



General Assembly

Substitute Bill No. 1023

January Session, 2011

* _____SB01023CE_FIN030911_____*

**AN ACT CONCERNING THE USE OF HISTORIC STRUCTURES AND
VACANT GOVERNMENT BUILDINGS FOR ECONOMIC
DEVELOPMENT.**

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

1 Section 1. Section 10-416a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2011, and*
3 *applicable to income years commencing on or after January 1, 2011*):

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

7 (1) ["Commission"] "Department" means the [Connecticut
8 Commission on Culture and Tourism established pursuant to section
9 10-392] Department of Economic and Community Development;

10 (2) "Certified historic or certified historic government structure"
11 means (A) an historic commercial or industrial property that: [(A)] (i)
12 Is listed individually on the National or State Register of Historic
13 Places, or [(B)] (ii) 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, or (B) a vacant
16 federal, state or municipal-owned property that, when it was in use,
17 served a governmental purpose;

18 (3) "Certified rehabilitation" means any rehabilitation of a certified
19 historic or certified historic government structure for residential or
20 mixed use consistent with the historic character of such property or the
21 district in which the property is located as determined by regulations
22 adopted by the [commission] department;

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

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

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

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

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

49 (b) (1) The [commission] department shall administer a system of
50 tax credit vouchers within the resources, requirements and purposes of
51 this section for owners rehabilitating certified historic or certified
52 historic government structures.

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

64 (3) Any credits allowed under this section that are provided to
65 multiple owners of certified historic or certified historic government
66 structures shall be passed through to persons designated as partners,
67 members or owners, pro rata or pursuant to an agreement among such
68 persons designated as partners, members or owners documenting an
69 alternative distribution method without regard to other tax or
70 economic attributes of such entity. Any owner entitled to a credit
71 under this section may assign, transfer or convey the credits, in whole
72 or in part, by sale or otherwise to any individual or entity and such
73 transferee shall be entitled to offset the tax imposed under chapter 207,
74 208, 209, 210, 211 or 212 as if such transferee had incurred the qualified
75 rehabilitation expenditure.

76 (c) The [commission] department shall develop standards for the
77 approval of rehabilitation of certified historic or certified historic
78 government structures for which a tax credit voucher is sought. Such
79 standards shall take into account whether the rehabilitation of a
80 certified historic or certified historic government structure will
81 preserve the historic character of the building.

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

87 (e) Prior to beginning any rehabilitation work on a certified historic
88 or certified historic government structure, the owner shall submit (1) a
89 rehabilitation plan to the commission for a determination of whether
90 or not such rehabilitation work meets the standards developed under
91 the provisions of subsections (b) to (d), inclusive, of this section, and
92 (2) an estimate of the qualified rehabilitation expenditures. The
93 provisions of this subsection shall not disqualify applications for tax
94 credits for certified historic or certified historic government structures
95 for which rehabilitation commenced but were not placed in service
96 before July 1, 2006.

97 (f) If the [commission] department certifies that the rehabilitation
98 plan conforms to the standards developed under the provisions of
99 subsections (b) to (d), inclusive, of this section, the [commission]
100 department shall reserve for the benefit of the owner an allocation for a
101 tax credit equivalent to twenty-five per cent of the projected qualified
102 rehabilitation expenditures, not exceeding two million seven hundred
103 thousand dollars.

104 (g) Following the completion of rehabilitation of a certified historic
105 or certified historic government structure, the owner shall notify the
106 [commission] department that such rehabilitation has been completed.
107 The owner shall provide the [commission] department with
108 documentation of work performed on the certified historic or certified
109 historic government structure and shall submit certification of the costs
110 incurred in rehabilitating the certified historic or certified historic
111 government structure. The [commission] department shall review such
112 rehabilitation and verify its compliance with the rehabilitation plan.
113 Following such verification, the [commission] department shall issue a
114 tax credit voucher to the owner rehabilitating the certified historic or

115 certified historic government structure or to the taxpayer named by the
116 owner as contributing to the rehabilitation. The tax credit voucher shall
117 be in an amount equivalent to the lesser of the tax credit reserved upon
118 certification of the rehabilitation plan under the provisions of
119 subsection (f) of this section or twenty-five per cent of the actual
120 qualified rehabilitation expenditures not exceeding two million seven
121 hundred thousand dollars. In order to obtain a credit against any state
122 tax due that is specified in subsections (h) to (j), inclusive, of this
123 section, the holder of the tax credit voucher shall file the voucher with
124 the holder's state tax return.

