



General Assembly

**Substitute Bill No. 98**

February Session, 2002

**AN ACT INCREASING FUNDING FOR THE STATE HOUSING TAX CREDIT CONTRIBUTION PROGRAM, EXPANDING ELIGIBILITY FOR EMPLOYER-ASSISTED HOUSING LOANS AND REQUIRING FINANCING TO BE PROVIDED FOR THE PURCHASE OF COOPERATIVE HOUSING.**

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2 section 6 of public act 01-8 of the June special session, is repealed and  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 5 of [this act] public act  
65 01-8 of the June special session. On or after November first of each  
66 year, any unused portion of such tax credits shall become available for  
67 any housing program eligible for tax credits 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.

109 Sec. 2. Section 12-217p of the general statutes is repealed and the  
110 following is substituted in lieu thereof (*Effective July 1, 2002*):

111 (a) As used in this section, "business firm" means any business  
112 entity authorized to do business in this state and subject to the  
113 corporation business tax imposed under this chapter, or any company

114 subject to a tax imposed under chapter 207, any air carrier subject to  
115 the air carriers tax imposed under chapter 209, or any railroad  
116 company subject to the railroad companies tax imposed under chapter  
117 210, or any regulated telecommunications service, express, telegraph,  
118 cable or community antenna television company subject to the  
119 regulated telecommunications service, express, telegraph, cable and  
120 community antenna television companies tax imposed under chapter  
121 211, or any utility company subject to the utility companies tax  
122 imposed under chapter 212.

123 (b) There shall be allowed as a credit against the tax imposed by this  
124 chapter or chapter 207, 209, 210, 211 or 212 in any income year an  
125 amount equal to the amount paid during such income year by a  
126 business firm into a revolving loan fund established to provide loans  
127 for housing located in the state for low and moderate income  
128 employees of the business firm or any subsidiary thereof. Employees  
129 of municipalities, nonprofit corporations and small businesses may  
130 also access such loan fund. Loans from any such fund shall be spent in  
131 this state and used for (1) the cost of housing that is to be a principal  
132 residence and falls within one hundred fifty per cent of the price  
133 guidelines established for programs administered by the Connecticut  
134 Housing Finance Authority, including costs for down payments,  
135 mortgage interest rate buy-downs, closing costs and other costs  
136 determined to be eligible under written procedures adopted by the  
137 Connecticut Housing Finance Authority under subsection (c) of this  
138 section and (2) payments for security deposits and advance payments  
139 for rental housing.

140 (c) The Connecticut Housing Finance Authority shall adopt written  
141 procedures in accordance with the provisions of section 1-121 for  
142 establishment and operation of employer revolving loan funds eligible  
143 for the credit provided in this section. Such procedures shall (1)  
144 include provisions for employee eligibility, [and shall] (2) specify  
145 expenses for which loans may be made, [and] (3) establish a  
146 mechanism for administering distribution of loans to employees of  
147 municipalities, nonprofit corporations and small businesses, and for

148 allocating the credits corresponding to such loans, and (4) provide the  
149 documentation and procedures necessary for a business firm to qualify  
150 for the tax credit.

151 (d) Any business firm claiming the credit allowed by this section  
152 shall submit documentation to the Commissioner of Revenue Services  
153 that the revolving loan fund complies with written procedures for  
154 revolving loan funds established by the Connecticut Housing Finance  
155 Authority under subsection (c) of this section.

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

161 (f) Any business firm which desires to apply for the credit allowed  
162 by this section shall submit the documentation required under  
163 subsection (d) of this section to the authority on or before November  
164 first of each year. The authority shall randomly select from among all  
165 qualified business firms, those firms allowed said credit. The credit  
166 shall be claimed on the tax return for the income year during which the  
167 selected business firm made payment into the revolving loan fund. The  
168 sum of all tax credit granted pursuant to the provisions of this section  
169 shall not exceed one hundred thousand dollars annually per business  
170 firm. In no event shall the total amount of all tax credits allowed to all  
171 business firms pursuant to the provisions of this section exceed one  
172 million dollars in any one fiscal year.

173 (g) No tax credit shall be granted to any bank, bank and trust  
174 company, insurance company, trust company, national bank, savings  
175 association, or building and loan association or any other business  
176 entity for activities that are a part of its normal course of business.

177 (h) Any tax credit not used in the period during which the  
178 investment was made may be carried forward or backward for the five  
179 immediately succeeding or preceding income years until the full credit

180 has been allowed. For income years commencing on or after January 1,  
181 1998, if the Connecticut Housing Finance Authority determines that  
182 sixty per cent or more of a revolving loan fund has not been loaned as  
183 provided in this section by a business firm on or before the date that is  
184 three years after the date that a revolving loan fund is established  
185 pursuant to this section by such business firm, the authority shall  
186 notify such firm and the commissioner that the authority has  
187 determined that sixty per cent or more of the fund has not been loaned  
188 as provided in this section, and such firm shall be required to  
189 recapture the credits previously granted under this section, to the  
190 extent provided for in written procedures of the authority adopted  
191 under section 1-121, on the first tax return required to be filed on or  
192 after the date of such notice for a tax imposed by this chapter or  
193 chapter 207, 209, 210, 210a or 212. If any amount of such recaptured  
194 credit has not been paid to the commissioner on or before the due date  
195 of such return, such amount shall bear interest at the rate of one per  
196 cent per month or fraction thereof from such due date to the date of  
197 payment.

198 Sec. 3. (NEW) (*Effective July 1, 2002*) The Connecticut Housing  
199 Finance Authority shall provide financing for the purchase of  
200 individual shares of or memberships in cooperative housing.

This act shall take effect as follows:	
Section 1	<i>July 1, 2002</i>
Sec. 2	<i>July 1, 2002</i>
Sec. 3	<i>July 1, 2002</i>

**HSG**

*Joint Favorable Subst. C/R*

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