
OLR Bill Analysis

sHB 5004

AN ACT CONCERNING AN EXPANSION OF THE HISTORIC HOMES TAX CREDIT.

SUMMARY:

This bill increases, from \$3 million to \$5 million, the annual cap on aggregate tax credits for businesses that contribute funds for rehabilitating historic homes. By law, businesses receive these credits by contributing funds to individuals or nonprofit organizations rehabilitating one- to four-unit historic homes for owner occupancy. The Department of Economic and Community Development (DECD) awards the credits, which equal 30% of the eligible rehabilitation costs. The law specifies the criteria for identifying and rehabilitating historic homes and the process for obtaining the credits.

EFFECTIVE DATE: July 1, 2014 and applicable to income years beginning on or after January 1, 2014, except for changes that will supersede the current annual cap statute on July 1, 2015, which take effect on that date and are applicable to income years beginning on or after January 1, 2015.

BACKGROUND

Historic Homes Tax Credit

The Historic Homes Tax Credit is one of three business tax credits currently available for rehabilitating historic property. The historic homes tax credit is limited to homes with four or fewer units listed on the National or State Register of Historic Places or located in a historic district listed in either register. The rehabilitated homes must be owner-occupied, meaning the owner must live in one of the units as a principal residence for at least five years after the rehabilitation is completed.

The individual or nonprofit rehabilitating the home must spend at

least \$15,000 in eligible rehabilitation costs to qualify for a credit. The credit equals 30% of these costs, but the law caps the total credit at \$30,000 per unit for individuals and \$50,000 per unit for nonprofit organizations.

Related Programs

Current law also authorizes tax credits for converting (1) historic business property to homes and apartments and (2) different types of historic property for residential use or mixed residential and nonresidential use. The latter includes structures used for governmental, institutional, and cultural purposes.

The criteria and processes for accessing these DECD-administered credits are similar to those for obtaining the historic homes credit, but the annual credit caps vary. Current law caps the credit for converting (1) historic business property to residential uses at \$15 million per year and (2) different types of historic property for mixed or residential uses at \$50 million per three-year cycle.

Related Bill

sHB 5272, favorably reported by the Commerce Committee, (1) consolidates the two tax credit programs for rehabilitating historic business property, (2) caps the credits at \$31.7 million per year, and (3) makes various programmatic changes.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 17 Nay 0 (03/18/2014)