AN ACT CONCERNING VARIOUS CHANGES TO TITLE 12.

1. In line 215, strike "and"

2. In line 219, after "Code" insert the following: "; and (iv) that is not a qualified real estate investment trust, as defined in subdivision (3) of subsection (a) of section 12-217"

3. After the last section, add the following and renumber sections and internal references accordingly:

4. "Sec. 501. Section 10-416b of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2010, and applicable to income years commencing on or after January 1, 2010):

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

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

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

(3) "Certified rehabilitation" means any rehabilitation of a certified historic structure for mixed residential and nonresidential uses consistent with the historic character of such property or the district in which the property is located as determined by regulations adopted by the commission;

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

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

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

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

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

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

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

(3) In the case of projects completed in phases, the commission may issue vouchers for the substantially rehabilitated identifiable portion of the building placed in service, regardless of whether such portion contains residential uses.

[(3)] (4) Any credits allowed under this section that are provided to multiple owners of certified historic structures shall be passed through to persons designated as partners, members or owners, pro rata or pursuant to an agreement among such persons designated as partners, members or owners documenting an alternative distribution method without regard to other tax or economic attributes of such entity. Any
owner entitled to a credit under this section may assign, transfer or convey the credits, in whole or in part, by sale or otherwise to any individual or entity and such transferee shall be entitled to offset the tax imposed under chapter 207, 208, 209, 210, 211 or 212 as if such transferee had incurred the qualified rehabilitation expenditure.

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

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

(e) Prior to beginning any rehabilitation work on a certified historic structure, the owner shall submit (1) (A) a rehabilitation plan to the commission for a determination of whether or not such rehabilitation work meets the standards developed under the provisions of subsections (b) to (d), inclusive, of this section, and (B) if such rehabilitation work is planned to be undertaken in phases, a complete description of each such phase, with anticipated schedules for completion, (2) an estimate of the qualified rehabilitation expenditures, and (3) for projects pursuant to subdivision (2) of subsection (f) of this section, (A) the number of units of affordable housing, as defined in section 8-39a, to be created, (B) the proposed rents or sale prices of such units, and (C) the median income for the municipality where the project is located. In the case of a project pursuant to subdivision (2) of subsection (f) of this section the owner shall submit a copy of data required under subdivision (3) of this subsection to the Department of Economic and Community Development.

(f) If the commission certifies that the rehabilitation plan conforms to the standards developed under the provisions of subsections (b) to
(d), inclusive, of this section, the commission shall reserve for the benefit of the owner an allocation for a tax credit equivalent to (1) twenty-five per cent of the projected qualified rehabilitation expenditures, or (2) for rehabilitation plans submitted pursuant to subsection (e) of this section on or after June 14, 2007, thirty per cent of the projected qualified rehabilitation expenditures if (A) at least twenty per cent of the units are rental units and qualify as affordable housing, as defined in section 8-39a, or (B) at least ten per cent of the units are individual homeownership units and qualify as affordable housing, as defined in section 8-39a. No tax credit shall be allocated for the purposes of this subdivision unless an applicant has submitted to the commission a certificate from the Department of Economic and Community Development pursuant to subsections [(k) and (l)] (l) and (m) of this section confirming that the project complies with affordable housing requirements under section 8-39a.

(g) (1) The owner shall notify the commission that a phase of the rehabilitation has been completed at such time as an identifiable portion of a certified historic structure has been placed in service. Such portion shall not be required to include residential uses, provided the rehabilitation plan submitted pursuant to subsection (e) of this section describes the residential uses that will be part of the rehabilitation, and includes a schedule for completion of such residential uses. The owner shall provide the commission with documentation of work performed on such portion of such structure and shall submit certification of the costs incurred in such rehabilitation. The commission shall review such rehabilitation and verify its compliance with the rehabilitation plan. Following such verification, the commission shall issue a tax credit voucher as provided in subsection (h) of this section.

