



General Assembly

February Session, 2008

Raised Bill No. 650

LCO No. 2967

* SB00650CE_FIN031808 *

Referred to Committee on Commerce

Introduced by:
(CE)

***AN ACT EXTENDING THE HISTORIC PRESERVATION TAX CREDIT
TO INCLUDE BARNs AND AGRICULTURAL BUILDINGS.***

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

1 Section 1. Section 10-416b of the 2008 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2008, and applicable to income years commencing on or after*
4 *January 1, 2008*):

5 (a) As used in this section, the following terms shall have the
6 following meanings unless the context clearly indicates another
7 meaning:

8 (1) "Commission" means the Connecticut Commission on Culture
9 and Tourism established pursuant to section 10-392;

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

16 (3) "Certified rehabilitation" means any rehabilitation of a certified
17 historic structure for mixed residential and nonresidential uses
18 consistent with the historic character of such property or the district in
19 which the property is located, as determined by regulations adopted
20 by the commission, provided, if such rehabilitation is of a barn or
21 agricultural building, it may be for residential or nonresidential uses
22 consistent with the historic character of such barn or agricultural
23 building or the district in which such barn or agricultural building is
24 located;

25 (4) "Owner" means any person, firm, limited liability company,
26 nonprofit or for-profit corporation or other business entity which
27 possesses title to an historic structure and undertakes the rehabilitation
28 of such structure;

29 (5) "Placed in service" means that substantial rehabilitation work has
30 been completed which would allow for issuance of a certificate of
31 occupancy for the entire building or, in projects completed in phases,
32 for individual residential units that are an identifiable portion of the
33 building;

34 (6) "Qualified rehabilitation expenditures" means any costs incurred
35 for the physical construction involved in the rehabilitation of a
36 certified historic structure for mixed residential and nonresidential
37 uses where at least thirty-three per cent of the total square footage of
38 the rehabilitation is placed into service for residential use, or, in the
39 case of barns or agricultural buildings, for residential or nonresidential
40 uses, excluding: (A) The owner's personal labor, (B) the cost of a new
41 addition, except as required to comply with any provision of the State
42 Building Code or the State Fire Safety Code, and (C) any
43 nonconstruction cost such as architectural fees, legal fees and financing
44 fees;

45 (7) "Rehabilitation plan" means any construction plans and
46 specifications for the proposed rehabilitation of a certified historic
47 structure in sufficient detail for evaluation by compliance with the

48 standards developed under the provisions of subsections (b) to (d),
49 inclusive, of this section; [and]

50 (8) "Substantial rehabilitation" or "substantially rehabilitate" means
51 the qualified rehabilitation expenditures of a certified historic structure
52 that exceed twenty-five per cent of the assessed value of such
53 structure; and

54 (9) "Agricultural buildings" means the outbuildings typically used
55 on a farm, including, but not limited to, chicken coops and chicken
56 houses, smoke houses, ice houses or outhouses.

57 (b) (1) The commission shall administer a system of tax credit
58 vouchers within the resources, requirements and purposes of this
59 section for owners rehabilitating certified historic structures.

60 (2) The credit authorized by this section shall be available in the tax
61 year in which the substantially rehabilitated certified historic structure
62 is placed in service. In the case of projects completed in phases, the tax
63 credit shall be prorated to the substantially rehabilitated identifiable
64 portion of the building placed in service. If the tax credit is more than
65 the amount owed by the taxpayer for the year in which the
66 substantially rehabilitated certified historic structure is placed in
67 service, the amount that is more than the taxpayer's tax liability may be
68 carried forward and credited against the taxes imposed for the
69 succeeding five years or until the full credit is used, whichever occurs
70 first.

71 (3) Any credits allowed under this section that are provided to
72 multiple owners of certified historic structures shall be passed through
73 to persons designated as partners, members or owners, pro rata or
74 pursuant to an agreement among such persons designated as partners,
75 members or owners documenting an alternative distribution method
76 without regard to other tax or economic attributes of such entity. Any
77 owner entitled to a credit under this section may assign, transfer or
78 convey the credits, in whole or in part, by sale or otherwise to any

79 individual or entity and such transferee shall be entitled to offset the
80 tax imposed under chapter 207, 208, 209, 210, 211 or 212 as if such
81 transferee had incurred the qualified rehabilitation expenditure.

82 (c) The commission shall develop standards for the approval of
83 rehabilitation of certified historic structures for which a tax credit
84 voucher is sought. Such standards shall take into account whether the
85 rehabilitation of a certified historic structure will preserve the historic
86 character of the building.

87 (d) The commission shall adopt regulations, in accordance with
88 chapter 54, to carry out the purposes of this section. Such regulations
89 shall include provisions for the filing of applications, rating criteria
90 and for timely approval by the commission.

91 (e) Prior to beginning any rehabilitation work on a certified historic
92 structure, the owner shall submit (1) a rehabilitation plan to the
93 commission for a determination of whether or not such rehabilitation
94 work meets the standards developed under the provisions of
95 subsections (b) to (d), inclusive, of this section, (2) an estimate of the
96 qualified rehabilitation expenditures, and (3) for projects pursuant to
97 subdivision (2) of subsection (f) of this section, (A) the number of units
98 of affordable housing, as defined in section 8-39a, to be created, (B) the
99 proposed rents or sale prices of such units, and (C) the median income
100 for the municipality where the project is located. In the case of a project
101 pursuant to subdivision (2) of subsection (f) of this section the owner
102 shall submit a copy of data required under subdivision (3) of this
103 subsection to the Department of Economic and Community
104 Development.

