



General Assembly

February Session, 2002

Raised Bill No. 98

LCO No. 218

Referred to Committee on Select Committee on Housing

Introduced by:
(HSG)

**AN ACT INCREASING FUNDING FOR THE STATE HOUSING TAX
CREDIT CONTRIBUTION PROGRAM.**

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

1 Section 1. Section 8-395 of the general statutes, as amended by
2 section 6 of public act 01-8 of the June special session, is repealed and
3 the following is substituted in lieu thereof (*Effective July 1, 2002*):

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 cash contributions
30 to housing programs developed, sponsored or managed by a nonprofit
31 corporation, as defined in subsection (a) of this section, which benefit
32 low and moderate income persons or families which have been
33 approved prior to the date of any such cash contribution by the
34 authority. Such vouchers may be used as a credit against any of the
35 taxes to which such business firm is subject and which are enumerated
36 in subsection (b) of this section. For income years commencing on or
37 after January 1, 1998, to be eligible for approval a housing program
38 shall be scheduled for completion not more than three years from the
39 date of approval. Each program shall submit to the authority quarterly
40 progress reports and a final report upon completion, in a manner and
41 form prescribed by the authority. If a program fails to be completed
42 after three years, or at any time the authority determines that a
43 program is unlikely to be completed, the authority may reclaim any
44 remaining funds contributed by business firms and reallocate such
45 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 cash 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) No tax credit shall be granted to any business firm for any
54 individual amount contributed of less than two hundred fifty dollars.

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

59 (h) In no event shall the total amount of all tax credits allowed to all
60 business firms pursuant to the provisions of this section exceed [five]
61 eight million dollars in any one fiscal year, provided, until November
62 first of each year, one million dollars of the total amount of all tax
63 credits under this section shall be set aside for the Supportive Housing
64 Pilots Initiative established pursuant to section 17a-485c. On or after
65 November first of each year, any unused portion of such tax credits
66 shall become available for any housing program eligible for tax credits
67 pursuant to this section.

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

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

77 (k) The Connecticut Housing Finance Authority, with the approval
78 of the Commissioner of Revenue Services, shall adopt written

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

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

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

This act shall take effect as follows:	
Section 1	July 1, 2002

Statement of Purpose:

To increase the total amount of tax credits allowed to all business firms under the State Housing Tax Credit Contribution Program, from five million dollars to eight million dollars.

[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.]