



General Assembly
February Session, 2006

Raised Bill No. 539
LCO No. 2472



Referred to Committee on

Introduced by: **BI ADMINISTRATION & DEVELOPMENT**
(PD)

AN ACT CONCERNING TAX CREDITS FOR REHABILITATING HISTORIC STRUCTURES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2006, and applicable to income years*
2 *commencing on or after January 1, 2006*) (a) As used in this section, the
3 following terms shall have the following meanings unless the context
4 clearly indicates another meaning:

5 (1) "Commission" means the Connecticut Commission on Culture
6 and Tourism established pursuant to section 10-392 of the general
7 statutes;

8 (2) "Certified historic structure" means an historic commercial or
9 industrial property that: (A) Is listed individually on the National or
10 State Register of Historic Places, or (B) is located in a district listed on
11 the National or State Register of Historic Places, and has been certified
12 by the commission as contributing to the historic character of such
13 district;

14 (3) "Certified rehabilitation" means any rehabilitation of a certified

15 historic structure for residential use consistent with the historic
16 character of such property or the district in which the property is
17 located as determined by regulations adopted by the commission;

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

22 (5) "Placed in service" means that substantial rehabilitation work has
23 been completed which would allow for issuance of a certificate of
24 occupancy for the entire building or, in projects completed in phases,
25 for individual residential units that are an identifiable portion of the
26 building;

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

34 (7) "Rehabilitation plan" means any construction plans and
35 specifications for the proposed rehabilitation of a certified historic
36 structure in sufficient detail for evaluation by compliance with the
37 standards developed under the provisions of subsections (b) to (d),
38 inclusive, of this section; and

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

43 (b) (1) The commission shall administer a system of tax credit
44 vouchers within the resources, requirements and purposes of this

45 section for owners rehabilitating certified historic structures.

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

57 (3) Any credits allowed under this section that are provided to
58 multiple owners of certified historic structures shall be passed through
59 to persons designated as partners, members or owners, pro rata or
60 pursuant to an agreement among such persons designated as partners,
61 members or owners documenting an alternative distribution method
62 without regard to other tax or economic attributes of such entity. Any
63 owner entitled to a credit under this section may assign, transfer or
64 convey the credits, in whole or in part, by sale or otherwise to any
65 individual or entity and such transferee shall be entitled to offset
66 income imposed under any provision of the general statutes as if such
67 transferee had incurred the qualified rehabilitation expenditure.

68 (c) The commission shall develop standards for the approval of
69 rehabilitation of certified historic structures for which a tax credit
70 voucher is sought. Such standards shall take into account whether the
71 rehabilitation of a certified historic structure will preserve the historic
72 character of the building.

73 (d) The commission shall adopt regulations, in accordance with
74 chapter 54 of the general statutes, to carry out the purposes of this
75 section. Such regulations shall include provisions for filing of
76 applications, rating criteria and for timely approval by the

77 commission.

78 (e) Prior to beginning any rehabilitation work on a certified historic
79 structure, the owner shall submit (1) a rehabilitation plan to the
80 commission for a determination of whether or not such rehabilitation
81 work meets the standards developed under the provisions of
82 subsections (b) to (d), inclusive, of this section, and (2) an estimate of
83 the qualified rehabilitation expenditures. The provisions of this
84 subsection shall not disqualify applications for tax credits for certified
85 historic structures for which rehabilitation commenced but were not
86 placed in service before the effective date of this section.

87 (f) If the commission certifies that the rehabilitation plan conforms
88 to the standards developed under the provisions of subsections (b) to
89 (d), inclusive, of this section, the commission shall reserve for the
90 benefit of the owner an allocation for a tax credit equivalent to twenty-
91 five per cent of the projected qualified rehabilitation expenditures, not
92 exceeding two million seven hundred thousand dollars.

93 (g) Following the completion of rehabilitation of a certified historic
94 structure, the owner shall notify the commission that such
95 rehabilitation has been completed. The owner shall provide the
96 commission with documentation of work performed on the certified
97 historic structure and shall submit certification of the costs incurred in
98 rehabilitating the certified historic structure. The commission shall
99 review such rehabilitation and verify its compliance with the
100 rehabilitation plan. Following such verification, the commission shall
101 issue a tax credit voucher to the owner rehabilitating the certified
102 historic structure or to the taxpayer named by the owner as
103 contributing to the rehabilitation. The tax credit voucher shall be in an
104 amount equivalent to the lesser of the tax credit reserved upon
105 certification of the rehabilitation plan under the provisions of
106 subsection (f) of this section or twenty-five per cent of the actual
107 qualified rehabilitation expenditures not exceeding two million seven
108 hundred thousand dollars. In order to obtain a credit against any state

109 tax due that is specified in subsections (h) to (k), inclusive, of this
110 section, the holder of the tax credit voucher shall file the voucher with
111 the holder's state tax return.

