SENATOR FONFARA, REPRESENTATIVE ROJAS, HONORABLE RANKING MEMBERS AND MEMBERS OF THE COMMITTEE, MY NAME IS SEAN GHIO. I AM POLICY DIRECTOR OF THE PARTNERSHIP FOR STRONG COMMUNITIES - A STATEWIDE NONPROFIT POLICY AND ADVOCACY ORGANIZATION DEDICATED TO ENDING HOMELESSNESS, EXPANDING AFFORDABLE HOUSING, AND BUILDING STRONG COMMUNITIES IN CONNECTICUT.

I RESPECTFULLY SUBMIT THIS TESTIMONY ON H.B. 7410 AN ACT CONCERNING CERTAIN TAX RECOMMENDATIONS OF THE COMMISSION ON FISCAL STABILITY AND ECONOMIC GROWTH AND ESTABLISHING A STEM SCHOLARSHIP PROGRAM.

WE ASK THE COMMITTEE TO CAREFULLY CONSIDER THE IMPACTS OF CHANGES TO TAX CREDITS FOUND IN SECTIONS 25 – 27 OF H.B. 7410.

CONNECTICUT’S HOUSING TAX CREDIT CONTRIBUTION (HTCC) PROGRAM HELPS NONPROFIT DEVELOPERS BUILD AFFORDABLE HOUSING IN CONNECTICUT AND GIVES LOCAL BUSINESSES AN OPPORTUNITY TO INVEST IN THE PROJECTS. CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA) ALLOCATES UP TO $10 MILLION ANNUALLY IN STATE TAX CREDITS UNDER THE HTCC PROGRAM TO NONPROFITS DEVELOPING VERY LOW, LOW AND MODERATE INCOME HOUSING IN CONNECTICUT. PRIVATE BUSINESS CAN BUY THE TAX CREDITS AND APPLY THEM TO THEIR CORPORATE TAX WHILE NONPROFIT HOUSING DEVELOPERS USE THESE FUNDS TO HELP FINANCE THEIR AFFORDABLE HOUSING PROJECT.

ACCORDING TO CHFA, FUNDING FROM HTCCS HAS SUPPORTED THE DEVELOPMENT OF AN AVERAGE OF 650 AFFORDABLE UNITS PER YEAR AND OFTEN PROVIDES GAP FINANCING, ALLOWING MANY PROJECTS TO ADVANCE.
Sections 25 through 27 of H.B. 7410 would cap the amount of applicable corporate tax liability that can be offset by a tax credit buyer at 50.1% for use in the HTCC program. Currently a tax credit buyer can purchase credits up to 100% of their corporate tax liability. This change doesn’t appear to reduce the value of the credits, but by limiting the amount of taxes an individual corporation may offset, there may not be enough informed buyers to purchase all the tax credits. Developers would need to invest time in finding and educating new eligible buyers on the tax credits. It is possible this would result in tax credits going unused and affordable housing developments not being completed.

Thank you for the opportunity to submit this testimony.