



General Assembly

Substitute Bill No. 1131

January Session, 2013



AN ACT CONCERNING CHANGES TO THE CONNECTICUT HISTORIC HOME TAX CREDIT.

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

1 Section 1. Section 10-416 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2015, and*
3 *applicable to income years commencing on or after January 1, 2015*):

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) "Officer" means the State Historic Preservation Officer
8 designated pursuant to 36 CFR S. 61.2 (1978);]

9 (1) "Department" means the Department of Economic and
10 Community Development;

11 (2) "Historic home" means a building that: (A) Will contain one-to-
12 four dwelling units of which at least one unit will be occupied as the
13 principal residence of the owner for not less than five years following
14 the completion of rehabilitation work, [(B) is located in a targeted area,
15 and (C)] and (B) is (i) listed individually on the National or State
16 Register of Historic Places, or (ii) located in a district listed on the
17 National or State Register of Historic Places, and has been certified by

18 the [commission] department as contributing to the historic character
19 of such district;

20 (3) "Nonprofit corporation" means a nonprofit corporation
21 incorporated pursuant to chapter 602 or any predecessor statutes
22 thereto, having as one of its purposes the construction, rehabilitation,
23 ownership or operation of housing and having articles of incorporation
24 approved by the Commissioner of Economic and Community
25 Development in accordance with regulations adopted pursuant to
26 section 8-79a or 8-84;

27 (4) "Owner" means (A) any taxpayer filing a state of Connecticut tax
28 return who possesses title to an historic home, or prospective title to an
29 historic home in the form of a purchase agreement or option to
30 purchase, or (B) a nonprofit corporation that possesses such title or
31 prospective title;

32 [(5) "Targeted area" means: (A) A federally designated "qualified
33 census tract" in which seventy per cent or more of the families have a
34 median income of eighty per cent or less of the state-wide median
35 family income, (B) a state designated and federally approved area of
36 chronic economic distress, or (C) an urban and regional center as
37 identified in the Connecticut Conservation and Development Policies
38 Plan;]

39 [(6)] (5) "Qualified rehabilitation expenditures" means any costs
40 incurred for the physical construction involved in the rehabilitation of
41 an historic home, but excludes: (A) The owner's personal labor, (B) the
42 cost of site improvements, unless to provide building access to persons
43 with disabilities, (C) the cost of a new addition, except as may be
44 required to comply with any provision of the State Building Code or
45 the Fire Safety Code, (D) any cost associated with the rehabilitation of
46 an outbuilding, unless such building contributes to the historical
47 significance of the historic home, and (E) any nonconstruction cost
48 such as architectural fees, legal fees and financing fees;

49 [(7)] (6) "Rehabilitation plan" means any construction plans and
50 specifications for the proposed rehabilitation of an historic home in
51 sufficient detail to enable the [commission] department to evaluate
52 compliance with the standards developed under the provisions of
53 subsections (b), [to (d), inclusive,] (c) and (m) of this section; and

54 [(8)] (7) "Occupancy period" means a period of five years during
55 which one or more owners occupy an historic home as [their] such
56 owner's or owners' primary residence. The occupancy period begins
57 on the date the tax credit voucher is issued by the Department of
58 Economic and Community Development.

59 (b) The Department of Economic and Community Development
60 shall administer a system of tax credit vouchers within the resources,
61 requirements and purposes of this section for owners rehabilitating
62 historic homes or taxpayers making contributions to qualified
63 rehabilitation expenditures. For [tax] income years commencing on or
64 after January 1, 2000, any owner shall be eligible for a tax credit
65 voucher in an amount equal to thirty per cent of the qualified
66 rehabilitation expenditures.

67 (c) The [officer] department shall develop standards for the
68 approval of rehabilitation of historic homes for which a tax credit
69 voucher is sought. Such standards shall take into account whether the
70 rehabilitation of an historic home will preserve the historic character of
71 the building.

72 [(d) The Department of Economic and Community Development
73 may, in consultation with the Commissioner of Revenue Services,
74 adopt regulations in accordance with chapter 54 to carry out the
75 purposes of this section.]