112 (h) The Commissioner of Revenue Services shall grant a tax credit to
113 a taxpayer holding the tax credit voucher issued under subsections (e)
114 to (i), inclusive, of this section against any tax due under chapter 207,
115 208, 209, 210, 211 or 212 of the general statutes in the amount specified
116 in the tax credit voucher. Such taxpayer shall submit the voucher and
117 the corresponding tax return to the Department of Revenue Services.

118 (i) The aggregate amount of all tax credits which may be reserved
119 by the commission upon certification of rehabilitation plans under
120 subsections (b) to (d), inclusive, of this section shall not exceed fifteen
121 million dollars in any one fiscal year.

122 (j) The commission may charge an application fee in an amount not
123 to exceed ten thousand dollars to cover the cost of administering the
124 program established pursuant to this section. Any moneys received by
125 the commission pursuant to this section shall be deposited into the
126 account established pursuant to section 2 of this act.

127 Sec. 2. (NEW) (Effective July 1, 2006) (a) There is established an
128 account within the General Fund to be known as the "historic
129 structures account". Said account shall contain any moneys required
130 by law to be deposited in the account. Any balance remaining in the
131 account at the end of any fiscal year shall be carried forward in the
132 account for the fiscal year next succeeding. The account shall be used
133 by the Connecticut Commission on Culture and Tourism for the
134 purposes of section 1 of this act.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2006, and applicable to income years commencing on or after January 1, 2006</i>	New section
Sec. 2	<i>July 1, 2006</i>	New section

Statement of Purpose:

To establish a program of tax credits for reuse of historic buildings to stimulate reinvestment in communities, increase municipal tax revenues, improve surrounding property values and provide increased opportunities for home ownership.

[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.]



Senate

CONNECTICUT STATE LEGISLATURE
LEGISLATIVE REFERENCE SERVICE

General Assembly

File No. 140

February Session, 2006

Substitute Senate Bill No. 539

Senate, March 27, 2006

The Committee on Planning and Development reported through SEN. COLEMAN of the 2nd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING TAX CREDITS FOR REHABILITATING HISTORIC STRUCTURES.

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1 Section 1. (NEW) (Effective July 1, 2006, and applicable to income years
2 commencing on or after January 1, 2006) (a) As used in this section, the
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11 the National or State Register of Historic Places, and has been certified
12 by the commission as contributing to the historic character of such

13 district;

14 (3) "Certified rehabilitation" means any rehabilitation of a certified
15 historic structure for residential use consistent with the historic
16 character of such property or the district in which the property is
17 located as determined by regulations adopted by the commission;

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19 nonprofit or for-profit corporation or other business entity which
20 possesses title to an historic structure and undertakes the rehabilitation
21 of such structure;

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23 been completed which would allow for issuance of a certificate of
24 occupancy for the entire building or, in projects completed in phases,
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26 building;

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31 required to comply with any provision of the State Building Code or
32 the State Fire Safety Code, and (C) any nonconstruction cost such as
33 architectural fees, legal fees and financing fees;

34 (7) "Rehabilitation plan" means any construction plans and
35 specifications for the proposed rehabilitation of a certified historic
36 structure in sufficient detail for evaluation by compliance with the
37 standards developed under the provisions of subsections (b) to (d),
38 inclusive, of this section; and

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

43 (b) (1) The commission shall administer a system of tax credit

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44 vouchers within the resources, requirements and purposes of this
45 section for owners rehabilitating certified historic structures.

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

57 (3) Any credits allowed under this section that are provided to
58 multiple owners of certified historic structures shall be passed through
59 to persons designated as partners, members or owners, pro rata or
60 pursuant to an agreement among such persons designated as partners,
61 members or owners documenting an alternative distribution method
62 without regard to other tax or economic attributes of such entity. Any
63 owner entitled to a credit under this section may assign, transfer or
64 convey the credits, in whole or in part, by sale or otherwise to any
65 individual or entity and such transferee shall be entitled to offset the
66 tax imposed under chapter 207, 208, 209, 210, 211 or 212 of the general
67 statutes as if such transferee had incurred the qualified rehabilitation
68 expenditure.

