

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 13-266—sSB 1131

Commerce Committee

Finance, Revenue and Bonding Committee

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

SUMMARY: This act expands the business tax credit for rehabilitating historic homes by:

1. making the credit available statewide, not just in statutorily designated areas;
2. reducing, from more than \$25,000 to more than \$15,000, the minimum amount of money that must be spent rehabilitating a historic home; and
3. increasing, from \$30,000 to \$50,000 per unit, the maximum amount of credit businesses can claim when contributing funds to nonprofit corporations rehabilitating historic homes.

By law, unchanged by the act, the credit's total value equals 30% of the eligible rehabilitation costs.

People and nonprofit organizations rehabilitating historic homes must apply to the Department of Economic and Community Development (DECD) for a credit voucher, which they can exchange with businesses contributing funds toward the rehabilitation. The homes must have four or fewer units, one of which must be the owner's principal residence. DECD can award no more than \$3 million per year in credits.

The act also makes technical changes, including updating the statutes to conform with the 2011 elimination of the Connecticut Commission on Culture and Tourism and the transfer of its powers, duties, and offices to DECD. The transfer included the state historic preservation office and its role in certifying rehabilitated historic homes for the tax credits.

EFFECTIVE DATE: July 1, 2015, and applicable to income years beginning on or after January 1, 2015.

ELIMINATED LOCATION REQUIREMENT

The act eliminates the requirement limiting the credits to historic homes in targeted areas, thus making the credits available statewide for otherwise eligible historic homes. Prior law limited the credits to homes in:

1. census tracts in which at least 70% of the families have an income that is 80% or less of the statewide median;
2. chronically economically distressed areas the state designates, with federal approval; and
3. urban and regional centers identified in the State Plan of Conservation and

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Development Policies Plan.

Historic homes, regardless of location, must continue to meet the law's other requirements. Specifically, they (1) may have no more than four units, one of which must be the owner's principal residence for at least five years after the rehabilitation is completed and (2) must be listed on the National or State Register of Historic Places or located in a district listed in either register. With respect to the latter, DECD must determine that the home contributes to the district's historic character.

REDUCED MINIMUM EXPENDITURE REQUIREMENT

The act reduces, from more than \$25,000 to more than \$15,000, the minimum amount that must be spent on rehabilitating a historic home to qualify for a tax credit voucher. By law, and unchanged by the act, the party rehabilitating the home cannot count the following expenditures toward the minimum expenditure requirement:

1. the owner's personal labor;
2. site improvements unrelated to making the home accessible to people with disabilities;
3. new additions that are not needed to comply with the state building and fire safety codes;
4. outbuildings that do not contribute to the home's historic significance; and
5. architectural, legal, and financing fees and other non-construction costs.

INCREASED PER UNIT CREDIT AMOUNT

The act increases, from \$30,000 to \$50,000 per unit, the maximum amount of credit available to businesses that contribute to historic home rehabilitation projects undertaken by nonprofit organizations. Such organizations qualify for credit vouchers they can exchange for business contributions if (1) they possess title or prospective title to the home, (2) their mission includes housing development, and (3) the DECD commissioner approved their articles of incorporation.

The maximum per unit credit for individuals rehabilitating historic homes remains \$30,000.

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