



General Assembly

Amendment

February Session, 2010

LCO No. 4746

HB0549404746HDO

Offered by:

REP. STAPLES, 96th Dist.

SEN. DAILY, 33rd Dist.

To: Subst. House Bill No. **5494**

File No. 587

Cal. No. 366

"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
3 qualified real estate investment trust, as defined in subdivision (3) of
4 subsection (a) of section 12-217"

5 After the last section, add the following and renumber sections and
6 internal references accordingly:

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 Section 10-416b of the general statutes is repealed and the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

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

13 (1) "Commission" means the Connecticut Commission on Culture

14 and Tourism established pursuant to section 10-392;

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

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

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

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

35 (6) "Qualified rehabilitation expenditures" means any costs incurred
36 for the physical construction involved in the rehabilitation of a
37 certified historic structure for mixed residential and nonresidential
38 uses [where at least thirty-three per cent of the total square footage of
39 the rehabilitation is placed into service for residential use] or for a
40 catalytic project, excluding: (A) The owner's personal labor, (B) the cost
41 of a new addition, except as required to comply with any provision of
42 the State 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) "Catalytic project" means an income-producing property with an
55 initial construction phase encompassing not less than fifty thousand
56 square feet, in a complex of buildings of at least six hundred thousand
57 square feet, located within an enterprise zone in a designated
58 brownfield, to be utilized for mixed residential and nonresidential
59 uses, wholly nonresidential uses or wholly residential uses.

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

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

74 (3) Any credits allowed under this section that are provided to
75 multiple owners of certified historic structures shall be passed through
76 to persons designated as partners, members or owners, pro rata or

77 pursuant to an agreement among such persons designated as partners,
78 members or owners documenting an alternative distribution method
79 without regard to other tax or economic attributes of such entity. Any
80 owner entitled to a credit under this section may assign, transfer or
81 convey the credits, in whole or in part, by sale or otherwise to any
82 individual or entity and such transferee shall be entitled to offset the
83 tax imposed under chapter 207, 208, 209, 210, 211 or 212 as if such
84 transferee had incurred the qualified rehabilitation expenditure.

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

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

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

108 (f) If the commission certifies that the rehabilitation plan conforms

109 to the standards developed under the provisions of subsections (b) to
110 (d), inclusive, of this section, the commission shall reserve for the
111 benefit of the owner an allocation for a tax credit equivalent to:

112 (1) [~~twenty-five~~] Twenty-five per cent of the projected qualified
113 rehabilitation expenditures, or

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

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

142 section, thirty per cent of the actual qualified rehabilitation
143 expenditures. In order to obtain a credit against any state tax due that
144 is specified in subsection (h) of this section, the holder of the tax credit
145 voucher shall file the voucher with the holder's state tax return.

146 (h) The Commissioner of Revenue Services shall grant a tax credit to
147 a taxpayer holding the tax credit voucher issued under subsections (e)
148 to (i), inclusive, of this section against any tax due under chapter 207,
149 208, 209, 210, 211 or 212 in the amount specified in the tax credit
150 voucher. Such taxpayer shall submit the voucher and the
151 corresponding tax return to the Department of Revenue Services.

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

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

162 (k) On or before October 1, 2009, and annually thereafter, the
163 Commission on Culture and Tourism shall report the total amount of
164 historic preservation tax credits and affordable housing tax credits
165 reserved for the previous fiscal year under subsections (a) to (i),
166 inclusive, of this section, to the joint standing committees of the
167 General Assembly having cognizance of matters relating to commerce
168 and to finance, revenue and bonding. Each such report shall include
169 the following information for each project for which tax credit has been
170 reserved: (1) The total project costs, (2) the value of the tax credit
171 reservation for the purpose of historic preservation, (3) a statement
172 whether the reservation is for [mixed-use and if so] mixed residential
173 and nonresidential uses or for a catalytic project and if applicable, the

174 proportion of the project that is not residential, and (4) if applicable,
175 the number of residential units to be created, and, for affordable
176 housing reservations, the value of the reservation and percentage of
177 residential units that will qualify as affordable housing, as defined in
178 section 8-39a.

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

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

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