Connecticut General Statutes 8-395 - Tax credits for housing programs

(a) As used in this section, (1) "business firm" means any business entity authorized to do business in the state and subject to the corporation business tax imposed under chapter 208, or any company subject to a tax imposed under chapter 207, or any air carrier subject to the air carriers tax imposed under chapter 209, or any railroad company subject to the railroad companies tax imposed under chapter 210, or any regulated telecommunications service, express, telegraph, cable, or community antenna television company subject to the regulated telecommunications service, express, telegraph, cable, and community antenna television companies tax imposed under chapter 211, or any utility company subject to the utility companies tax imposed under chapter 212, and (2) "nonprofit corporation" means a nonprofit corporation incorporated pursuant to chapter 602 or any predecessor statutes thereto, having as one of its purposes the construction, rehabilitation, ownership or operation of housing and having articles of incorporation approved by the executive director of the Connecticut Housing Finance Authority in accordance with regulations adopted pursuant to section 8-79a or 8-84.

(b) The Commissioner of Revenue Services shall grant a credit against any tax due under the provisions of chapter 207, 208, 209, 210, 211 or 212 in an amount equal to the amount specified by the Connecticut Housing Finance Authority in any tax credit voucher issued by said authority pursuant to subsection (c) of this section.

(c) The Connecticut Housing Finance Authority shall administer a system of tax credit vouchers within the resources, requirements and purposes of this section, for business firms making cash contributions to housing programs developed, sponsored or managed by a nonprofit corporation, as defined in subsection (a) of this section, which benefit low and moderate income persons or families which have been approved prior to the date of any such cash contribution by the authority. Such vouchers may be used as a credit against any of the taxes to which such business firm is subject and which are enumerated in subsection (b) of this section. For income years commencing on or after January 1, 1998, to be eligible for approval a housing program shall be scheduled for completion not more than three years from the date of approval. Each program shall submit to the authority quarterly progress reports and a final report upon completion, in a manner and form prescribed by the authority. If a program fails to be completed after three years, or at any time the authority determines that a program is unlikely to be completed, the authority may reclaim any remaining funds contributed by business firms and reallocate such funds to another eligible program.

(d) No business firm shall receive a credit pursuant to both this section and chapter 228a in relation to the same cash contribution.

(e) Nothing in this section shall be construed to prevent two or more business firms from participating jointly in one or more programs under the provisions of this section. Such joint programs shall be submitted, and acted upon, as a single program by the business firms involved.

(f) No tax credit shall be granted to any business firm for any individual amount contributed of less than two hundred fifty dollars.

(g) Any tax credit not used in the period during which the cash contribution was made may be carried forward or backward for the five immediately succeeding or preceding income years until the full credit has been allowed.

(h) In no event shall the total amount of all tax credits allowed to all business firms pursuant to the provisions of this section exceed ten million dollars in any one fiscal year, provided, each year until the date sixty days after the date the Connecticut Housing Finance Authority publishes the list of housing programs that will receive tax credit reservations, two million dollars of the total amount of all tax credits under this section shall be set aside for permanent supportive housing initiatives established pursuant to section 17a-485c, and one million dollars of the total amount of all tax credits under this section shall be set aside for workforce housing, as defined by the Connecticut Housing Finance Authority through written procedures adopted pursuant to subsection (k) of this section. Each year, on or after the date sixty days after the date the Connecticut Housing Finance Authority publishes the list of housing programs that will receive tax credit reservations, any unused portion of such tax credits shall become available for any housing program eligible for tax credits pursuant to this section.

(i) No organization conducting a housing program or programs eligible for funding with respect to which tax credits may be allowed under this section shall be allowed to receive an aggregate amount of such funding for any such program or programs in excess of five hundred thousand dollars for any fiscal year.

(j) Nothing in this section shall be construed to prevent a business firm from making any cash contribution to a housing program to which tax credits may be applied which cash contribution may result in the business firm having a limited equity interest in the program.

(k) The Connecticut Housing Finance Authority, with the approval of the Commissioner of Revenue Services, shall adopt written procedures in accordance with section 1-121 to implement the provisions of this section. Such procedures shall include provisions for issuing tax credit vouchers for cash contributions to housing programs based on a system of ranking housing programs. In establishing such ranking system, the authority shall consider the following: (1) The readiness of the project to be built; (2) use of the funds to build or rehabilitate a specific housing project or to capitalize a revolving loan fund providing low-cost loans for housing construction, repair or rehabilitation to benefit persons of very low, low and moderate income; (3) the extent the project will benefit families at or below twenty-five per cent of the area median income and families with incomes between twenty-five per cent and fifty per cent of the area median income, as defined by the United States Department of Housing and Urban Development; (4) evidence of the general administrative capability of the nonprofit corporation to build or rehabilitate housing; (5) evidence that any funds received by the nonprofit corporation for which a voucher was issued were used to accomplish the goals set forth in the application; and (6) with respect to any income year commencing on or after January 1, 1998: (A) Use of the funds to provide housing opportunities in urban areas and the impact of such funds on neighborhood revitalization; and (B) the extent to which tax credit funds are leveraged by other funds.

(l) Vouchers issued or reserved by the Department of Housing under the provisions of this section prior to July 1, 1995, shall be valid on and after July 1, 1995, to the same extent as they would be valid under the provisions of this section in effect on June 30, 1995.

(m) The credit which is sought by the business firm shall first be claimed on the tax return for such business firm's income year during which the cash contribution to which the tax credit voucher relates was paid.