



General Assembly

February Session, 2016

Raised Bill No. 5490

LCO No. 1959



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT CONCERNING THE HISTORIC REHABILITATION 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 Section 10-416 of the general statutes is repealed and the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, 2016, and*
3 *applicable to income years commencing on or after January 1, 2016*):

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) "Department" means the Department of Economic and
8 Community Development;

9 (2) "Historic home" means a building that: (A) Will contain one-to-
10 four dwelling units of which at least one unit will be occupied as the
11 principal residence of the owner for not less than five years following
12 the completion of rehabilitation work, and (B) is (i) listed individually
13 on the National or State Register of Historic Places, or (ii) located in a

14 district listed on the National or State Register of Historic Places, and
15 has been certified by the department as contributing to the historic
16 character of such district;

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

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

29 (5) "Qualified rehabilitation expenditures" means any (A) costs
30 incurred for the physical construction involved in the rehabilitation of
31 an historic home, [but excludes: (A)] and (B) costs incurred, up to two
32 thousand dollars, for the physical construction of a blue stone sidewalk
33 that is located on or that abuts the property on which an historic home
34 is located. "Qualified rehabilitation expenditures" do not include: (i)
35 The owner's personal labor, [(B)] (ii) the cost of site improvements,
36 [unless] except for costs to provide building access to persons with
37 disabilities, or costs described in subparagraph (B) of this subdivision,
38 [(C)] (iii) the cost of a new addition, except as may be required to
39 comply with any provision of the State Building Code or the Fire
40 Safety Code, [(D)] (iv) any cost associated with the rehabilitation of an
41 outbuilding, unless such building contributes to the historical
42 significance of the historic home, and [(E)] (v) any nonconstruction cost
43 such as architectural fees, legal fees and financing fees;

44 (6) "Rehabilitation plan" means any construction plans and

45 specifications for the proposed rehabilitation of an historic home or the
46 physical construction of a blue stone sidewalk in sufficient detail to
47 enable the department to evaluate compliance with the standards
48 developed under the provisions of subsections (b), (c) and (m) of this
49 section; and

50 (7) "Occupancy period" means a period of five years during which
51 one or more owners occupy an historic home as such owner's or
52 owners' primary residence. The occupancy period begins on the date
53 the tax credit voucher is issued by the Department of Economic and
54 Community Development.

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

63 (c) The department shall develop standards for the approval of
64 rehabilitation of historic homes for which a tax credit voucher is
65 sought. Such standards shall take into account whether the
66 rehabilitation of an historic home will preserve the historic character of
67 the building.

68 (d) Prior to beginning any rehabilitation work on an historic home,
69 the owner shall submit a rehabilitation plan to the department for a
70 determination of whether such rehabilitation work meets the
71 standards developed under the provisions of subsections (b), (c) and
72 (m) of this section and shall also submit to the department an estimate
73 of the qualified rehabilitation expenditures.

74 (e) If the department certifies that the rehabilitation plan conforms
75 to the standards developed under the provisions of subsections (b), (c)

76 and (m) of this section, the department shall reserve for the benefit of
77 the owner an allocation for a tax credit equivalent to thirty per cent of
78 the projected qualified rehabilitation expenditures.

79 (f) Following the completion of rehabilitation of an historic home,
80 the owner shall notify the department that such rehabilitation has been
81 completed. The owner shall provide the department with
82 documentation of work performed on the historic home and shall
83 certify the cost incurred in rehabilitating the home. The department
84 shall review such rehabilitation and verify its compliance with the
85 rehabilitation plan. Following such verification, the department shall
86 issue a tax credit voucher to either the owner rehabilitating the historic
87 home or to the taxpayer named by the owner as contributing to the
88 rehabilitation. The tax credit voucher shall be in an amount equivalent
89 to the lesser of (1) the tax credit reserved upon certification of the
90 rehabilitation plan under the provisions of subsection (e) of this
91 section, or (2) thirty per cent of the actual qualified rehabilitation
92 expenditures. In order to obtain a credit against any state tax due that
93 is specified in subsections (i) to (l), inclusive, of this section, the holder
94 of the tax credit voucher shall file the voucher with the holder's state
95 tax return.

96 (g) Before the department issues a tax credit voucher, the owner
97 shall deliver a signed statement to the department which provides
98 that: (1) The owner shall occupy the historic home as the owner's
99 primary residence during the occupancy period, or (2) the owner shall
100 convey the historic home to a new owner who will occupy it as the
101 new owner's primary residence during the occupancy period, or (3) an
102 encumbrance shall be recorded, in favor of the local, state or federal
103 government or other funding source, that will require the owner or the
104 owner's successors to occupy the historic home as the primary
105 residence of the owner or the owner's successors for a period equal to
106 or longer than the occupancy period. A copy of any such encumbrance
107 shall be attached to the signed statement.

108 (h) The owner of an historic home shall not be eligible for a tax
109 credit voucher under subsections (b), (c) and (m) of this section, unless
110 the owner incurs qualified rehabilitation expenditures exceeding
111 fifteen thousand dollars.

112 (i) The Commissioner of Revenue Services shall grant a tax credit to
113 a taxpayer holding the tax credit voucher issued under subsections (d)
114 to (h), inclusive, of this section against any tax due under chapter 207,
115 208, 209, 210, 211 or 212 in the amount specified in the tax credit
116 voucher. The Department of Economic and Community Development
117 shall provide a copy of the voucher to the Commissioner of Revenue
118 Services upon the request of said commissioner.

119 (j) A credit allowed under this section shall not exceed thirty
120 thousand dollars per dwelling unit for an historic home, except that
121 such credit shall not exceed fifty thousand dollars per such dwelling
122 unit for an owner that is a nonprofit corporation.

123 (k) The tax credit granted under subsection (i) of this section shall be
124 taken in the same tax year in which the tax credit voucher is issued.
125 Any unused portion of such credit may be carried forward to any or all
126 of the four income years following the year in which the tax credit
127 voucher is issued.

128 (l) The aggregate amount of all tax credits which may be reserved
129 by the Department of Economic and Community Development upon
130 certification of rehabilitation plans under subsections (b) to (d),
131 inclusive, of this section shall not exceed three million dollars in any
132 one fiscal year. On and after July 1, 2015, seventy per cent of the tax
133 credits reserved pursuant to this section shall be for owners
134 rehabilitating historic homes that are located in a regional center as
135 designated in the state plan of conservation and development adopted
136 by the General Assembly pursuant to section 16a-30 or taxpayers
137 making contributions to qualified rehabilitation expenditures on
138 historic homes that are located in a regional center as designated in the

139 state plan of conservation and development adopted by the General
140 Assembly pursuant to section 16a-30.

141 (m) The Department of Economic and Community Development
142 may, in consultation with the Commissioner of Revenue Services,
143 adopt regulations in accordance with chapter 54 to carry out the
144 purposes of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2016, and applicable to income years commencing on or after January 1, 2016</i>	10-416

Statement of Purpose:

To add blue stone sidewalks to the costs of historic rehabilitation that are eligible for a tax credit.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]