



General Assembly

Substitute Bill No. 1089

January Session, 2005

* SB01089PD_FIN032905 *

**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) "Affordable housing" shall have the same meaning as in section
6 8-39a of the general statutes;

7 (2) "Commission" means the Connecticut Commission on Culture
8 and Tourism established under section 10-392 of the general statutes;

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

15 (4) "Certified rehabilitation" means any rehabilitation of a certified
16 historic structure for residential use consistent with the historic
17 character of such property or the district in which the property is

18 located as determined by regulations adopted by the commission;

19 (5) "Owner" means any person, firm, limited liability company,
20 nonprofit or for-profit corporation or other business entity which
21 possesses title to an historic structure and undertakes the rehabilitation
22 of such structure;

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

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

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

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

43 (b) (1) The commission shall administer a system of tax credit
44 vouchers within the resources, requirements and purposes of this
45 section for owners rehabilitating certified historic structures. In each
46 tax year the commission shall provide at least twenty-five per cent of
47 such tax credits for rehabilitation of certified historic structures that
48 contain affordable housing and twenty-five per cent for rehabilitation

49 of certified historic structures that contain housing other than
50 affordable housing. The Commissioner of Economic and Community
51 Development may authorize the commission to waive the amount of
52 the credit allocated for affordable housing and other housing under
53 this section, upon request of the commission.

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

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

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

82 (e) Prior to beginning any rehabilitation work on a certified historic
83 structure, the owner shall submit (1) a rehabilitation plan to the
84 commission for a determination of whether or not such rehabilitation
85 work meets the standards developed under the provisions of
86 subsections (b) to (d), inclusive, of this section, and (2) an estimate of
87 the qualified rehabilitation expenditures. The provisions of this
88 subsection shall not disqualify applications for tax credits for certified
89 historic structures for which rehabilitation commenced but were not
90 placed in service before the effective date of this section.

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

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

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

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

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

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

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