



General Assembly

January Session, 2001

Bill No. 6695

LCO No. 3630

Referred to Committee on Finance, Revenue and Bonding

Introduced by:

REP. WARD, 86th Dist.

SEN. DELUCA, 32nd Dist.

***AN ACT INCREASING THE AMOUNTS ALLOWED UNDER THE
EMPLOYER-ASSISTED HOUSING AND HIRING INCENTIVE
CORPORATION BUSINESS TAX CREDITS.***

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

1 Section 1. Section 8-395 of the general statutes is repealed and the
2 following is substituted in lieu thereof:

3 (a) As used in this section, (1) "business firm" means any business
4 entity authorized to do business in the state and subject to the
5 corporation business tax imposed under chapter 208, or any company
6 subject to a tax imposed under chapter 207, or any air carrier subject to
7 the air carriers tax imposed under chapter 209, or any railroad
8 company subject to the railroad companies tax imposed under chapter
9 210, or any regulated telecommunications service, express, telegraph,
10 cable, or community antenna television company subject to the
11 regulated telecommunications service, express, telegraph, cable, and
12 community antenna television companies tax imposed under chapter
13 211, or any utility company subject to the utility companies tax

14 imposed under chapter 212, and (2) "nonprofit corporation" means a
15 nonprofit corporation incorporated pursuant to chapter 602 or any
16 predecessor statutes thereto, having as one of its purposes the
17 construction, rehabilitation, ownership or operation of housing and
18 having articles of incorporation approved by the executive director of
19 the Connecticut Housing Finance Authority in accordance with
20 regulations adopted pursuant to section 8-79a or 8-84.

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

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

45 (d) No business firm shall receive a credit pursuant to both this

46 section and chapter 228a in relation to the same cash contribution.

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

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

54 (g) Any tax credit not used in the period during which the cash
55 contribution was made may be carried forward or backward for the
56 five immediately succeeding or preceding income years until the full
57 credit has been allowed.

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

61 (i) No organization conducting a housing program or programs
62 eligible for funding with respect to which tax credits may be allowed
63 under this section shall be allowed to receive an aggregate amount of
64 such funding for any such program or programs in excess of four
65 hundred thousand dollars for any fiscal year.

66 (j) Nothing in this section shall be construed to prevent a business
67 firm from making any cash contribution to a housing program to
68 which tax credits may be applied which cash contribution may result
69 in the business firm having a limited equity interest in the program.

70 (k) The Connecticut Housing Finance Authority, with the approval
71 of the Commissioner of Revenue Services, shall adopt written
72 procedures in accordance with section 1-121 to implement the
73 provisions of this section. Such procedures shall include provisions for
74 issuing tax credit vouchers for cash contributions to housing programs
75 based on a system of ranking housing programs. In establishing such

76 ranking system, the authority shall consider the following: (1) The
77 readiness of the project to be built; (2) use of the funds to build or
78 rehabilitate a specific housing project or to capitalize a revolving loan
79 fund providing low-cost loans for housing construction, repair or
80 rehabilitation to benefit persons of very low, low and moderate
81 income; (3) the extent the project will benefit families at or below
82 twenty-five per cent of the area median income and families with
83 incomes between twenty-five per cent and fifty per cent of the area
84 median income, as defined by the United States Department of
85 Housing and Urban Development; (4) evidence of the general
86 administrative capability of the nonprofit corporation to build or
87 rehabilitate housing; (5) evidence that any funds received by the
88 nonprofit corporation for which a voucher was issued were used to
89 accomplish the goals set forth in the application; and (6) with respect
90 to any income year commencing on or after January 1, 1998: (A) Use of
91 the funds to provide housing opportunities in urban areas and the
92 impact of such funds on neighborhood revitalization; and (B) the
93 extent to which tax credit funds are leveraged by other funds.

