

Sec. 10-416. (Formerly Sec. 10-320j). Tax credits for rehabilitation of historic homes. (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 S. 61.2 (1978);

(2) “Historic home” means a building that: (A) Will contain one-to-four dwelling units of which at least one unit will be occupied as the principal residence of the owner for not less than five years following the completion of rehabilitation work, (B) is located in a targeted area, and (C) is (i) listed individually on the National or State Register of Historic Places, or (ii) located in a district listed on the National or State Register of Historic Places, and has been certified by the commission as contributing to the historic character of such district;

(3) “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 Commissioner of Economic and Community Development in accordance with regulations adopted pursuant to section 8-79a or 8-84;

(4) “Owner” means any taxpayer filing a state of Connecticut tax return who possesses title to an historic home, or prospective title to an historic home in the form of a purchase agreement or option to purchase, or a nonprofit corporation that possesses such title or prospective title;

(5) “Targeted area” means: (A) A federally designated “qualified census tract” in which seventy per cent or more of the families have a median income of eighty per cent or less of the state-wide median family income, (B) a state designated and federally approved area of chronic economic distress, or (C) an urban and regional center as identified in the Connecticut Conservation and Development Policies Plan;

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

(7) “Rehabilitation plan” means any construction plans and specifications for the proposed rehabilitation of an historic home in sufficient detail to enable the commission to evaluate compliance with the standards developed under the provisions of subsections (b) to (d), inclusive, of this section; and

(8) “Occupancy period” means a period of five years during which one or more owners occupy an historic home as their primary residence. The occupancy period begins on the date the tax credit voucher is issued by the Department of Economic and Community Development.

(b) 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 historic homes or taxpayers making contributions to qualified rehabilitation expenditures. For tax years commencing on or after January 1, 2000, any owner shall be eligible for a tax credit voucher in an amount equal to thirty per cent of the qualified rehabilitation expenditures.

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

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

(e) Prior to beginning any rehabilitation work on an historic home, the owner shall submit a rehabilitation plan to the officer for a determination of whether such rehabilitation work meets the standards developed under the provisions of subsections (b) to (d), inclusive, of this section and shall also submit to the department an estimate of the qualified rehabilitation expenditures.

(f) If the officer certifies that the rehabilitation plan conforms to the standards developed under the provisions of subsections (b) to (d), inclusive, of this section, the department shall reserve for the benefit of the owner an allocation for a tax credit equivalent to thirty per cent of the projected qualified rehabilitation expenditures.

(g) Following the completion of rehabilitation of an historic home, the owner shall notify the officer that such rehabilitation has been completed. The officer shall provide the commission with documentation of work performed on the historic home and shall certify the cost incurred in rehabilitating the home. 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 either the owner rehabilitating the historic home or to the taxpayer named by the 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 (f) of this section or thirty per cent of the actual qualified rehabilitation expenditures. In order to obtain a credit against any state tax due that is specified in subsections (j) to (m), inclusive, of this section, the holder of the tax credit voucher shall file the voucher with the holder's state tax return.

(h) Before the Department of Economic and Community Development issues a tax credit voucher, the owner shall deliver a signed statement to the department which provides that: (1) The owner shall occupy the historic home as the owner's primary residence during the occupancy period, or (2) the owner shall convey the historic home to a new owner who will occupy it as the new owner's primary residence during the occupancy period, or (3) an encumbrance shall be recorded, in favor of the local, state or federal government or other funding source, that will require the owner or the owner's successors to occupy the historic home as the primary residence of the owner or the owner's successors for a period equal to or longer than the occupancy period. A copy of any such encumbrance shall be attached to the signed statement.

(i) The owner of an historic home shall not be eligible for a tax credit voucher under subsections (b) to (d), inclusive, of this section, unless the owner incurs qualified rehabilitation expenditures exceeding twenty-five thousand dollars.

(j) The Commissioner of Revenue Services shall grant a tax credit to a taxpayer holding the tax credit voucher issued under subsections (e) 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. The Department of Economic and Community Development shall provide a copy of the voucher to the Commissioner of Revenue Services upon the request of said commissioner.

(k) In no event shall a credit allowed under this section exceed thirty thousand dollars per dwelling unit for an historic home.

(l) The tax credit issued under subsection (j) of this section shall be taken by the holder of the tax credit voucher in the same tax year in which the voucher is issued. Any unused portion of such credit may be carried forward to any or all of the four taxable years following the year in which the tax credit voucher is issued.

(m) The aggregate amount of all tax credits which may be reserved by the Department of Economic and Community Development upon certification of rehabilitation plans under subsections (b) to (d), inclusive, of this section shall not exceed three million dollars in any one fiscal year.