



# House of Representatives

General Assembly

**File No. 343**

*January Session, 2003*

House Bill No. 6466

*House of Representatives, April 14, 2003*

The Committee on Planning and Development reported through REP. WALLACE of the 109th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

***AN ACT EXPANDING THE HOUSING TAX CONTRIBUTION PROGRAM AND THE HISTORIC HOME REHABILITATION TAX CREDIT PROGRAM.***

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

1 Section 1. Subsection (a) of section 8-395 of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective July*  
3 *1, 2003*):

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 entity  
7 subject to a tax imposed by chapter 213a, or any company subject to a  
8 tax imposed under chapter 207, or any air carrier subject to the air  
9 carriers tax imposed under chapter 209, or any railroad company  
10 subject to the railroad companies tax imposed under chapter 210, or  
11 any regulated telecommunications service, express, telegraph, cable, or  
12 community antenna television company subject to the regulated

13 telecommunications service, express, telegraph, cable, and community  
 14 antenna television companies tax imposed under chapter 211, or any  
 15 utility company subject to the utility companies tax imposed under  
 16 chapter 212, and (2) "nonprofit corporation" means a nonprofit  
 17 corporation incorporated pursuant to chapter 602 or any predecessor  
 18 statutes thereto, having as one of its purposes the construction,  
 19 rehabilitation, ownership or operation of housing and having articles  
 20 of incorporation approved by the executive director of the Connecticut  
 21 Housing Finance Authority in accordance with regulations adopted  
 22 pursuant to section 8-79a or 8-84.

23 Sec. 2. Subsection (j) of section 10-320j of the general statutes is  
 24 repealed and the following is substituted in lieu thereof (*Effective July*  
 25 *1, 2003*):

26 (j) The Commissioner of Revenue Services shall grant a tax credit to  
 27 a taxpayer holding the tax credit voucher issued under subsections (e)  
 28 to (i), inclusive, of this section against any tax due under chapter 207,  
 29 208, 209, 210, 211, [or] 212 or 229 in the amount specified in the tax  
 30 credit voucher. Such taxpayer shall submit the voucher and the  
 31 corresponding tax return to the Department of Revenue Services.

This act shall take effect as follows:	
Section 1	July 1, 2003
Sec. 2	July 1, 2003

**HSG**      *Joint Favorable C/R*      PD

**PD**      *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Revenue Serv., Dept.	GF - Revenue Loss	Up to 4 million	Up to 4 million
Revenue Serv., Dept.	GF - Cost	75,000	50,000

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill could result in a revenue loss of up to \$3 million per as a result of: 1) authorizing the use of historic home rehabilitation tax credits against the personal income tax and 2) expanding the use of housing tax contribution tax credits against the business entity tax (tax on Limited Liability Companies, Limited Liability Partnerships, limited partnerships, and S-Corporations).

The bill is also anticipated to result in costs to the Department of Revenue Services of \$75,000 in FY 04 and \$50,000 in FY 05 for administrative, programming, and tax form design changes.

**Housing contribution Tax Credit Program**

Currently, corporations claim about \$3 million of the \$5 million in credits that are available through the Connecticut Housing Finance Authority for the housing contribution program. Therefore, expanding the use of credits to businesses that are subject to the business entity tax could increase the utilization of program and result in a revenue loss of up to \$2 million per year. There are approximately 100,000 businesses that are subject to the business entity tax.

**Historic Home Tax Credit Program**

Currently, the Historical Commission grants about \$1 million of the \$3 million available in tax credits per year to rehabilitation historic homes. Therefore, authorizing the use of credit against the personal income tax could increase the utilization of tax credits and result in a revenue loss of up to \$2 million per year.

The Department of Revenue Services is anticipated to incur costs of \$75,000 in FY 04 and \$50,000 in FY 05 and each year thereafter associated with administering and auditing the expansion of historic home and housing contribution tax programs. The FY 04 figure includes non-reoccurring costs of \$25,000 for one-time programming costs and tax form design changes.

**OLR Bill Analysis**

HB 6466

***AN ACT EXPANDING THE HOUSING TAX CONTRIBUTION PROGRAM AND THE HISTORIC HOME REHABILITATION TAX CREDIT PROGRAM*****SUMMARY:**

This bill expands the historic home rehabilitation tax credit program by authorizing income tax credits for rehabilitating historic homes. Current law authorizes business tax credits for this purpose. Under current law, the Connecticut Historical Commission provides tax credit vouchers to people or nonprofit organizations rehabilitating historic homes. They give the vouchers to business contributors, who must then attach them to their tax returns.

Under the bill, individuals qualify for income tax credits for the amount they spend on or contribute to rehabilitating a historic home. They must access these credits the same way they and nonprofit organizations access the corporate tax credits on behalf of business contributors. Current law authorizes up to \$3 million per year in corporate business tax credits. Under the bill, this is the amount that would be available for both credits.

The bill also expands the types of businesses that qualify for tax credits under the Rental Housing Assistance Trust Fund Program (popularly known as the housing tax contribution program) to include limited liability companies, limited liability partnerships, limited partnerships, and corporations. But the bill does not make a conforming change that authorizes the revenue services commissioner to grant the credits.

The Connecticut Housing Finance Authority (CHFA) allocates the tax credits to businesses that contribute funds to nonprofit housing organizations developing low- and moderate-income housing. CHFA can annually award up to \$5 million in credits. The businesses currently eligible for tax credits are insurance companies, hospitals, medical services corporations, air carriers, railroad companies, cable and community antenna companies, utility companies, and any other business paying corporate business taxes.

EFFECTIVE DATE: July 1, 2003

**COMMITTEE ACTION**

Housing Committee

Joint Favorable Change of Reference  
Yea 13 Nay 0

Planning and Development Committee

Joint Favorable Report  
Yea 16 Nay 0