



General Assembly

**Substitute Bill No. 1089**

January Session, 2005

\* SB01089HSGPD\_031405 \*

**AN ACT CONCERNING COMMUNITY REVITALIZATION AND THE  
ADAPTIVE REUSE OF CERTIFIED HISTORIC STRUCTURES.**

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

1 Section 1. (NEW) (*Effective July 1, 2005, and applicable to tax years*  
2 *beginning January 1, 2005*): (a) As used in this section, the following  
3 terms shall have the following meanings unless the context clearly  
4 indicates another meaning:

5 (1) "Commission" means the Connecticut Commission on Culture  
6 and Tourism established under section 10-392 of the general statutes;

7 (2) "Certified historic structure" means an historic property that: (A)  
8 Is listed individually on the National or State Register of Historic  
9 Places, or (B) is located in a district listed on the National or State  
10 Register of Historic Places, and has been certified by the commission as  
11 being of historic significance to the district contributing to the historic  
12 character of such district;

13 (3) "Certified rehabilitation" means any rehabilitation of a certified  
14 historic structure for residential use consistent with the historic  
15 character of such property or the district in which the property is  
16 located as determined by regulations adopted by the commission;

17 (4) "Owner" means any person, firm, limited liability company,

18 nonprofit or for-profit corporation or other business entity which  
19 possesses title to an historic structure and undertakes the rehabilitation  
20 of such structure;

21 (5) "Placed in service" means that substantial rehabilitation work has  
22 been completed which would allow for issuance of a certificate of  
23 occupancy for the entire building or for individual residential units  
24 that are an identifiable portion of the building;

25 (6) "Qualified rehabilitation expenditures" means any costs incurred  
26 for the physical construction involved in the rehabilitation of a  
27 certified historic structure for residential use, excluding: (A) The  
28 owner's personal labor, (B) the cost of a new addition, except as  
29 required to comply with any provision of the State Building Code or  
30 the State Fire Safety Code and (C) any nonconstruction cost such as  
31 architectural fees, legal fees and financing fees;

32 (7) "Rehabilitation plan" means any construction plans and  
33 specifications for the proposed rehabilitation of a certified historic  
34 structure in sufficient detail for evaluation by compliance with the  
35 standards developed under the provisions of subsections (b) to (d),  
36 inclusive, of this section; and

37 (8) "Substantial rehabilitation" or "substantially rehabilitate" means  
38 the qualified rehabilitation expenditures of a certified historic structure  
39 that exceed twenty-five per cent of the assessed value of such  
40 structure.

41 (b) (1) The commission shall administer a system of tax credit  
42 vouchers within the resources, requirements and purposes of this  
43 section for owners rehabilitating certified historic structures. In each  
44 tax year the commission shall provide at least twenty-five per cent of  
45 such tax credits for rehabilitation of certified historic structures that  
46 contain affordable housing and twenty-five per cent for rehabilitation  
47 of certified historic structures that contain housing other than  
48 affordable housing. The Commissioner of Economic and Community  
49 Development may authorize the commission to waive the amount of

50 the credit allocated for affordable housing and other housing under  
51 this section, upon request of the commission.

52 (2) The credit authorized by this section shall be available in the tax  
53 year in which the substantially rehabilitated certified historic structure  
54 is placed in service. If the tax credit is more than the amount owed by  
55 the taxpayer for the year in which the substantially rehabilitated  
56 certified historic structure is placed in service, the amount that is more  
57 than the taxpayers tax liability may be carried forward and credited  
58 against the taxes imposed for the succeeding five years or until the full  
59 credit is used, whichever occurs first. Any credits allowed under this  
60 section that are provided to multiple owners of certified historic  
61 structures shall be passed through to persons designated as partners,  
62 members or owners, pro rata or pursuant to an agreement among such  
63 persons designated as partners, members or owners documenting an  
64 alternative distribution method without regard to other tax or  
65 economic attributes of such entity. Any owner entitled to a credit  
66 under this section may assign, transfer or convey the credits, in whole  
67 or in part, by sale or otherwise to any individual or and such transferee  
68 shall be entitled to offset income imposed under any provision of the  
69 general statutes as if such transferee had incurred the qualified  
70 rehabilitation expenditure.