(2) If the residential portion of the mixed residential and nonresidential uses described in the rehabilitation plan is not completed within the schedule outlined in such plan, the owner shall recapture one hundred per cent of the amount of the credit for which a voucher was issued pursuant to this section on the tax return required to be filed for the income year immediately succeeding the income...
year during which such residential portion has not been completed. The commission, in its discretion, may provide an extension of time for completion of such residential portion, but in no event shall such extension be more than three years.

[(g)] (h) Following the completion of rehabilitation of a certified historic structure, the owner shall notify the commission that such rehabilitation has been completed. The owner shall provide the commission with documentation of work performed on the certified historic structure and shall submit certification of the costs incurred in rehabilitating the certified historic structure. The commission shall review such rehabilitation and verify its compliance with the rehabilitation plan. Following such verification, the commission shall issue a tax credit voucher to the owner rehabilitating the certified historic structure or to the taxpayer named by the owner as contributing to the rehabilitation. The tax credit voucher shall be in an amount equivalent to the lesser of the tax credit reserved upon certification of the rehabilitation plan under the provisions of subsection (f) of this section or (1) twenty-five per cent of the actual qualified rehabilitation expenditures, or (2) for projects including affordable housing pursuant to subdivision (2) of subsection (f) of this section, thirty per cent of the actual qualified rehabilitation expenditures. In order to obtain a credit against any state tax due that is specified in subsection [(h)] (i) of this section, the holder of the tax credit voucher shall file the voucher with the holder’s state tax return.

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

[(i)] (j) The commission may charge an application fee in an amount not to exceed ten thousand dollars to cover the cost of administering the program established pursuant to this section.
[(j)] (k) The aggregate amount of all tax credits which may be reserved by the Commission on Culture and Tourism upon certification of rehabilitation plans under subsections (a) to [(i)] (j), inclusive, of this section shall not exceed fifty million dollars for the fiscal three-year period beginning July 1, 2008, and ending June 30, 2011, inclusive, and each fiscal three-year period thereafter. No project may receive tax credits in an amount exceeding ten per cent of such aggregate amount.

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

[(l)] (m) (1) If the total amount of such tax credits reserved in the first fiscal year of a fiscal three-year period is more than sixty-five per cent of the aggregate amount of tax credits reserved under subsections (a) to [(i)] (j), inclusive, of this section, then no additional reservation shall be allowed for the second fiscal year of such fiscal three-year period unless the joint standing committees of the General Assembly having cognizance of matters relating to commerce and to finance, revenue and bonding each vote separately to authorize continuance of tax credit reservations under the program.

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

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

Sec. 503. Section 8-37lll of the general statutes is repealed and the
following is substituted in lieu thereof (Effective July 1, 2010):

(a) The Commissioner of Economic and Community Development
shall review applications for affordable housing tax credits submitted
pursuant to subsection (e) of section 10-416b. Upon determination that
an application contains affordable housing as required by said section
the commissioner shall issue a certificate to that effect. The
commissioner shall monitor projects certified under this section to
ensure that the affordable housing units are maintained as affordable
for a minimum of ten years and may require deed restrictions or other
fiscal mechanisms designed to ensure compliance with project
requirements. The commissioner may impose a fee in an amount not
exceeding two thousand dollars to cover the cost of reviewing
applications and monitoring projects that qualify for affordable
housing tax credits pursuant to subsections (a) to [(i)] [(j)], inclusive, of
section 10-416b.

(b) The Commissioner of Economic and Community Development,
in consultation with the Commission on Culture and Tourism, may
adopt regulations, pursuant to chapter 54, for monitoring of projects
that qualify for affordable housing tax credits pursuant to subsections
(a) to [(i)] [(j)], inclusive, of section 10-416b by the Department of
Economic and Community Development, or by local housing authorities, municipalities, other public agencies or quasi-public agencies, as defined in section 1-120, designated by the department. Such regulations shall include provisions for ensuring that affordable units developed under subdivision (3) of subsection (e) of section 10-416b are maintained as affordable for a minimum of ten years and may require deed restrictions or other fiscal mechanisms designed to ensure compliance with project requirements."