69 (c) The commission shall develop standards for the approval of
70 rehabilitation of certified historic structures for which a tax credit
71 voucher is sought. Such standards shall take into account whether the
72 rehabilitation of a certified historic structure will preserve the historic
73 character of the building.

74 (d) The commission shall adopt regulations, in accordance with
75 chapter 54 of the general statutes, to carry out the purposes of this
76 section. Such regulations shall include provisions for filing of

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80 structure, the owner shall submit (1) a rehabilitation plan to the
81 commission for a determination of whether or not such rehabilitation
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83 subsections (b) to (d), inclusive, of this section, and (2) an estimate of
84 the qualified rehabilitation expenditures. The provisions of this
85 subsection shall not disqualify applications for tax credits for certified
86 historic structures for which rehabilitation commenced but were not
87 placed in service before the effective date of this section.

88 (f) If the commission certifies that the rehabilitation plan conforms
89 to the standards developed under the provisions of subsections (b) to
90 (d), inclusive, of this section, the commission shall reserve for the
91 benefit of the owner an allocation for a tax credit equivalent to twenty-
92 five per cent of the projected qualified rehabilitation expenditures, not
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95 structure, the owner shall notify the commission that such
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103 historic structure or to the taxpayer named by the owner as
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107 subsection (f) of this section or twenty-five per cent of the actual
108 qualified rehabilitation expenditures not exceeding two million seven
109 hundred thousand dollars. In order to obtain a credit against any state

110 tax due that is specified in subsections (h) to (k), inclusive, of this
111 section, the holder of the tax credit voucher shall file the voucher with
112 the holder's state tax return.

113 (h) The Commissioner of Revenue Services shall grant a tax credit to
114 a taxpayer holding the tax credit voucher issued under subsections (e)
115 to (i), inclusive, of this section against any tax due under chapter 207,
116 208, 209, 210, 211 or 212 of the general statutes in the amount specified
117 in the tax credit voucher. Such taxpayer shall submit the voucher and
118 the corresponding tax return to the Department of Revenue Services.

119 (i) The aggregate amount of all tax credits which may be reserved
120 by the commission upon certification of rehabilitation plans under
121 subsections (b) to (d), inclusive, of this section shall not exceed fifteen
122 million dollars in any one fiscal year.

123 (j) The commission may charge an application fee in an amount not
124 to exceed ten thousand dollars to cover the cost of administering the
125 program established pursuant to this section. Any moneys received by
126 the commission pursuant to this section shall be deposited into the
127 account established pursuant to section 2 of this act.

128 Sec. 2. (NEW) (Effective July 1, 2006) There is established an account
129 within the General Fund to be known as the "historic structures
130 account". Said account shall contain any moneys required by law to be
131 deposited in the account. Any balance remaining in the account at the
132 end of any fiscal year shall be carried forward in the account for the
133 fiscal year next succeeding. The account shall be used by the
134 Connecticut Commission on Culture and Tourism for the purposes of
135 section 1 of this act.

This act shall take effect as follows and shall amend the following sections:		
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Sec. 2	July 1, 2006	New section
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Statement of Legislative Commissioners:

The last sentence of Subdiv. (3) of Subsec. (b) of Section 1 was rewritten for consistency.

PD *Joint Favorable Subst.-LCO*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 07 \$	FY 08 \$
Commission on Culture and Tourism	GF-Cost/Revenue Gain	See Below	See Below
Department of Revenue Services	GF - Cost	\$140,000	None
Department of Revenue Services	GF - Revenue Loss	None	Up to \$15 million

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill establishes a tax credit against various business taxes for expenses incurred to rehabilitate historic commercial and industrial properties. The total amount of tax credits is capped at \$15 million per year and \$2.7 million per project. Therefore, the bill could result in a General Fund revenue loss of up to \$15 million per year beginning in FY 08.

The Department of Revenue Services is anticipated to incur one-time computer programming costs of \$140,000 in FY 07 to integrate the new tax credit program into the Department's integrated tax administration system.

The Commission on Culture and Tourism will require a program administrator at a cost of approximately \$75,000 in FY 07 plus fringe benefits¹ to administer the program. The legislation allows the

¹ The fringe benefit costs for state employees are budgeted centrally in the Miscellaneous Accounts administered by the Comptroller. The estimated first year fringe benefit rate as a percentage of payroll is 23.6%, effective July 1, 2005. The first year fringe benefit costs for new positions do not include pension costs. The state's pension contribution is based upon the prior year's certification by the actuary for the

Commission to charge an application fee in an amount not to exceed \$10,000. These funds are to be deposited into a non lapsing account within the General Fund established in the bill to offset the Commission costs. However, it is anticipated that the account would not provide sufficient funds initially to hire the employee, and it is not known at this time when sufficient funds would be available.