125 (h) The Commissioner of Revenue Services shall grant a tax credit to
126 a taxpayer holding the tax credit voucher issued under subsections (e)
127 to (i), inclusive, of this section against any tax due under chapter 207,
128 208, 209, 210, 211 or 212 in the amount specified in the tax credit
129 voucher. Such taxpayer shall submit the voucher and the
130 corresponding tax return to the Department of Revenue Services.

131 (i) The aggregate amount of all tax credits which may be reserved
132 by the [commission] department upon certification of rehabilitation
133 plans under subsections (b) to (d), inclusive, of this section shall not
134 exceed fifteen million dollars in any one fiscal year.

135 (j) The [commission] department may charge an application fee in
136 an amount not to exceed ten thousand dollars to cover the cost of
137 administering the program established pursuant to this section.

138 (k) No taxpayer claiming the credit under this section shall be
139 eligible for the credit allowed under section 10-416b, as amended by
140 this act.

141 Sec. 2. Section 10-416b of the general statutes is repealed and the
142 following is substituted in lieu thereof (*Effective July 1, 2011, and*
143 *applicable to income years commencing on or after January 1, 2011*):

144 (a) As used in this section, the following terms shall have the
145 following meanings unless the context clearly indicates another

146 meaning:

147 (1) ["Commission"] "Department" means the [Connecticut
148 Commission on Culture and Tourism established pursuant to section
149 10-392] Department of Economic and Community Development;

150 (2) "Certified historic structure" means an historic commercial, [or]
151 industrial, institutional or mixed residential and nonresidential
152 property or a residential property with no less than four units that: (A)
153 Is listed individually on the National or State Register of Historic
154 Places, or (B) is located in a district listed on the National or State
155 Register of Historic Places, and has been certified by the [commission]
156 department as contributing to the historic character of such district;

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

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

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

170 (6) "Qualified rehabilitation expenditures" means any costs incurred
171 for the physical construction involved in the rehabilitation of a
172 certified historic structure for mixed residential and nonresidential
173 uses [where at least thirty-three per cent of the total square footage of
174 the rehabilitation is placed into service for residential use] or
175 nonresidential uses, excluding: (A) The owner's personal labor, (B) the
176 cost of a new addition, except as required to comply with any

177 provision of the State Building Code or the State Fire Safety Code, and
178 (C) any nonconstruction cost such as architectural fees, legal fees and
179 financing fees;

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

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

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

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

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

207 (4) Any credits allowed under this section that are provided to

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

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

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

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

241 pursuant to subdivision (2) of subsection (f) of this section the owner
242 shall submit a copy of data required under subdivision (3) of this
243 subsection to the Department of Economic and Community
244 Development.]

245 (f) If the [commission] department certifies that the rehabilitation
246 plan conforms to the standards developed under the provisions of
247 subsections (b) to (d), inclusive, of this section, the [commission]
248 department shall reserve for the benefit of the owner an allocation for a
249 tax credit equivalent to (1) twenty-five per cent of the projected
250 qualified rehabilitation expenditures, or (2) for rehabilitation plans
251 submitted pursuant to subsection (e) of this section on or after June 14,
252 2007, thirty per cent of the projected qualified rehabilitation
253 expenditures if (A) at least twenty per cent of the units are rental units
254 and qualify as affordable housing, as defined in section 8-39a, or (B) at
255 least ten per cent of the units are individual homeownership units and
256 qualify as affordable housing, as defined in section 8-39a. No tax credit
257 shall be allocated for the purposes of this subdivision unless an
258 applicant has [submitted to the commission] received a certificate from
259 the [Department of Economic and Community Development]
260 department pursuant to [subsections (l) and (m) of this] section 8-37lll,
261 as amended by this act, confirming that the project complies with
262 affordable housing requirements under section 8-39a.