94 (l) Vouchers issued or reserved by the Department of Housing
95 under the provisions of this section prior to July 1, 1995, shall be valid
96 on and after July 1, 1995, to the same extent as they would be valid
97 under the provisions of this section in effect on June 30, 1995.

98 (m) The credit which is sought by the business firm shall first be
99 claimed on the tax return for such business firm's income year during
100 which the cash contribution to which the tax credit voucher relates was
101 paid.

102 Sec. 2. Section 12-217y of the general statutes is repealed and the
103 following is substituted in lieu thereof:

104 (a) As used in this section:

105 (1) "Business firm" means any business entity authorized to do
106 business in this state and subject to the corporation business tax

107 imposed under this chapter;

108 (2) "Qualifying employee" means during fiscal year 2000 or with
109 respect to the business firm's income year commencing in 2000 or
110 thereafter, any employee who is employed not less than thirty hours
111 per week by the same business firm and who, at the time of being
112 hired by such business firm, is and has been receiving benefits from
113 the temporary family assistance program for more than nine months
114 and meets other requirements that the Labor Commissioner may
115 establish in regulations adopted in accordance with chapter 54. For
116 purposes of this subdivision, the number of hours per week an
117 employee participates in a job training program approved by the Labor
118 Commissioner shall be included in calculating the number of hours
119 such employee is employed.

120 (b) Any business firm which desires to hire a qualifying employee in
121 any income year commencing on or after January 1, 1997, may apply to
122 the Labor Commissioner for an allocation of a tax credit in an amount
123 equal to one hundred twenty-five dollars for each full month that such
124 employee is employed by such firm. In addition, in any income year
125 commencing on or after January 1, 2001, any business firm which
126 employs a qualifying employee, may apply to the Labor Commissioner
127 for an allocation of a tax credit in an amount equal to forty dollars for
128 each full month that such employee participates in a job training
129 program approved by the Labor Commissioner is employed by such
130 firm. The application for a tax credit under this subsection shall set
131 forth information that said commissioner deems necessary in
132 regulations adopted in accordance with chapter 54.

133 (c) Applications shall be submitted annually, before such
134 expenditures are made, to the Labor Commissioner on or after July
135 first but not later than December thirty-first. The commissioner shall
136 approve or disapprove each application within sixty days of its
137 submission to the commissioner based on (1) the compliance of such
138 application with the provisions of this section, (2) regulations adopted

139 pursuant to this section, and (3) the amount of tax credits remaining in
140 the annual allotment provided in this section for the year involved.
141 The commissioner shall approve applications in the order in which
142 they are received in the commissioner's office between July first and
143 December thirty-first of each year. If the commissioner approves the
144 application of the business firm and if the limit for tax credit for that
145 year has not yet been allocated, the commissioner shall allocate and
146 commit an amount of tax credits to such business firm. Any business
147 firm receiving such an allocation shall, within thirty days of the end of
148 its income year, submit a report on the number of full months that
149 qualifying employees were employed by such firm during such year.

150 (d) The credit shall be claimed on the tax return for the income year
151 during which qualifying employees were employed for full months by
152 the business firm. Any tax credit not used in the period during which
153 the expenditure was made may be carried forward for the five
154 immediately succeeding income years until the full credit has been
155 allowed.

156 (e) In no event shall the total amount of all tax credits allowed to all
157 business firms pursuant to the provisions of this section exceed [one]
158 two million dollars in any one fiscal year provided five hundred
159 thousand dollars of such amount shall be allocated to the job training
160 portion of such credit.

161 (f) No credit under subsection (c) of this section shall be allowed,
162 with respect to wages paid to any qualifying employee, to any
163 business firm that has previously been granted a tax credit under this
164 section with respect to wages paid to the same employee.

165 Sec. 3. This act shall take effect July 1, 2001, and shall be applicable
166 to income years commencing on or after January 1, 2001.

Statement of Purpose:

To implement the Governor's budget recommendations.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]