



General Assembly

January Session, 2011

Amendment

LCO No. 6245

SB0012706245SD0

Offered by:

SEN. LEBEAU, 3rd Dist.
REP. BERGER, 73rd Dist.
SEN. MCLACHLAN, 24th Dist.
SEN. BOUCHER, 26th Dist.

To: Senate Bill No. 127

File No. 577

Cal. No. 359

"AN ACT CONCERNING UPDATES TO THE NEIGHBORHOOD ASSISTANCE ACT."

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. Section 10-416a of the general statutes is repealed and the
4 following is substituted in lieu thereof (*Effective July 1, 2011, and*
5 *applicable to income years commencing on or after January 1, 2011*):

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

9 (1) ["Commission"] "Council" means the [Connecticut Commission
10 on Culture and Tourism established pursuant to section 10-392]
11 Historic Preservation Council established pursuant to section 10-409;

12 (2) "Certified historic structure" means an historic commercial, [or]
13 industrial, institutional, former municipal, state or federal government
14 property, cultural building, or residential property of more than four
15 units that: (A) Is listed individually on the National or State Register of
16 Historic Places, or (B) is located in a district listed on the National or
17 State Register of Historic Places, and has been certified by the
18 [commission] council as contributing to the historic character of such
19 district;

20 (3) "Certified rehabilitation" means any rehabilitation of a certified
21 historic structure for residential use consistent with the historic
22 character of such property or the district in which the property is
23 located as determined by regulations adopted by the [commission]
24 Department of Economic and Community Development;

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 residential use, excluding: (A) The
37 owner's personal labor, (B) the cost of a new addition, except as
38 required to comply with any provision of the State Building Code or
39 the State Fire Safety Code, and (C) any nonconstruction cost such as
40 architectural fees, legal fees and financing fees;

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

44 standards developed under the provisions of subsections (b) to (d),
45 inclusive, of this section; and

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

50 (b) (1) The [commission] Department of Economic and Community
51 Development shall administer a system of tax credit vouchers within
52 the resources, requirements and purposes of this section for owners
53 rehabilitating certified historic structures.

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

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

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

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

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

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

102 (g) Following the completion of rehabilitation of a certified historic
103 structure, the owner shall notify the [commission] council that such
104 rehabilitation has been completed. The owner shall provide the
105 [commission] council with documentation of work performed on the
106 certified historic structure and shall submit certification of the costs
107 incurred in rehabilitating the certified historic structure. The

108 [commission] council shall review such rehabilitation and verify its
109 compliance with the rehabilitation plan. Following such verification,
110 the [commission] department shall issue a tax credit voucher to the
111 owner rehabilitating the certified historic structure or to the taxpayer
112 named by the owner as contributing to the rehabilitation. The tax
113 credit voucher shall be in an amount equivalent to the lesser of the tax
114 credit reserved upon certification of the rehabilitation plan under the
115 provisions of subsection (f) of this section or twenty-five per cent of the
116 actual qualified rehabilitation expenditures not exceeding two million
117 seven hundred thousand dollars. In order to obtain a credit against
118 any state tax due that is specified in subsections (h) to (j), inclusive, of
119 this section, the holder of the tax credit voucher shall file the voucher
120 with the holder's state tax return.

121 (h) The Commissioner of Revenue Services shall grant a tax credit to
122 a taxpayer holding the tax credit voucher issued under subsections (e)
123 to (i), inclusive, of this section against any tax due under chapter 207,
124 208, 209, 210, 211 or 212 in the amount specified in the tax credit
125 voucher. Such taxpayer shall submit the voucher and the
126 corresponding tax return to the Department of Revenue Services.

127 (i) The aggregate amount of all tax credits which may be reserved
128 by the [commission] Department of Economic and Community
129 Development upon certification of rehabilitation plans under
130 subsections (b) to (d), inclusive, of this section shall not exceed fifteen
131 million dollars in any one fiscal year.

132 (j) The [commission] council may charge an application fee in an
133 amount not to exceed ten thousand dollars to cover the cost of
134 administering the program established pursuant to this section.

135 Sec. 502. Section 10-416b of the general statutes is repealed and the
136 following is substituted in lieu thereof (*Effective July 1, 2011, and*
137 *applicable to income years commencing on or after January 1, 2011*):

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

140 meaning:

141 (1) ["Commission"] "Council" means the [Connecticut Commission
142 on Culture and Tourism established pursuant to section 10-392]
143 Historic Preservation Council established pursuant to section 10-409;

144 (2) "Certified historic structure" means an historic commercial, [or]
145 industrial, former municipal, state or federal government property,
146 cultural building, institutional or mixed residential and nonresidential
147 property that: (A) Is listed individually on the National or State
148 Register of Historic Places, or (B) is located in a district listed on the
149 National or State Register of Historic Places, and has been certified by
150 the [commission] council as contributing to the historic character of
151 such district;

152 (3) "Certified rehabilitation" means any rehabilitation of a certified
153 historic structure for mixed residential and nonresidential uses or
154 nonresidential use consistent with the historic character of such
155 property or the district in which the property is located as determined
156 by regulations adopted by the [commission] Department of Economic
157 and Community Development;

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

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

166 (6) "Qualified rehabilitation expenditures" means any costs incurred
167 for the physical construction involved in the rehabilitation of a
168 certified historic structure for mixed residential and nonresidential
169 uses [where at least thirty-three per cent of the total square footage of
170 the rehabilitation is placed into service for residential use] or

171 nonresidential uses, excluding: (A) The owner's personal labor, (B) the
172 cost of a new addition, except as required to comply with any
173 provision of the State Building Code or the State Fire Safety Code, and
174 (C) any nonconstruction cost such as architectural fees, legal fees and
175 financing fees;

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

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

185 (b) (1) The [commission] Department of Economic and Community
186 Development shall administer a system of tax credit vouchers within
187 the resources, requirements and purposes of this section for owners
188 rehabilitating certified historic structures.

