



General Assembly

February Session, 2024

Raised Bill No. 5190

LCO No. 1537



Referred to Committee on COMMERCE

Introduced by:
(CE)

***AN ACT CONCERNING THE HISTORIC HOMES 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 2024 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective January 1, 2025, and applicable to taxable and income years*
4 *commencing on or after January 1, 2025*):

5 (a) As used in this section, the following terms shall have the
6 following meanings unless the context clearly indicates another
7 meaning:

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

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

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

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

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

30 (5) "Qualified rehabilitation expenditures" means any costs incurred
31 for the physical construction involved in the rehabilitation of an historic
32 home, but excludes: (A) The owner's personal labor, (B) the cost of site
33 improvements, unless to provide building access to persons with
34 disabilities, (C) the cost of a new addition, except as may be required to
35 comply with any provision of the State Building Code or the Fire Safety
36 Code, (D) any cost associated with the rehabilitation of an outbuilding,
37 unless such building contributes to the historical significance of the
38 historic home, and (E) any nonconstruction cost such as architectural
39 fees, legal fees and financing fees;

40 (6) "Rehabilitation plan" means any construction plans and
41 specifications for the proposed rehabilitation of an historic home in
42 sufficient detail to enable the department to evaluate compliance with
43 the standards developed under the provisions of subsections (b), (c) and
44 (m) of this section; and

45 (7) "Occupancy period" means a period of five years during which
46 one or more owners occupy an historic home as such owner's or owners'

47 primary residence. The occupancy period begins on the date the tax
48 credit voucher is issued by the Department of Economic and
49 Community Development.

50 (b) The Department of Economic and Community Development shall
51 administer a system of tax credit vouchers within the resources,
52 requirements and purposes of this section for owners rehabilitating
53 historic homes or taxpayers making contributions to qualified
54 rehabilitation expenditures. Any owner shall be eligible for a tax credit
55 voucher in an amount equal to thirty per cent of the qualified
56 rehabilitation expenditures.

57 (c) The department shall develop standards for the approval of
58 rehabilitation of historic homes for which a tax credit voucher is sought.
59 Such standards shall take into account whether the rehabilitation of an
60 historic home will preserve the historic character of the building.

61 (d) Prior to beginning any rehabilitation work on an historic home,
62 the owner shall submit a rehabilitation plan to the department for a
63 determination of whether such rehabilitation work meets the standards
64 developed under the provisions of subsections (b), (c) and (m) of this
65 section and shall also submit to the department an estimate of the
66 qualified rehabilitation expenditures.

67 (e) If the department certifies that the rehabilitation plan conforms to
68 the standards developed under the provisions of subsections (b), (c) and
69 (m) of this section, the department shall reserve for the benefit of the
70 owner an allocation for a tax credit equivalent to thirty per cent of the
71 projected qualified rehabilitation expenditures.

72 (f) Following the completion of rehabilitation of an historic home, the
73 owner shall notify the department that such rehabilitation has been
74 completed. The owner shall provide the department with
75 documentation of work performed on the historic home and shall certify
76 the cost incurred in rehabilitating the home. The department shall
77 review such rehabilitation and verify its compliance with the
78 rehabilitation plan. Following such verification, the department shall

79 issue a tax credit voucher to either the owner rehabilitating the historic
80 home or to the taxpayer named by the owner as contributing to the
81 rehabilitation. The tax credit voucher shall be in an amount equivalent
82 to the lesser of (1) the tax credit reserved upon certification of the
83 rehabilitation plan under the provisions of subsection (e) of this section,
84 or (2) thirty per cent of the actual qualified rehabilitation expenditures.
85 In order to obtain a credit against any state tax due that is specified in
86 subsection (i) of this section, the holder of the tax credit voucher shall
87 file the voucher with the holder's state tax return.

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

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

104 (i) (1) The Commissioner of Revenue Services shall grant a tax credit:

105 (A) (i) For a taxpayer holding a tax credit voucher issued prior to
106 January 1, 2024, under subsections (d) to (h), inclusive, of this section,
107 against any tax due under chapter 207, 208, 209, 210, 211 or 212 in the
108 amount specified in the tax credit voucher.

