

Sec. 10-416c. Tax credits for rehabilitation of certified historic structures. (a) As used in this section, the following terms shall have the following meanings unless the context clearly indicates another meaning:

(1) "Officer" means the State Historic Preservation Officer designated pursuant to 36 CFR 61.2;

(2) "Certified historic structure" means any property that: (A) Is listed individually on the National or State Register of Historic Places, or (B) is located in a district listed on the National or State Register of Historic Places and has been certified by the officer as contributing to the historic character of such district;

(3) "Certified rehabilitation" means any rehabilitation of a certified historic structure for (A) residential use of five units or more, (B) mixed residential and nonresidential uses, or (C) nonresidential use consistent with the historic character of such property or the district in which such property is located, as determined by regulations adopted by the Department of Economic and Community Development;

(4) "Owner" means any person, firm, limited liability company, nonprofit or for-profit corporation or other business entity or municipality that possesses title to an historic structure and that undertakes the rehabilitation of such structure;

(5) "Placed in service" means the completion of substantial rehabilitation work that would allow for occupancy of the entire building or an identifiable portion of the building;

(6) "Qualified rehabilitation expenditures" means any costs incurred for the physical construction involved in the rehabilitation of a certified historic structure, excluding: (A) The owner's personal labor, (B) the cost of a new addition, except as required to comply with any provision of the State Building Code or the Fire Safety Code, and (C) any nonconstruction cost such as architectural fees, legal fees and financing fees;

(7) "Rehabilitation plan" means any narrative, construction plans and specifications for the proposed rehabilitation of a certified historic structure in sufficient detail for evaluation

of compliance with the Secretary of the Interior's Standards for Rehabilitation, as established in 36 CFR 67;

(8) "Substantial rehabilitation" or "substantially rehabilitate" means the qualified rehabilitation expenditures of a certified historic structure that exceed twenty-five per cent of the assessed value of such structure;

(9) "Affordable housing" has the same meaning as provided in section 8-39a; and

(10) "Project" means an undertaking involving rehabilitation work to a certified historic structure and any attached or adjacent new construction, associated demolition or improvements on the site that may affect the historic character or significance of the certified historic structure.

(b) (1) The Department of Economic and Community Development shall administer a system of tax credit vouchers within the resources, requirements and purposes of this section for owners rehabilitating certified historic structures.

(2) The credit authorized by this section shall be available in the tax year in which the substantially rehabilitated certified historic structure is placed in service. In the case of projects completed in phases, the tax credit shall be prorated to the substantially rehabilitated identifiable portion of the building placed in service. If the tax credit is more than the amount owed by the taxpayer for the year in which the substantially rehabilitated certified historic structure is placed in service, the amount that is more than the taxpayer's tax liability may be carried forward and credited against the taxes imposed for the succeeding five years or until the full credit is used, whichever occurs first.

(3) In the case of projects completed in phases, the Department of Economic and Community Development may issue vouchers for the substantially rehabilitated identifiable portion of the building placed in service.

(4) If a credit is allowed under this section for rehabilitation of a certified historic structure with multiple owners, such credit shall be passed through to such owners, or persons designated as partners or members of such owners, pro rata or pursuant to an agreement among such owners, or persons designated as partners or members of such owners, documenting an

alternative distribution method without regard to other tax or economic attributes of such owners.

(5) Any owner entitled to a credit under this section may sell, assign, or otherwise transfer such credit, in whole or in part, to one or more persons, as defined in section 12-1, provided any credit, after issuance, may be sold, assigned or otherwise transferred, in whole or in part, not more than three times. Such person shall be entitled to offset the tax imposed under chapter 207, 208, 209, 210, 211 or 212 as if such transferee had incurred the qualified rehabilitation expenditure.

(6) If a credit under this section is sold, assigned or otherwise transferred, whether by the owner or any subsequent transferee, the transferor and transferee shall jointly submit written notification of such transfer to the Department of Economic and Community Development not later than thirty days after such transfer. The notification after each transfer shall include the credit voucher number, the date of transfer, the amount of such credit transferred, the tax credit balance before and after the transfer, the tax identification numbers for both the transferor and the transferee, and any other information required by the department. Failure to comply with this subsection shall result in a disallowance of the tax credit until there is full compliance on the part of the transferor and the transferee, and for a second or third transfer, on the part of all subsequent transferors and transferees.

(7) The Department of Economic and Community Development shall provide a list to the Commissioner of Revenue Services, on an annual basis, detailing the credits that have been approved for the most recent fiscal year and all sales, assignments and transfers thereof that were made under this section for said year.