263 [(g) (1) The owner shall notify the commission that a phase of the
264 rehabilitation has been completed at such time as an identifiable
265 portion of a certified historic structure has been placed in service. Such
266 portion shall not be required to include residential uses, provided the
267 rehabilitation plan submitted pursuant to subsection (e) of this section
268 describes the residential uses that will be part of the rehabilitation, and
269 includes a schedule for completion of such residential uses. The owner
270 shall provide the commission with documentation of work performed
271 on such portion of such structure and shall submit certification of the
272 costs incurred in such rehabilitation. The commission shall review
273 such rehabilitation and verify its compliance with the rehabilitation

274 plan. Following such verification, the commission shall issue a tax
275 credit voucher as provided in subsection (h) of this section.

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

286 [(h)] (g) Following the completion of rehabilitation of a certified
287 historic structure in its entirety or in phases to an identifiable portion
288 of the building, the owner shall notify the [commission] department
289 that such rehabilitation has been completed. The owner shall provide
290 the commission with documentation of work performed on the
291 certified historic structure and shall submit certification of the costs
292 incurred in rehabilitating the certified historic structure. The
293 [commission] department shall review such rehabilitation and verify
294 its compliance with the rehabilitation plan. Following such
295 verification, the [commission] department shall issue a tax credit
296 voucher to the owner rehabilitating the certified historic structure or to
297 the taxpayer named by the owner as contributing to the rehabilitation.
298 The tax credit voucher shall be in an amount equivalent to the lesser of
299 the tax credit reserved upon certification of the rehabilitation plan
300 under the provisions of subsection (f) of this section or (1) twenty-five
301 per cent of the actual qualified rehabilitation expenditures, or (2) for
302 projects including affordable housing pursuant to subdivision (2) of
303 subsection (f) of this section, thirty per cent of the actual qualified
304 rehabilitation expenditures. In order to obtain a credit against any state
305 tax due that is specified in subsection [(i)] (h) of this section, the holder
306 of the tax credit voucher shall file the voucher with the holder's state

307 tax return.

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

314 [(j)] (i) The [commission] department may charge an application fee
315 in an amount not to exceed ten thousand dollars to cover the cost of
316 administering the program established pursuant to this section.

317 [(k)] (j) The aggregate amount of all tax credits which may be
318 reserved by the [Commission on Culture and Tourism] department
319 upon certification of rehabilitation plans under subsections (a) to [(j)]
320 (i), inclusive, of this section shall not exceed fifty million dollars for the
321 fiscal three-year period beginning July 1, 2008, and ending June 30,
322 2011, inclusive, and each fiscal three-year period thereafter. No project
323 may receive tax credits in an amount exceeding ten per cent of such
324 aggregate amount.

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

339 residential units that will qualify as affordable housing, as defined in
340 section 8-39a.

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

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

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

362 (m) No taxpayer claiming the credit under this section shall be
363 eligible for the credit allowed under section 10-416a, as amended by
364 this act.

365 Sec. 3. Section 8-37*lll* of the general statutes is repealed and the
366 following is substituted in lieu thereof (*Effective July 1, 2011*):

367 (a) The Commissioner of Economic and Community Development
368 shall review applications for affordable housing tax credits submitted
369 pursuant to subsection (e) of section 10-416b, as amended by this act.

370 Upon determination that an application contains affordable housing as
 371 required by said section the commissioner shall issue a certificate to
 372 that effect. The commissioner shall monitor projects certified under
 373 this section to ensure that the affordable housing units are maintained
 374 as affordable for a minimum of ten years and may require deed
 375 restrictions or other fiscal mechanisms designed to ensure compliance
 376 with project requirements. The commissioner may impose a fee in an
 377 amount not exceeding two thousand dollars to cover the cost of
 378 reviewing applications and monitoring projects that qualify for
 379 affordable housing tax credits pursuant to subsections (a) to [(j)] (i),
 380 inclusive, of section 10-416b, as amended by this act.

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

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2011, and applicable to income years commencing on or after January 1, 2011</i>	10-416a

Sec. 2	<i>July 1, 2011, and applicable to income years commencing on or after January 1, 2011</i>	10-416b
Sec. 3	<i>July 1, 2011</i>	8-37lll

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Joint Favorable Subst. C/R

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