109 (ii) Any unused portion of such credit under this subparagraph may
110 be carried forward to any or all of the four income years following the

111 year in which the tax credit voucher is issued;

112 (B) (i) For a taxpayer described under subparagraph (A) of
113 subdivision (4) of subsection (a) of this section holding a tax credit
114 voucher issued on or after January 1, 2024, but prior to January 1, 2025,
115 under subsections (d) to (h), inclusive, of this section, against the tax due
116 under chapter 229 in the amount specified in the tax credit voucher.

117 (ii) If the amount of the tax credit voucher exceeds the taxpayer's
118 liability for the tax imposed under chapter 229, the Commissioner of
119 Revenue Services shall treat such excess as an overpayment and, except
120 as provided under section 12-739 or 12-742, shall refund the amount of
121 such excess, without interest, to the taxpayer; [and]

122 (C) (i) For an owner that is a nonprofit corporation holding a tax
123 credit voucher issued on or after January 1, 2024, but prior to January 1,
124 2025, under subsections (d) to (h), inclusive, of this section, against the
125 tax due under chapter 208a in the amount specified in the tax credit
126 voucher.

127 (ii) Any unused portion of such credit under this subparagraph may
128 be carried forward to any or all of the four income years following the
129 year in which the tax credit voucher is issued; and

130 (D) (i) For a taxpayer holding a tax credit voucher issued on or after
131 January 1, 2025, under subsections (d) to (h), inclusive, of this section,
132 against any tax due under chapter 207, 208, 208a, 209, 210, 211, 212 or
133 229 in the amount specified in the tax credit voucher.

134 (ii) If a taxpayer described under subparagraph (A) of subdivision (4)
135 of subsection (a) of this section holding such tax credit voucher claims a
136 credit against the tax imposed under chapter 229 and the amount of the
137 tax credit voucher exceeds the taxpayer's liability for such tax, the
138 Commissioner of Revenue Services shall treat such excess as an
139 overpayment and, except as provided under section 12-739 or 12-742,
140 shall refund the amount of such excess, without interest, to the taxpayer;

141 (iii) If a taxpayer holding such tax credit voucher claims a credit
142 against the tax imposed under chapter 207, 208, 208a, 209, 210, 211 or
143 212, any unused portion of such credit under this subparagraph may be
144 carried forward to any of all of the four income years following the year
145 in which the tax credit voucher is issued.

146 (2) The Department of Economic and Community Development shall
147 provide a copy of the voucher to the Commissioner of Revenue Services
148 upon the request of said commissioner.

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

153 (k) The tax credit granted under subsection (i) of this section shall be
154 taken in the same tax year in which the tax credit voucher is issued.

155 (l) The aggregate amount of all tax credits that may be reserved by
156 the Department of Economic and Community Development upon
157 certification of rehabilitation plans under subsections (b) to (d),
158 inclusive, of this section shall not exceed three million dollars in any one
159 fiscal year. On and after July 1, 2015, seventy per cent of the tax credits
160 reserved pursuant to this section shall be for owners rehabilitating
161 historic homes that are located in a regional center as designated in the
162 state plan of conservation and development adopted by the General
163 Assembly pursuant to section 16a-30 or taxpayers making contributions
164 to qualified rehabilitation expenditures on historic homes that are
165 located in a regional center as designated in the state plan of
166 conservation and development adopted by the General Assembly
167 pursuant to section 16a-30.

168 (m) The Department of Economic and Community Development
169 may, in consultation with the Commissioner of Revenue Services, adopt
170 regulations in accordance with chapter 54 to carry out the purposes of
171 this section.

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| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>January 1, 2025, and applicable to taxable and income years commencing on or after January 1, 2025</i> | 10-416 |

Statement of Purpose:

To allow the historic homes rehabilitation tax credit to be applied against additional taxes.

[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.]