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

200 (3) In the case of projects completed in phases, the [commission]
201 Department of Economic and Community Development may issue
202 vouchers for the substantially rehabilitated identifiable portion of the

203 building placed in service. [, regardless of whether such portion
204 contains residential uses.]

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

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

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

226 (e) Prior to beginning any rehabilitation work on a certified historic
227 structure, the owner shall submit to the council (1) (A) a rehabilitation
228 plan [to the commission] for a determination of whether or not such
229 rehabilitation work meets the standards developed under the
230 provisions of subsections (b) to (d), inclusive, of this section, and (B) if
231 such rehabilitation work is planned to be undertaken in phases, a
232 complete description of each such phase, with anticipated schedules
233 for completion, (2) an estimate of the qualified rehabilitation
234 expenditures, and (3) for projects pursuant to subdivision (2) of

235 subsection (f) of this section, (A) the number of units of affordable
236 housing, as defined in section 8-39a, to be created, (B) the proposed
237 rents or sale prices of such units, and (C) the median income for the
238 municipality where the project is located. [In the case of a project
239 pursuant to subdivision (2) of subsection (f) of this section the owner
240 shall submit a copy of data required under subdivision (3) of this
241 subsection to the Department of Economic and Community
242 Development.]

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

261 (g) (1) The owner shall notify the [commission] council that a phase
262 of the rehabilitation has been completed at such time as an identifiable
263 portion of a certified historic structure has been placed in service. Such
264 portion shall not be required to include residential uses, provided the
265 rehabilitation plan submitted pursuant to subsection (e) of this section
266 describes the residential uses that will be part of the rehabilitation, and
267 includes a schedule for completion of such residential uses. The owner
268 shall provide the [commission] council with documentation of work

269 performed on such portion of such structure and shall submit
270 certification of the costs incurred in such rehabilitation. The
271 [commission] council shall review such rehabilitation and verify its
272 compliance with the rehabilitation plan. Following such verification,
273 the [commission] Department of Economic and Community
274 Development shall issue a tax credit voucher as provided in subsection
275 (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] Department of Economic and Community
284 Development, in its discretion, may provide an extension of time for
285 completion of such residential portion, but in no event shall such
286 extension be more than three years.

287 (h) Following the completion of rehabilitation of a certified historic
288 structure in its entirety or in phases to an identifiable portion of the
289 building, the owner shall notify the [commission] council that such
290 rehabilitation has been completed. The owner shall provide the
291 [commission] council with documentation of work performed on the
292 certified historic structure and shall submit certification of the costs
293 incurred in rehabilitating the certified historic structure. The
294 [commission] council shall review such rehabilitation and verify its
295 compliance with the rehabilitation plan. Following such verification,
296 the [commission] Department of Economic and Community
297 Development shall issue a tax credit voucher to the owner
298 rehabilitating the certified historic structure or to the taxpayer named
299 by the owner as contributing to the rehabilitation. The tax credit
300 voucher shall be in an amount equivalent to the lesser of the tax credit
301 reserved upon certification of the rehabilitation plan under the
302 provisions of subsection (f) of this section or (1) twenty-five per cent of

303 the actual qualified rehabilitation expenditures, or (2) for projects
304 including affordable housing pursuant to subdivision (2) of subsection
305 (f) of this section, thirty per cent of the actual qualified rehabilitation
306 expenditures. In order to obtain a credit against any state tax due that
307 is specified in subsection (i) of this section, the holder of the tax credit
308 voucher shall file the voucher with the holder's state tax return.

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

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

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

326 (l) On or before October 1, 2009, and annually thereafter, the
327 [Commission on Culture and Tourism] Department of Economic and
328 Community Development shall report the total amount of historic
329 preservation tax credits and affordable housing tax credits reserved for
330 the previous fiscal year under subsections (a) to (j), inclusive, of this
331 section, to the joint standing committees of the General Assembly
332 having cognizance of matters relating to commerce and to finance,
333 revenue and bonding. Each such report shall include the following
334 information for each project for which tax credit has been reserved: (1)

335 The total project costs, (2) the value of the tax credit reservation for the
336 purpose of historic preservation, (3) a statement whether the
337 reservation is for mixed-use and if so, the proportion of the project that
338 is not residential, and (4) the number of residential units to be created,
339 and, for affordable housing reservations, the value of the reservation
340 and percentage of residential units that will qualify as affordable
341 housing, as defined in section 8-39a.

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

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

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