

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 24-109—sHB 5190

Commerce Committee

**AN ACT CONCERNING THE HISTORIC HOMES REHABILITATION
TAX CREDIT**

SUMMARY: This act restores taxpayers’ ability to apply historic homes rehabilitation tax credits against specified business taxes. By law, the Department of Economic and Community Development (DECD) issues these credits, subject to certain requirements, to (1) people and nonprofits who own, rehabilitate, and occupy historic homes or (2) businesses that contribute funds for rehabilitating historic homes that are or will be occupied by their owners.

PA 23-204, § 357, eliminated taxpayers’ ability to claim credits issued on or after January 1, 2024, against specified state business taxes (i.e., the insurance premiums, corporation business, air carriers, railroad companies, cable and satellite TV companies, and utility companies’ taxes). The act instead allows taxpayers to continue claiming these credits against these specified business taxes. As under existing law, credits issued on or after that date may also be claimed against the personal income tax and unrelated business income tax.

The act allows taxpayers applying the credit against any of the business taxes mentioned above to carry forward any unused credits for up to four income years, just as existing law allows for nonprofit corporations claiming the credit against the unrelated business income tax. Under existing law, credits applied against the personal income tax are refundable.

EFFECTIVE DATE: July 1, 2024, and applicable to tax and income years beginning on or after January 1, 2024.

BACKGROUND

Historic Homes Rehabilitation Tax Credit

Under this program, qualifying property owners (people and nonprofits) may receive a tax credit for 30% of the construction costs they incur in rehabilitating a historic home. To qualify, the historic home must (1) have no more than four units, one of which must be the owner’s principal residence for at least five years after rehabilitation is completed, and (2) be (a) listed on the National or State Register of Historic Places or (b) located in a district listed in either register and certified by DECD as contributing to the district’s historic character.

To qualify for the credit, the project’s construction costs must exceed \$15,000. The credit equals 30% of the eligible construction costs but may not exceed \$30,000 per dwelling unit (or \$50,000 for owners that are nonprofit corporations). DECD may reserve up to \$3 million in vouchers for these credits each fiscal year, 70% of which must be for rehabilitating homes in the municipalities designated as “regional

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centers” in the current state plan of conservation and development.

Related Act

PA 24-151, § 128, enacted identical provisions.