105 (f) If the commission certifies that the rehabilitation plan conforms
106 to the standards developed under the provisions of subsections (b) to
107 (d), inclusive, of this section, the commission shall reserve for the
108 benefit of the owner an allocation for a tax credit equivalent to (1)
109 twenty-five per cent of the projected qualified rehabilitation
110 expenditures, or (2) for rehabilitation plans submitted pursuant to

111 subsection (e) of this section on or after June 14, 2007, thirty per cent of
112 the projected qualified rehabilitation expenditures if (A) at least twenty
113 per cent of the units are rental units and qualify as affordable housing,
114 as defined in section 8-39a, or (B) at least ten per cent of the units are
115 individual homeownership units and qualify as affordable housing, as
116 defined in section 8-39a. No tax credit shall be allocated for the
117 purposes of this subdivision unless an applicant has submitted to the
118 commission a certificate from the Department of Economic and
119 Community Development pursuant to subsections (k) and (l) of this
120 section confirming that the project complies with affordable housing
121 requirements under section 8-39a.

122 (g) Following the completion of rehabilitation of a certified historic
123 structure, the owner shall notify the commission that such
124 rehabilitation has been completed. The owner shall provide the
125 commission with documentation of work performed on the certified
126 historic structure and shall submit certification of the costs incurred in
127 rehabilitating the certified historic structure. The commission shall
128 review such rehabilitation and verify its compliance with the
129 rehabilitation plan. Following such verification, the commission shall
130 issue a tax credit voucher to the owner rehabilitating the certified
131 historic structure or to the taxpayer named by the owner as
132 contributing to the rehabilitation. The tax credit voucher shall be in an
133 amount equivalent to the lesser of the tax credit reserved upon
134 certification of the rehabilitation plan under the provisions of
135 subsection (f) of this section or (1) twenty-five per cent of the actual
136 qualified rehabilitation expenditures, or (2) for projects including
137 affordable housing pursuant to subdivision (2) of subsection (f) of this
138 section, thirty per cent of the actual qualified rehabilitation
139 expenditures. In order to obtain a credit against any state tax due that
140 is specified in subsection (h) of this section, the holder of the tax credit
141 voucher shall file the voucher with the holder's state tax return.

142 (h) The Commissioner of Revenue Services shall grant a tax credit to
143 a taxpayer holding the tax credit voucher issued under subsections (e)

144 to (i), inclusive, of this section against any tax due under chapter 207,
145 208, 209, 210, 211 or 212 in the amount specified in the tax credit
146 voucher. Such taxpayer shall submit the voucher and the
147 corresponding tax return to the Department of Revenue Services.

148 (i) The commission may charge an application fee in an amount not
149 to exceed ten thousand dollars to cover the cost of administering the
150 program established pursuant to this section.

151 (j) The aggregate amount of all tax credits which may be reserved by
152 the Commission on Culture and Tourism upon certification of
153 rehabilitation plans under subsections (a) to (i), inclusive, of this
154 section shall not exceed fifty million dollars for the fiscal three-year
155 period beginning July 1, 2008, and ending June 30, 2011, inclusive, and
156 each fiscal three-year period thereafter. No project may receive tax
157 credits in an amount exceeding ten per cent of such aggregate amount.

158 (k) On or before October 1, 2009, and annually thereafter, the
159 Commission on Culture and Tourism shall report the total amount of
160 historic preservation tax credits and affordable housing tax credits
161 reserved for the previous fiscal year under subsections (a) to (i),
162 inclusive, of this section, to the joint standing committees of the
163 General Assembly having cognizance of matters relating to commerce
164 and to finance, revenue and bonding. Each such report shall include
165 the following information for each project for which tax credit has been
166 reserved: (1) The total project costs, (2) the value of the tax credit
167 reservation for the purpose of historic preservation, (3) a statement
168 whether the reservation is for mixed-use and if so, the proportion of
169 the project that is not residential, and (4) the number of residential
170 units to be created, if any, and, for affordable housing reservations, the
171 value of the reservation and percentage of residential units that will
172 qualify as affordable housing, as defined in section 8-39a.

173 (l) (1) If the total amount of such tax credits reserved in the first
174 fiscal year of a fiscal three-year period is more than sixty-five per cent
175 of the aggregate amount of tax credits reserved under subsections (a)

176 to (i), inclusive, of this section, then no additional reservation shall be
177 allowed for the second fiscal year of such fiscal three-year period
178 unless the joint standing committees of the General Assembly having
179 cognizance of matters relating to commerce and to finance, revenue
180 and bonding each vote separately to authorize continuance of tax
181 credit reservations under the program.

182 (2) If the total amount of such credits reserved in the second year of
183 a fiscal three-year period exceeds ninety per cent of the aggregate
184 amount of tax credits reserved under subsections (a) to (i), inclusive, of
185 this section, then no additional reservation shall be allowed for the
186 third fiscal year of such fiscal three-year period unless the joint
187 standing committees of the General Assembly having cognizance of
188 matters relating to commerce and to finance, revenue and bonding
189 each vote separately to authorize the continuance of tax credit
190 reservations under the program.

191 (3) Any tax credit reservations issued before a suspension of
192 additional tax credit reservations under subdivisions (1) and (2) of this
193 subsection shall remain in place.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2008, and applicable to income years commencing on or after January 1, 2008</i>	10-416b

CE

Joint Favorable C/R

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