The Out Years

The annualized ongoing cost identified above would continue into the future subject to inflation. In addition, the bill could result in an ongoing General Fund revenue loss of up to \$15 million per year.

State Employees Retirement System (SERS). The SERS 2005-06 fringe benefit rate is 34.7%, which when combined with the non pension fringe benefit rate would total 58.3%.

[106]

OLR BILL ANALYSIS

SB 539

AN ACT CONCERNING TAX CREDITS FOR REHABILITATING HISTORIC STRUCTURES.

SUMMARY:

This bill authorize \$15 million a year in business tax credits for funds spent rehabilitating historic commercial and industrial properties for residential use. It specifies the process through which property owners may apply for and claim the credits, which may equal up to 25% of the qualified rehabilitation costs, up to \$2.7 million.

The Connecticut Commission on Culture and Tourism (CCCT) must administer the credits and adopt regulations for doing so. The regulations must specify how owners may apply for the credits, how the CCCT will rate their applications, and its timeframe for approving them. CCCT may charge fees to cover its administrative costs.

Owners can claim the credits or assign them to other parties. Credit holders may claim a credit in the tax year when the property received its certificate of occupancy. They may carry forward unused credits for the five succeeding years. For multiphase projects, credit holders may claim a part of the credit in proportion to that part of the project that received a certificate of occupancy. The credit is separate from a similar existing credit for rehabilitating owner-occupied historic homes.

EFFECTIVE DATE: July 1, 2006 and applicable to tax years beginning on or after January 1, 2006

ELIGIBILITY

The bill authorizes business tax credits for the owners of historic commercial or industrial properties who rehabilitate them for

residential uses. Owners include individuals as well as firms, limited liability companies, nonprofit and for-profit corporations, and other business entities. They must have title to the property and proceed to rehabilitate it.

An owner's property must be listed individually on the National Register of Historic Places or located in a district listed in the National or State Register of Historic Places. Additionally, the CCCT must have certified that the property contributes to the district's historic character.

ACCESSING THE CREDITS

Credit Reservation

The bill establishes a two-step process for accessing the credits. An owner must first request the CCCT to reserve credits on his behalf before he starts rehabilitating the property. In doing so, he must submit the construction plans and specifications, which must provide enough detail for the CCCT to determine if the work meets its standards. The bill requires the CCCT to adopt standards, including those for determining if the work preserves the structure's historic character.

The owner must also provide an estimate of the rehabilitation's physical costs (i.e., qualified rehabilitation expenditures). These include any cost except his personal labor; new additions that are not needed to comply with building and fire safety codes; and architectural, legal, and financing fees and other nonconstruction costs.

The bill allows the CCCT to reserve credits for an owner who started rehabilitating an eligible structure before he submitted a plan or cost estimates to the CCCT. CCCT may reserve credits if the owner did not substantially complete the rehabilitation before July 1, 2006.

The CCCT must reserve credits for the owner's benefit if the plan meets its standards. The value of the credits must equal 25% of the qualified rehabilitation expenditures, but cannot exceed \$2.7 million.

The CCCT may charge owners requesting credit reservations an application fee of up to \$10,000 to cover the cost of administering the credits. It must deposit the revenue in a special, nonlapsing General Fund account the bill establishes for that purpose (i.e., historic structures account).

Credit Voucher

The owner cannot claim the credit until he requests a credit voucher. He may do so by notifying the CCCT that he finished rehabilitating the structure, show that he actually completed the work, and certify the costs he incurred. The CCCT must review his documents and verify whether the work complies with the rehabilitation plan. If the work complies with the plan, the CCCT must issue the voucher to the owner or to the taxpayer he named as contributing to the rehabilitation (i.e., credit holder).

CCCT may authorize a credit that equals the lesser of the amount it reserved for the owner or 25% of his actual qualified rehabilitation expenditures, but the total credit cannot exceed \$2.7 million.

USING CREDITS

Claiming Credits

A credit holder can claim the credit by attaching the voucher to his tax return. He can use the credit against the corporation tax, similar taxes on air carriers and insurers, or the tax on railroad, express, telegraph, cable, cable TV, and utility companies. He can do so in the tax year when the substantially rehabilitated certified structure is placed in service. This happens when the qualified rehabilitation expenditures exceed 25% of the structure's assessed value and the building official issues a certificate of occupancy, which can be for the entire structure or individual dwelling units completed as part of a multiphase project.