76 [(e)] (d) Prior to beginning any rehabilitation work on an historic
77 home, the owner shall submit a rehabilitation plan to the [officer]
78 department for a determination of whether such rehabilitation work
79 meets the standards developed under the provisions of subsections (b),

80 [to (d), inclusive,] (c) and (m) of this section and shall also submit to
81 the department an estimate of the qualified rehabilitation
82 expenditures.

83 [(f)] (e) If the [officer] department certifies that the rehabilitation
84 plan conforms to the standards developed under the provisions of
85 subsections (b), [to (d), inclusive,] (c) and (m) of this section, the
86 department shall reserve for the benefit of the owner an allocation for a
87 tax credit equivalent to thirty per cent of the projected qualified
88 rehabilitation expenditures.

89 [(g)] (f) Following the completion of rehabilitation of an historic
90 home, the owner shall notify the [officer] department that such
91 rehabilitation has been completed. The [officer] owner shall provide
92 the [commission] department with documentation of work performed
93 on the historic home and shall certify the cost incurred in rehabilitating
94 the home. The [officer] department shall review such rehabilitation
95 and verify its compliance with the rehabilitation plan. Following such
96 verification, the [Department of Economic and Community
97 Development] department shall issue a tax credit voucher to either the
98 owner rehabilitating the historic home or to the taxpayer named by the
99 owner as contributing to the rehabilitation. The tax credit voucher shall
100 be in an amount equivalent to the lesser of (1) the tax credit reserved
101 upon certification of the rehabilitation plan under the provisions of
102 subsection [(f)] (e) of this section, or (2) thirty per cent of the actual
103 qualified rehabilitation expenditures. In order to obtain a credit against
104 any state tax due that is specified in subsections [(j) to (m)] (i) to (l),
105 inclusive, of this section, the holder of the tax credit voucher shall file
106 the voucher with the holder's state tax return.

107 [(h)] (g) Before the [Department of Economic and Community
108 Development] department issues a tax credit voucher, the owner shall
109 deliver a signed statement to the department which provides that: (1)
110 The owner shall occupy the historic home as the owner's primary
111 residence during the occupancy period, or (2) the owner shall convey
112 the historic home to a new owner who will occupy it as the new

113 owner's primary residence during the occupancy period, or (3) an
114 encumbrance shall be recorded, in favor of the local, state or federal
115 government or other funding source, that will require the owner or the
116 owner's successors to occupy the historic home as the primary
117 residence of the owner or the owner's successors for a period equal to
118 or longer than the occupancy period. A copy of any such encumbrance
119 shall be attached to the signed statement.

120 [(i)] (h) The owner of an historic home shall not be eligible for a tax
121 credit voucher under subsections (b), [to (d), inclusive,] (c) and (m) of
122 this section, unless the owner incurs qualified rehabilitation
123 expenditures exceeding [twenty-five] fifteen thousand dollars.

124 [(j)] (i) The Commissioner of Revenue Services shall grant a tax
125 credit to a taxpayer holding the tax credit voucher issued under
126 subsections [(e) to (i)] (d) to (h), inclusive, of this section against any
127 tax due under chapter 207, 208, 209, 210, 211 or 212 in the amount
128 specified in the tax credit voucher. The Department of Economic and
129 Community Development shall provide a copy of the voucher to the
130 Commissioner of Revenue Services upon the request of said
131 commissioner.

132 [(k) In no event shall a] (j) A credit allowed under this section shall
133 not exceed thirty thousand dollars per dwelling unit for an historic
134 home, except that such credit shall not exceed fifty thousand dollars
135 per such dwelling unit for an owner that is a nonprofit corporation.

136 [(l)] (k) The tax credit [issued] granted under subsection [(j)] (i) of
137 this section shall be taken [by the holder of the tax credit voucher] in
138 the same tax year in which the tax credit voucher is issued. Any
139 unused portion of such credit may be carried forward to any or all of
140 the four [taxable years] income years following the year in which the
141 tax credit voucher is issued.

142 [(m)] (l) The aggregate amount of all tax credits which may be
143 reserved by the Department of Economic and Community

