



General Assembly

**Substitute Bill No. 6745**

*January Session, 2001*

**AN ACT CONCERNING AN EXPANSION OF THE LOW AND MODERATE INCOME HOUSING TAX CREDIT PROGRAM.**

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

1 Section 8-395 of the general statutes is repealed and the following is  
2 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 208a, or any air carrier  
7 subject to the air carriers tax imposed under chapter 209, or any  
8 railroad company subject to the railroad companies tax imposed under  
9 chapter 210, or any regulated telecommunications service, express,  
10 telegraph, cable, or community antenna television company subject to  
11 the regulated telecommunications service, express, telegraph, cable,  
12 and community antenna television companies tax imposed under  
13 chapter 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, 208a, 209,  
23 210, 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] seven immediately succeeding or preceding income years until  
57 the full 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 ten million dollars in any one fiscal year.

61 (i) (1) No individual housing program eligible for funding with  
62 respect to which tax credits may be allowed under this section shall  
63 receive an aggregate amount of such funding in excess of five hundred  
64 thousand dollars for any fiscal year. No organization conducting a  
65 housing program or programs eligible for funding with respect to  
66 which tax credits may be allowed under this section shall be allowed to  
67 receive an aggregate amount of such funding for any such program or  
68 programs in excess of [four hundred thousand] one million dollars for  
69 any fiscal year.

70 (2) Notwithstanding the provisions of subdivision (1) of this  
71 subsection, if the same members, directors or officers form more than  
72 one nonprofit corporation to conduct housing programs eligible for  
73 funding with respect to which tax credits may be allowed under this  
74 section, then the aggregate amount of funding for housing programs  
75 run by all such nonprofit corporations shall be no more than one  
76 million dollars for any fiscal year.

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

81 (k) The Connecticut Housing Finance Authority, with the approval  
82 of the Commissioner of Revenue Services, shall adopt written  
83 procedures in accordance with section 1-121 to implement the

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

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

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

**HSG**

**JOINT FAVORABLE SUBST. C/R**

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