The bill specifies how multiple owners of a certified structure must pass through and apportion the credit. They must pass the credit through to those persons who have been designated as partners,

members, or owners. The owners must pass a pro rata share through to the designated parties or the portion determined by an alternative distribution method specified in an agreement among them that is not based on their tax or economic attributes.

The bill sets conditions under which the credit holder can claim a portion of the credit over several years. He can carry forward any unused portion of the credit for the next five years or until the full credit is used, whichever happens first. He can also claim a part of the credit when a project is completed in phases. The amount he claims must be proportionate to that portion of the structure that was placed in service.

Assigning Credits

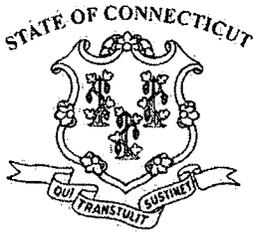
Instead of claiming credits on their returns, parties can assign, transfer, or convey all or some of them to other person or entity, who can use the credits to offset business taxes.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable

Yea 16 Nay 0 (03/13/2006)



General Assembly

SENATE Amendment

February Session, 2006

LCO No. 5129



Offered by:

SEN. RORABACK, 30th Dist.

SEN. HERLIHY, 8th Dist.

To: Subst. Senate Bill No. 539

File No. 140

Cal. No. 137

"AN ACT CONCERNING TAX CREDITS FOR REHABILITATING HISTORIC STRUCTURES."

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. Subsection (a) of section 4-30a of the general statutes is
4 repealed and the following is substituted in lieu thereof (*Effective July*
5 *1, 2006*):

6 (a) After the accounts for the General Fund have been closed for
7 each fiscal year and the Comptroller has determined the amount of
8 unappropriated surplus in said fund, after any amounts required by
9 provision of law to be transferred for other purposes have been
10 deducted, the amount of such surplus shall be transferred by the State
11 Treasurer as follows: (1) Ten per cent to the Department of Agriculture
12 for the purchase or preservation of open space or farmland, and (2)
13 ninety per cent to a special fund to be known as the Budget Reserve
14 Fund. When the amount in said fund equals ten per cent of the net

15 General Fund appropriations for the fiscal year in progress, no further
16 transfers shall be made by the Treasurer to said fund and the amount
17 of such surplus in excess of that transferred to said fund shall be
18 deemed to be appropriated to the State Employees Retirement Fund, in
19 addition to the contributions required pursuant to section 5-156a, but
20 not exceeding five per cent of the unfunded past service liability of the
21 system as set forth in the most recent actuarial valuation certified by
22 the Retirement Commission. Such surplus in excess of the amounts
23 transferred to the Department of Agriculture, the Budget Reserve Fund
24 and the state employees retirement system shall be deemed to be
25 appropriated for: (1) Redeeming prior to maturity any outstanding
26 indebtedness of the state selected by the Treasurer in the best interests
27 of the state; (2) purchasing outstanding indebtedness of the state in the
28 open market at such prices and on such terms and conditions as the
29 Treasurer shall determine to be in the best interests of the state for the
30 purpose of extinguishing or defeasing such debt; (3) providing for the
31 defeasance of any outstanding indebtedness of the state selected by the
32 Treasurer in the best interests of the state by irrevocably placing with
33 an escrow agent in trust an amount to be used solely for, and sufficient
34 to satisfy, scheduled payments of both interest and principal on such
35 indebtedness; or (4) any combination of these methods. Pending the
36 use or application of such amount for the payment of interest and
37 principal, such amount may be invested in (A) direct obligations of the
38 United States government, including state and local government
39 treasury securities that the United States Treasury issues specifically to
40 provide state and local governments with required cash flows at yields
41 that do not exceed Internal Revenue Service arbitrage limits, (B)
42 obligations guaranteed by the United States government, and (C)
43 securities backed by United States government obligations as collateral
44 and for which interest and principal payments on the collateral
45 generally flow immediately through to the security holder."

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4/10



General Assembly

February Session, 2006

[SENATE] Amendment

LCO No. 4187



Offered by:
SEN. HERLIHY, 8th Dist.

To: Subst. Senate Bill No. 539

File No. 140

Cal. No. 137

"AN ACT CONCERNING TAX CREDITS FOR REHABILITATING HISTORIC STRUCTURES."