(c) The Department of Economic and Community Development may adopt regulations, in accordance with chapter 54, to carry out the purposes of this section. Such regulations shall include provisions for: (1) The filing of applications, (2) the rating criteria for evaluating applications, and (3) the timely approval of applications by the department.

(d) For the purpose of seeking a tax credit pursuant to subsection (b) of this section, prior to beginning any rehabilitation work on a certified historic structure, the owner shall submit to the officer (1) (A) a rehabilitation plan for a

determination of whether such rehabilitation work meets the Secretary of the Interior's Standards for Rehabilitation, as established in 36 CFR 67, and (B) if such rehabilitation work is planned to be undertaken in phases, a complete description of each such phase, with anticipated schedules for completion; (2) an estimate of the qualified rehabilitation expenditures; and (3) for projects pursuant to subdivision (2) of subsection (e) of this section, (A) the number of units of affordable housing to be created, (B) the proposed rents or sale prices of such units, and (C) the median income for the municipality where the project is located. For projects under subdivision (2) of subsection (e) of this section, the owner shall submit a copy of data required under subdivision (3) of this subsection to the Department of Housing.

(e) If the officer certifies that the rehabilitation plan conforms to the Secretary of the Interior's Standards for Rehabilitation, as established in 36 CFR 67, the Department of Economic and Community Development shall reserve for the benefit of the owner an allocation for a tax credit equivalent to (1) twenty-five per cent of the projected qualified rehabilitation expenditures, or (2) thirty per cent of the projected qualified rehabilitation expenditures if (A) at least twenty per cent of the units are rental units and qualify as affordable housing, or (B) at least ten per cent of the units are individual homeownership units and qualify as affordable housing. No tax credit shall be allocated for the purposes of subdivision (2) of this subsection unless an applicant received a certificate from the Commissioner of Housing pursuant to section 8-37111 confirming that the project complies with the definition of affordable housing under section 8-39a.

(f) Following the completion of rehabilitation of a certified historic structure in its entirety or in phases to an identifiable portion of the building, any owner who seeks a tax credit pursuant to subsection (b) of this section shall notify the officer that such rehabilitation is complete. Such owner shall provide the officer with documentation of work performed on the certified historic structure and shall submit certification of the costs incurred in rehabilitating the certified historic structure. The officer shall review such rehabilitation and verify its compliance with the rehabilitation plan. Following such verification, the Department of Economic and Community Development shall issue a tax credit voucher to such owner or to the taxpayer named by such owner as contributing to the rehabilitation. The tax credit voucher shall be in an amount equivalent to the lesser of the tax credit

reserved upon certification of the rehabilitation plan under the provisions of subsection (e) of this section or (1) twenty-five per cent of the actual qualified rehabilitation expenditures, or (2) for projects including affordable housing pursuant to subdivision (2) of subsection (e) of this section, thirty per cent of the actual qualified rehabilitation expenditures. In order to obtain a credit against any state tax due that is specified in subsection (g) of this section, the holder of the tax credit voucher shall file the voucher with the holder's state tax return.

(g) The Commissioner of Revenue Services shall grant a tax credit to a taxpayer holding the tax credit voucher issued in accordance with subsections (b) to (i), inclusive, of this section against any tax due under chapter 207, 208, 209, 210, 211 or 212 in the amount specified in the tax credit voucher. Such taxpayer shall submit the voucher and the corresponding tax return to the Department of Revenue Services.

(h) The Department of Economic and Community Development may charge any owner seeking a tax credit pursuant to subsection (b) of this section an application fee in an amount not to exceed ten thousand dollars to cover the cost of administering the program established pursuant to this section.

(i) The aggregate amount of all tax credits that may be reserved by the Department of Economic and Community Development upon certification of rehabilitation plans pursuant to subsections (b) to (h), inclusive, of this section shall not exceed thirty-one million seven hundred thousand dollars in any fiscal year. No project may receive tax credits in an amount exceeding four million five hundred thousand dollars.

(j) On or before October 1, 2015, and annually thereafter, the Department of Economic and Community Development shall report, in accordance with section 11-4a, the total amount of tax credits reserved for the previous fiscal year pursuant to subsections (b) to (i), inclusive, of this section, to the joint standing committees of the General Assembly having cognizance of matters relating to commerce and finance, revenue and bonding. Each such report shall include the following information for each project for which a tax credit has been reserved: (1) The total project costs, (2) the value of the tax credit reservation pursuant to subdivision (1) of subsection (e) of this section, (3) a statement whether the reservation is for mixed-use and if so, the proportion of the project that is not residential, and (4) the number of residential units to be created, and, for

reservations pursuant to subdivision (2) of subsection (e) of this section, the value of the reservation and percentage of residential units that will qualify as affordable housing.