71 (c) The commission shall develop standards for the approval of  
72 rehabilitation of certified historic structures for which a tax credit  
73 voucher is sought. Such standards shall take into account whether the  
74 rehabilitation of a certified historic structure will preserve the historic  
75 character of the building.

76 (d) The commission shall adopt regulations, in accordance with  
77 chapter 54 of the general statutes, to carry out the purposes of this  
78 section. Such regulations shall include provisions for filing of  
79 applications and for timely approval by the commission.

80 (e) Prior to beginning any rehabilitation work on a certified historic  
81 structure, the owner shall submit (1) a rehabilitation plan to the

82 commission for a determination of whether or not such rehabilitation  
83 work meets the standards developed under the provisions of  
84 subsections (b) to (d), inclusive, of this section, and (2) an estimate of  
85 the qualified rehabilitation expenditures. The provisions of this  
86 subsection shall not disqualify applications for tax credits for certified  
87 historic structures for which rehabilitation commenced but were not  
88 placed in service before the effective date of this section.

89 (f) If the commission certifies that the rehabilitation plan conforms  
90 to the standards developed under the provisions of subsections (b) to  
91 (d), inclusive, of this section, the commission shall reserve for the  
92 benefit of the owner an allocation for a tax credit equivalent to twenty-  
93 five per cent of the projected qualified rehabilitation expenditures, not  
94 exceeding two million dollars.

95 (g) Following the completion of rehabilitation of a certified historic  
96 structure, the owner shall notify the commission that such  
97 rehabilitation has been completed. The owner shall provide the  
98 commission with documentation of work performed on the certified  
99 historic structure and shall submit certification of the costs incurred in  
100 rehabilitating the certified historic structure. The commission shall  
101 review such rehabilitation and verify its compliance with the  
102 rehabilitation plan. Following such verification, the commission shall  
103 issue a tax credit voucher to the owner rehabilitating the certified  
104 historic structure or to the taxpayer named by the owner as  
105 contributing to the rehabilitation. The tax credit voucher shall be in an  
106 amount equivalent to the lesser of the tax credit reserved upon  
107 certification of the rehabilitation plan under the provisions of  
108 subsection (f) of this section or twenty-five per cent of the actual  
109 qualified rehabilitation expenditures not exceeding two million  
110 dollars. In order to obtain a credit against any state tax due that is  
111 specified in subsections (j) to (m), inclusive, of this section, the holder  
112 of the tax credit voucher shall file the voucher with the holder's state  
113 tax return.

114 (h) The Commissioner of Revenue Services shall grant a tax credit to

115 a taxpayer holding the tax credit voucher issued under subsections (e)  
116 to (i), inclusive, of this section against any tax due under chapter 207,  
117 208, 209, 210, 211, 212 or 229 of the general statutes in the amount  
118 specified in the tax credit voucher. Such taxpayer shall submit the  
119 voucher and the corresponding tax return to the Department of  
120 Revenue Services.

121 (i) The tax credit issued under subsection (h) of this section shall be  
122 taken by the holder of the tax credit voucher in the same tax year in  
123 which the certified historic structure was placed in service. Any  
124 unused portion of such credit may be carried forward to any or all of  
125 the four taxable years following the year in which the tax credit  
126 voucher is issued.

127 (j) The aggregate amount of all tax credits which may be reserved by  
128 the commission upon certification of rehabilitation plans under  
129 subsections (b) to (d), inclusive, of this section shall not exceed ten  
130 million dollars in any one fiscal year.

131 (k) The commission may charge an application fee in an amount not  
132 to exceed two thousand five hundred dollars to cover the cost of  
133 administering the program established pursuant to this section for the  
134 administration of the program.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2005, and applicable to tax years beginning January 1, 2005</i>	New section

**HSG**

*Joint Favorable Subst. C/R*

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