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. (NEW) (*Effective October 1, 2006, and applicable to assessment*
4 *years commencing on or after October 1, 2006*) (a) As used in this section:

5 (1) "Municipality" means any city, town, borough, district or
6 association with municipal powers; and

7 (2) "Open space land" means any area of land, including forest land,
8 the preservation or restriction of the use of which would (A) maintain
9 and enhance the conservation of natural or scenic resources, (B) protect
10 natural streams or water supply, (C) promote conservation of soils,
11 wetlands, beaches or tidal marshes, (D) enhance the value to the public
12 of abutting or neighboring parks, forests, wildlife preserves, nature
13 reservations or sanctuaries or other open spaces, (E) enhance public
14 recreation opportunities, (F) preserve historic sites, or (G) promote

15 orderly urban or suburban development.

16 (b) Any municipality may, by ordinance adopted by its legislative
17 body, establish a program under which property taxes may be abated
18 in exchange for the transfer to the municipality of development rights,
19 conservation easements, rights-of-way or any combination thereof, to
20 open space land. Such ordinance shall include, but not be limited to,
21 provisions for requirements for application for the abatement, which
22 shall include a certified appraisal of the property proposed for
23 abatement both with and without development rights.

24 (c) The abatement may not exceed the market value of the open
25 space land, may be transferable to any other taxable property in the
26 municipality owned by the applicant and may exist for a period of
27 time to be determined by the legislative body of the municipality."

SENATE AMENDMENT

Calendar: 137
LCO: 4187
Bill: 539

ADOPTED voice REJECTED voice

ADOPTED roll REJECTED roll



General Assembly

[SENATE] Amendment

February Session, 2006

LCO No. 4383



Offered by:

SEN. FASANO, 34th Dist.

To: Subst. Senate Bill No. 539

File No. 140

Cal. No. 137

"AN ACT CONCERNING TAX CREDITS FOR REHABILITATING HISTORIC STRUCTURES."

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. (NEW) (*Effective October 1, 2006*) (a) The Commissioner of
4 Economic and Community Development, upon request of a
5 municipality, shall designate a nutmeg zone pilot program in an area
6 of such municipality. To be eligible for the pilot program a
7 municipality shall have a population of more than twenty thousand
8 but less than fifty thousand and correctional facilities.

9 (b) The amount of property taxes due under chapter 203 of the
10 general statutes for a facility that is acquired, constructed, substantially
11 renovated or expanded in a nutmeg zone designated under subsection
12 (a) or (c) of this section, on or after the effective date of this section,
13 shall be reduced by ten per cent in each of the five full assessment
14 years following the assessment year in which the acquisition,
15 construction, renovation or expansion of the facility is completed. The

16 state, acting by and in the discretion of the Commissioner of Economic
17 and Community Development, shall enter into a contract with the
18 municipality in which the nutmeg zone is located to make payments in
19 lieu of taxes to the municipality in an amount equal to ten per cent. of
20 the amount that would have been due except for the provisions of this
21 section. Such payments shall be made annually for the five assessment
22 years that the taxes due for the facility are reduced.

23 (c) Any municipality may request the commissioner to designate a
24 nutmeg zone in such municipality, provided the legislative body of the
25 municipality has adopted an ordinance that (1) identifies a specific
26 geographic area of the municipality as such zone, and (2) establishes
27 criteria for establishment of the zone. The provisions of subsection (b)
28 of this section shall apply to any such additional nutmeg zone
29 designated by the commissioner. Any municipality applying for the
30 designation shall not be required to meet the criteria of subsection (a)
31 of this section."

SENATE AMENDMENT

Calendar: 137
LCO: 4383
Bill: 539

 ADOPTED voice REJECTED voice
ADOPTED roll REJECTED roll



General Assembly

~~SENATE~~ Amendment

February Session, 2006

LCO No. 4140



Offered by:

SEN. FASANO, 34th Dist.

To: Subst. Senate Bill No. 539

File No. 140

Cal. No. 137

"AN ACT CONCERNING TAX CREDITS FOR REHABILITATING HISTORIC STRUCTURES."

1 Section 1. (NEW) (Effective October 1, 2006) (a) The Commissioner of
2 Economic and Community Development, upon request of a
3 municipality, shall designate a nutmeg zone pilot program in an area
4 of such municipality. To be eligible for the pilot program a
5 municipality shall have (1) a population of more than twenty-five
6 thousand but less than fifty thousand, (2) correctional facilities, and (3)
7 at least one million square feet used for growing bedding plants,
8 bounded by a portion of railroad tracks and a river. Any municipality
9 may apply for such pilot program notwithstanding the percentage of
10 families in the municipality with incomes at or below federal poverty
11 levels.

