
27 prospective title;

28 (5) "Targeted area" means: (A) A federally designated "qualified
29 census tract" in which seventy per cent or more of the families have a
30 median income of eighty per cent or less of the state-wide median
31 family income, (B) a state designated and federally approved area of
32 chronic economic distress, or (C) an urban and regional center as
33 identified in the Connecticut Conservation and Development Policies
34 Plan;

35 (6) "Qualified rehabilitation expenditures" means any costs incurred
36 for the physical construction involved in the rehabilitation of an
37 historic home, but excludes: (A) The owner's personal labor, (B) the
38 cost of site improvements, unless to provide building access to persons
39 with disabilities, (C) the cost of a new addition, except as may be
40 required to comply with any provision of the State Building Code or
41 the State Fire Safety Code, (D) any cost associated with the
42 rehabilitation of an outbuilding, unless such building contributes to
43 the historical significance of the historic home, and (E) any
44 nonconstruction cost such as architectural fees, legal fees and financing
45 fees;

46 (7) "Rehabilitation plan" means any construction plans and
47 specifications for the proposed rehabilitation of an historic home in
48 sufficient detail to enable the commission to evaluate compliance with
49 the standards developed under the provisions of subsections (b) to (d),
50 inclusive, of this section; and

51 (8) "Occupancy period" means a period of five years during which
52 one or more owners occupy an historic home as their primary
53 residence. The occupancy period begins on the date the tax credit
54 voucher is issued by the commission.

55 (b) The commission shall administer a system of tax credit vouchers
56 within the resources, requirements and purposes of this section for
57 owners rehabilitating historic homes or taxpayers making
58 contributions to qualified rehabilitation expenditures. For tax years
59 commencing on or after January 1, 2000, any owner shall be eligible for
60 a tax credit voucher in an amount equal to thirty per cent of the
61 qualified rehabilitation expenditures.

62 (c) The commission shall develop standards for the approval of
63 rehabilitation of historic homes for which a tax credit voucher is
64 sought. Such standards shall take into account whether the
65 rehabilitation of an historic home will preserve the historic character of
66 the building.

67 (d) The commission shall, in consultation with the Commissioner of
68 Revenue Services, adopt regulations in accordance with chapter 54 to
69 carry out the purposes of this section. The regulations may include
70 separate provisions for tax credit vouchers under subsection (m) of this
71 section.

72 (e) Prior to beginning any rehabilitation work on an historic home,
73 the owner shall submit a rehabilitation plan to the commission for a
74 determination of whether such rehabilitation work meets the
75 standards developed under the provisions of subsections (b) to (d),
76 inclusive, of this section and shall also submit to the commission an
77 estimate of the qualified rehabilitation expenditures.

78 (f) If the commission certifies that the rehabilitation plan conforms
79 to the standards developed under the provisions of subsections (b) to
80 (d), inclusive, of this section, the commission shall reserve for the
81 benefit of the owner an allocation for a tax credit equivalent to thirty
82 per cent of the projected qualified rehabilitation expenditures.

83 (g) Following the completion of rehabilitation of an historic home,
84 the owner shall notify the commission that such rehabilitation has been
85 completed. The owner shall provide the commission with
86 documentation of work performed on the historic home and shall
87 certify the cost incurred in rehabilitating the home. The commission
88 shall review such rehabilitation and verify its compliance with the
89 rehabilitation plan. Following such verification, the commission shall
90 issue a tax credit voucher to either the owner rehabilitating the historic
91 home or to the taxpayer named by the owner as contributing to the
92 rehabilitation. The tax credit voucher shall be in an amount equivalent
93 to the lesser of the tax credit reserved upon certification of the
94 rehabilitation plan under the provisions of subsection (f) of this section
95 or thirty per cent of the actual qualified rehabilitation expenditures. In
96 order to obtain a credit against any state tax due that is specified in
97 subsections (j) to [(m)] (n), inclusive, of this section, the holder of the
98 tax credit voucher shall file the voucher with the holder's state tax
99 return.

