



General Assembly

Substitute Bill No. 584

January Session, 2007

* _____SB00584HSGPD_030607_____*

**AN ACT CONCERNING FINANCIAL INCENTIVES TO BUSINESSES
THAT PROVIDE ASSISTANCE TO EMPLOYEES TO LIVE IN
COMMUNITIES WHERE THEY WORK.**

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

1 Section 1. (NEW) (*Effective July 1, 2007, and applicable to income years*
2 *commencing on or after January 1, 2007*) (a) As used in this section:

3 (1) "Business firm" means any business entity authorized to do
4 business in the state and subject to the corporation business tax
5 imposed under chapter 208 of the general statutes, or any company
6 subject to a tax imposed under chapter 207 of the general statutes, or
7 any air carrier subject to the air carriers tax imposed under chapter 209
8 of the general statutes, or any railroad company subject to the railroad
9 companies tax imposed under chapter 210 of the general statutes, or
10 any regulated telecommunications service, express, telegraph, cable, or
11 community antenna television company subject to the regulated
12 telecommunications service, express, telegraph, cable, and community
13 antenna television companies tax imposed under chapter 211 of the
14 general statutes, or any utility company subject to the utility
15 companies tax imposed under chapter 212 of the general statutes;

16 (2) "Nonprofit corporation" means a nonprofit corporation
17 incorporated pursuant to chapter 602 of the general statutes or any
18 predecessor statutes thereto, having as one of its purposes the

19 construction, rehabilitation, ownership or operation of housing and
20 having articles of incorporation approved by the executive director of
21 the Connecticut Housing Finance Authority in accordance with
22 regulations adopted pursuant to section 8-79a of the general statutes or
23 8-84 of the general statutes;

24 (3) "Eligible employee" means an employee whose income is not
25 more than eighty per cent of the area median income of the
26 municipality in which the business firm is located, as determined by
27 the United States Department of Housing and Urban Development;
28 and

29 (4) "Qualifying housing" means rental or ownership housing units
30 that are either within three miles of the worksite of the eligible
31 employee or within three miles of a public transit facility which
32 provides service to the worksite of the eligible employee.

33 (b) The Commissioner of Revenue Services shall grant a credit
34 against any tax due under the provisions of chapter 207, 208, 209, 210,
35 211 or 212 of the general statutes in an amount equal to the amount
36 specified by the Connecticut Housing Finance Authority in any tax
37 credit voucher issued by said authority pursuant to subsection (c) of
38 this section.

39 (c) (1) The Connecticut Housing Finance Authority shall administer
40 a system of tax credit vouchers within the resources, requirements and
41 purposes of this section to encourage employees to reside closer to
42 their employment. Vouchers may be issued to business firms for
43 contributions to (A) eligible employees of the business firm for a down
44 payment on a house or to offset housing costs; (B) housing programs
45 developed, sponsored or managed by a nonprofit corporation which
46 commits to using such financial assistance, to provide, assist or
47 subsidize qualifying housing to eligible employees; or (C) developers
48 who set aside qualifying housing units for eligible employees of the
49 business firm.

50 (2) Upon submission of a plan for contributions by a business firm,

51 the Connecticut Housing Finance Authority shall issue an initial
52 certificate of eligibility for the credit allowed under subsection (b) of
53 this section after it has been established that the amounts to be paid for
54 financial assistance by the business firm complies with the provisions
55 of this section. If the authority determines that all appropriate
56 requirements are met, the authority shall issue an annual certificate of
57 eligibility for the credit allowed under subsection (b) or (f) of this
58 section for each income year for which an application for a credit
59 under either of said subsections is made. The authority shall require
60 the business firm to submit annual reports on expenditures for each
61 income year for which the credit is claimed and to submit such other
62 information as may be necessary to determine whether all appropriate
63 requirements have been met and that the applicant continues to be a
64 financial institution.

65 (3) Such vouchers may be used as a credit against any of the taxes to
66 which such business firm is subject and which are enumerated in
67 subsection (b) of this section.

68 (d) No business firm shall receive a credit pursuant to both this
69 section and chapter 228a of the general statutes in relation to the same
70 cash contribution.

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

76 (f) No tax credit shall be granted to any business firm for any
77 individual amount contributed of less than two hundred fifty dollars.

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

82 (h) In no event shall the total amount of all tax credits allowed to all
83 business firms pursuant to the provisions of this section exceed five
84 million dollars in any one fiscal year.

85 (i) No organization conducting a housing program or programs
86 eligible for funding with respect to which tax credits may be allowed
87 under this section shall be allowed to receive an aggregate amount of
88 such funding for any such program or programs in excess of five
89 hundred thousand dollars for any fiscal year.

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

94 (k) The Connecticut Housing Finance Authority, with the approval
95 of the Commissioner of Revenue Services, shall adopt written
96 procedures in accordance with section 1-121 of the general statutes to
97 implement the provisions of this section.

98 (l) The credit which is sought by the business firm shall first be
99 claimed on the tax return for such business firm's income year during
100 which the cash contribution to which the tax credit voucher relates was
101 paid.

102 Sec. 2. Subsection (k) of section 8-395 of the general statutes is
103 repealed and the following is substituted in lieu thereof (*Effective July*
104 *1, 2007, and applicable to income years commencing on or after January 1,*
105 *2007*):

106 (k) The Connecticut Housing Finance Authority, with the approval
107 of the Commissioner of Revenue Services, shall adopt written
108 procedures in accordance with section 1-121 to implement the
109 provisions of this section. Such procedures shall include provisions for
110 issuing tax credit vouchers for cash contributions to housing programs
111 based on a system of ranking housing programs. In establishing such
112 ranking system, the authority shall consider the following: (1) The

113 readiness of the project to be built; (2) use of the funds to build or
 114 rehabilitate a specific housing project or to capitalize a revolving loan
 115 fund providing low-cost loans for housing construction, repair or
 116 rehabilitation to benefit persons of very low, low and moderate
 117 income; (3) the extent the project will benefit families at or below
 118 twenty-five per cent of the area median income and families with
 119 incomes between twenty-five per cent and fifty per cent of the area
 120 median income, as defined by the United States Department of
 121 Housing and Urban Development; (4) evidence of the general
 122 administrative capability of the nonprofit corporation to build or
 123 rehabilitate housing; (5) evidence that any funds received by the
 124 nonprofit corporation for which a voucher was issued were used to
 125 accomplish the goals set forth in the application; [and] (6) with respect
 126 to any income year commencing on or after January 1, 1998: (A) Use of
 127 the funds to provide housing opportunities in urban areas and the
 128 impact of such funds on neighborhood revitalization; and (B) the
 129 extent to which tax credit funds are leveraged by other funds; and (7)
 130 whether or not the funds will reduce the commuting distance of low
 131 and moderate income persons.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007, and applicable to income years commencing on or after January 1, 2007</i>	New section
Sec. 2	<i>July 1, 2007, and applicable to income years commencing on or after January 1, 2007</i>	8-395(k)

HSG

Joint Favorable Subst. C/R

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