12 (b) The amount of property taxes due under chapter 203 of the
13 general statutes for a facility that is acquired, constructed, substantially
14 renovated or expanded in a nutmeg zone designated under subsection
15 (a) or (c) of this section, on or after the effective date of this section,

16 shall be reduced by ten per cent in each of the five full assessment
17 years following the assessment year in which the acquisition,
18 construction, renovation or expansion of the facility is completed. The
19 state, acting by and in the discretion of the Commissioner of Economic
20 and Community Development, shall enter into a contract with the
21 municipality in which the nutmeg zone is located to make payments in
22 lieu of taxes to the municipality in an amount equal to ten per cent of
23 the amount that would have been due except for the provisions of this
24 section. Such payments shall be made annually for the five assessment
25 years that the taxes due for the facility are reduced.

26 (c) Any municipality may request the commissioner to designate a
27 nutmeg zone in such municipality, provided the legislative body of the
28 municipality has adopted an ordinance that (1) identifies a specific
29 geographic area of the municipality as such zone, and (2) establishes
30 criteria for establishment of the zone. The provisions of subsection (b)
31 of this section shall apply to any such additional nutmeg zone
32 designated by the commissioner. Any municipality applying for the
33 designation shall not be required to meet the criteria of subsection (a)
34 of this section."

SENATE AMENDMENT

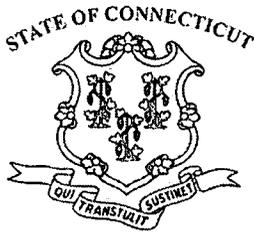
Calendar: 137

LCO: 4140

Bill: 539

ADOPTED voice REJECTED voice

ADOPTED roll REJECTED roll



General Assembly

February Session, 2006

SENATE Amendment

LCO No. 4204



Offered by:
SEN. COLEMAN, 2nd Dist.

To: Senate Bill No. 545

File No. 112

Cal. No. 129

"AN ACT CONCERNING HOUSING PRESERVATION."

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. (NEW) (*Effective October 1, 2006, and applicable to assessment*
4 *years commencing on or after October 1, 2006*) Notwithstanding the
5 provisions of the general statutes, the present true and actual value of
6 real property used for residential rental purposes, where at least thirty
7 per cent of the residential units are subject to an agreement with a
8 municipality, the state, the federal government or any instrumentality
9 thereof restricting occupancy of such units to tenants who qualify in
10 accordance with an income limitation test, shall equal the capitalized
11 value of the actual net operating income of such real property after
12 deducting reserves required pursuant to the federal, state or municipal
13 program under which the agreement was entered. The valuation of
14 such real property shall not take into account federal or state income
15 tax credits, subsidized mortgage financing, project grants or other
16 governmental assistance used to offset the development cost of such

17 real property. As used in this section "net operating income" means the
18 gross rental income of the property as limited by the schedule of rents
19 or carrying charges, less all operating expenses and property taxes but
20 without deducting mortgage debt service or depreciation. The
21 capitalization rate to be applied to such net operating income for the
22 purposes of determining the true and actual value shall be the rate
23 generally applicable to commercial residential property that is not rent
24 restricted or government subsidized."

SENATE AMENDMENT

Calendar: 129
LCO: 4204
Bill: 515

ADOPTED voice REJECTED voice
ADOPTED roll REJECTED roll

1



General Assembly

(House) Amendment [A, 7]

February Session, 2006

LCO No. 5608



Offered by:

REP. BARRY, 12th Dist.
SEN. HANDLEY, 4th Dist.
REP. THOMPSON, 13th Dist.
REP. STONE, 9th Dist.

To: Subst. Senate Bill No. 539

File No. 140

Cal. No. 486

"AN ACT CONCERNING TAX CREDITS FOR REHABILITATING HISTORIC STRUCTURES."

1 Strike lines 1 to 135, inclusive, and insert the following in lieu
2 thereof:

3 "Section 1. (NEW) (*Effective October 1, 2006, and applicable to*
4 *assessment years commencing on or after October 1, 2006*) Any
5 municipality may by ordinance provide for the abatement in whole or
6 in part of property taxes with respect to machinery, equipment and
7 furnishings of restaurants that (1) are not required by contractual or
8 other arrangements to offer standardized menus, ingredients, food
9 preparation, employee uniforms, interior decor, signage or exterior
10 design, and (2) are located in a rural community center, regional center
11 or neighborhood conservation area designated on the locational guide
12 map of the state plan of conservation and development adopted under
13 chapter 297 of the general statutes. Such ordinance may specify the

14 types of machinery, equipment and furnishings eligible for the
15 abatement and standards to determine the amount of any such
16 abatement."