100 (h) Before the commission issues a tax credit voucher, the owner
101 shall deliver a signed statement to the commission which provides
102 that: (1) The owner shall occupy the historic home as the owner's
103 primary residence during the occupancy period, or (2) the owner shall
104 convey the historic home to a new owner who will occupy it as the
105 new owner's primary residence during the occupancy period, or (3) an
106 encumbrance shall be recorded, in favor of the local, state or federal
107 government or other funding source, that will require the owner or the
108 owner's successors to occupy the historic home as the primary
109 residence of the owner or the owner's successors for a period equal to
110 or longer than the occupancy period. A copy of any such encumbrance
111 shall be attached to the signed statement.

112 (i) The owner of an historic home shall not be eligible for a tax credit
113 voucher under subsections (b) to (d), inclusive, of this section, unless
114 the owner incurs qualified rehabilitation expenditures exceeding
115 twenty-five thousand dollars.

116 (j) The Commissioner of Revenue Services shall grant a tax credit to
117 a taxpayer holding the tax credit voucher issued under subsections (e)
118 to (i), inclusive, of this section against any tax due under chapter 207,
119 208, 209, 210, 211 or 212 in the amount specified in the tax credit
120 voucher. Such taxpayer shall submit the voucher and the
121 corresponding tax return to the Department of Revenue Services.

122 (k) In no event shall a credit allowed under this section exceed thirty
123 thousand dollars per dwelling unit for an historic home.

124 (l) The tax credit issued under subsection (j) of this section shall be
125 taken by the holder of the tax credit voucher in the same tax year in
126 which the voucher is issued. Any unused portion of such credit may be
127 carried forward to any or all of the four taxable years following the
128 year in which the tax credit voucher is issued.

129 (m) (1) As used in this subsection:

130 (A) "Building" means an historic structure certified pursuant to 26
131 USC 47(c)(3) on or after July 1, 2001;

132 (B) "Preliminary certification" means approval by the National Park
133 Service of an application for historic preservation of a building filed on
134 NPS form 10-168a in accordance with 36 CFR 67.6;

135 (C) "Certified rehabilitation" means (i) approval by the National
136 Park Service of an application for historic preservation filed on form
137 10-168c in accordance with 36 CFR 67.6, or (ii) rehabilitation, as
138 defined in 26 USC 47;

139 (D) "Qualified rehabilitated building" means a building, as defined
140 in 26 USC (c)(1); and

141 (E) "Qualified expenditures" means qualified expenditures, as
142 defined in 26 USC 47 (c)(2).

143 (2) There shall be allowed under this section for the owner of a
144 qualified rehabilitated building a tax credit of not more than ten per

145 cent of the qualified expenditures that are eligible for the credit under
146 Section 47(a)(2) of the Internal Revenue Code of 1986, or any
147 subsequent corresponding internal revenue code of the United States,
148 as from time to time amended, if the taxpayer is eligible for the credit
149 under said Section 47(a)(2).

150 (3) The owner of a building shall submit to the commissioner
151 documentation of federal approval for preliminary certification and
152 certified rehabilitation.

153 (4) A building that is a qualified rehabilitated building and has
154 received a certified rehabilitation approval shall not be eligible for the
155 tax credit provided in subsection (j) of this section. The holder of a tax
156 credit voucher issued under this subsection may assign such tax credit
157 voucher to taxpayer filing a return under chapter 207, 208, 209, 210, 211
158 or 212.

159 [(m)] (n) The aggregate amount of all tax credits which may be
160 reserved by the commission upon certification of rehabilitation plans
161 under subsections (b) to (d), inclusive, of this section shall not exceed
162 [three] five million dollars in any one fiscal year. At least two million
163 dollars of such amount shall be reserved for tax credits under
164 subsection (m) of this section.

Statement of Legislative Commissioners:

In subparagraph (D) of subdivision (1) of subsection (m), "26 USC (c)(1)" replaced "26 USC (c)(2)" for accuracy of reference.

CE

JOINT FAVORABLE SUBST. C/R

FIN