SB 539

10A

STATE OF CONNECTICUT
HOUSE OF REPRESENTATIVES

MAY 03 2006

ADOPTED

Henry E. Quinn

REPORT ON BILLS FAVORABLY REPORTED BY COMMITTEE

COMMITTEE: Planning and Development Committee

File No.: 2472

Bill No.: SB-539

PH Date: 3/8/2006

Action/Date: March 13, 2006

Reference Change: None

TITLE OF BILL:

AN ACT CONCERNING TAX CREDITS FOR REHABILITATING HISTORIC STRUCTURES.

SPONSORS OF BILL:

Planning & Development Committee

REASONS FOR BILL:

To establish a program of tax credits for reuse of historic buildings to stimulate reinvestment to communities, increase municipal tax revenues, improve surrounding property values and to provide increased opportunities for home ownership.

RESPONSE FROM ADMINISTRATION/AGENCY:

None Expressed

NATURE AND SOURCES OF SUPPORT:

David F. Ransom, Architectural Historian, LLC – Hartford, CT

SB 539 plugs the hole in the real estate market and it is a vehicle for re-energizing neighborhoods that are in need of help. SB 539 helps to make condominiums a practical tool for developers by allowing them to be considered under the tax credit. There are many old vacant mills, recently inventoried by the state, that have massive floor spaces that can become centers of positive neighborhood activity. This bill provides a single stroke for preserving CT's history and moves with changes in residencies and provides low to moderate income housing.

Bruce Clouette, Historic Preservation Consultant – Mansfield, CT

SB 539 offers CT the ability to rehabilitate old mills and factories and promote public safety by encouraging their re-use. Similar rehabilitation to the former Bigelow Carpet mills in Enfield and the Colt Firearms building in Hartford show the benefit of this rehab process, and with this tax credit it gives the incentive to further this initiative.

CT Trust for Historic Preservation – Brad Schide, Circuit Rider

As a field staff I have been to many CT downtown areas and see where financial assistance created by this bill would enhance the viability of rehabilitation. Currently there is only the Federal Historic Tax Incentive program, but because of the renovation cost exceeds the market value, developers have abandoned rehab plans. This bill will immediately rehab a vacant building near the Town Hall in New Britain and in Hartford it will renovate two building along Park Street that is both on the National Register of Historic Places.

CT Main Street Center, Inc. – John Simone, Executive Director

We ask that the committee expand the scope of this bill, because the tax credit should be available for residential as well as commercial property and the credit should be at a fixed level high enough to constitute meaningful incentives and have no cap. The scope of the bill should be expanded to include commercial uses and mixed-use development, turn the credit into a fixed amount (20% - 30%), and eliminate any project or annual state cap.

Board of Directors of CT Preservation Act – John W. Shannahan

CT has a history of large textile factories and mills from the 19th and 20th centuries, and now municipalities are left with numerous vacant and under-utilized buildings. A state tax credit in addition to the 20% Federal Historic Preservation Program would increase the investment of private dollars in rehabilitation and assist the tax rolls of our municipalities.

Anita Mielert, CT Advisor to the National Trust for Historic Preservation – Simsbury, CT

If modeled after the Rhode Island Historic Tax Credit Program, then like the Ocean State these commercial properties could become the hottest properties on the real estate market. In RI they generate \$5.47 of economic output to state and local budgets for every \$1 of tax credit issued, stimulated \$859 million in private investments and boosted local property tax revenues by an estimated \$180 million.

Threadmill Partners – Madeleine J. Hormann

SB 539 will further important public goals of the creation of new housing, economic growth and community revitalization, preservation of historic architecture and mitigation of the risk of fire and safety hazards. It is essential that we, as citizens, governments and developers work together to find solutions which are economically, environmentally and socially responsible, and passage of SB 539 will help put CT on a path towards a strong, healthy and prosperous future.

Town of Vernon – Laurence Shaffer, Town Administrator

As an older community, Vernon will be provided with an effective tool to rehabilitate deteriorating properties. This tax credit affords financial incentives to support Smart Growth principles in CT and prevents destabilization of neighborhoods and prevents blight and deterioration.

NATURE AND SOURCES OF OPPOSITION:

None Expressed

CONNECTICUT
STATE LIBRARY
LEGISLATIVE REFERENCE
SECTION

CSB 539, 1067

Eric C. Stroker

April 2, 2006

Reported By

Date

CONNECTICUT
STATE LIBRARY
LEGISLATIVE REFERENCE
SECTION