

**PA13-266**

SB1131

Commerce	1094-1101, 1135-1141, 1146-1151, 1170-1172, 1174-1177, 1283-1285, 1305-1321	48
House	10726-10728	3
Senate	2229-2234, 2283-2285	9
		<b>60</b>

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**CONNECTICUT  
GENERAL ASSEMBLY  
HOUSE**

**PROCEEDINGS  
2013**

**VETO  
SESSION**

**VOL.56  
PART 31  
10451 - 10795**

Absent and not voting 7

SPEAKER SHARKEY:

The bill as amended passes in concurrence with the Senate. Will the Clerk please call Calendar 615.

THE CLERK:

Calendar number 615 on page 25, favorable report of the joint standing Committee on Finance, Revenue and Bonding, substitute Senate Bill 1131, AN ACT CONCERNING CHANGES TO THE CONNECTICUT HISTORIC HOME TAX CREDIT.

SPEAKER SHARKEY:

Representative Perone.

REP. PERONE (137th):

Thank you, Mr. Speaker. I move for acceptance of the joint committee's favorable report and passage of the bill.

SPEAKER SHARKEY:

The question is acceptance of the joint committee's favorable report and passage of the bill. Will you remark, Sir?

REP. PERONE (137th):

Thank you very much, Mr. Speaker. Under the current law the homeowners and nonprofit owners that rehabilitate historic homes qualify for a business tax

credit that equals 30 percent of the qualified rehabilitation expenditures up to 30,000 per dwelling unit. Through you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, Sir. Would you care to remark further on the bill before us? Representative Lavielle.

REP. LAVIELLE (143rd):

Good evening, Mr. Speaker.

SPEAKER SHARKEY:

Good evening, Madam.

REP. LAVIELLE (143rd):

Mr. Speaker, this is a great bill that it's going to help preserve the historic character of the State, expands the tax credit to more people in more places. Wonderful. Ought to pass.

SPEAKER SHARKEY:

Thank you, Madam. Would you care to remark further on the bill that's before us? Representative P. Davis of the 117th. Representative Paul Davis. If not, thank you. Would you care to remark further on the bill that's before us? If not, staff and guests to the well of the House. Members take your seats and the machine will be opened.

THE CLERK:

The House of Representatives is voting by roll.

The House of Representatives is voting by roll. Will members please return to the Chamber immediately.

SPEAKER SHARKEY:

Have all the members voted? Have all the members voted? Members please check the board to make your vote is properly cast. If all the members have voted the machine will be locked and the Clerk will take a tally. Clerk, please announce the tally.

THE CLERK:

In concurrence with the Senate, substitute Senate Bill 1131.

Total Number Voting	145
Necessary for Adoption	73
Those voting aye	141
Those voting nay	4
Absent and not voting	5

SPEAKER SHARKEY:

The bill passes in concurrence with the Senate.

Will the Clerk please call Calendar 670.

THE CLERK:

Calendar 670 on page 31, favorable report of the joint standing Committee of GAE, substitute Senate Bill 1096, AN ACT CONCERNING GOVERNANCE OF STATE

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**CONNECTICUT  
GENERAL ASSEMBLY  
SENATE**

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but we, I would like to thank them for their help. And this has been a bipartisan effort, and I very much appreciate that; we're all working together.

We all recognize the importance of manufacturing, both for in the, in the past, in the present and in the future. And -- and even in the last couple of years, while the economy has been teetering and not necessarily doing well, one of the places that actually increased jobs was in manufacturing.

I believe we're on the edge of a renaissance in Connecticut, and it's time we started talking about that. We are on the edge of a manufacturing renaissance, and I agree with Senator Frantz entirely that we, that, you know, we have to compete really strongly with Germany on precision manufacturing, but we've got some of the greatest things going on in the state.

And those of you who were downstairs today and saw some of the manufacturing, from pasta to -- to chocolate, to precision manufacturing, saw some of the, some wonderful products that are being produced here. I'll end it at that.

And if there's no objection, Mr. President, I'd like to move this bill to the Consent Calendar.

THE CHAIR:

Is there objection to place this item on a Consent Calendar?

Seeing none, so ordered.

Mr. Clerk.

THE CLERK:

On Calendar Page 25, Calendar Number 527, Substitute for Senate Bill Number 1131, AN ACT CONCERNING CHANGES TO THE CONNECTICUT HISTORIC HOME TAX CREDIT, Favorable Report of Commerce Committee.

THE CHAIR:

Senator LeBeau.

SENATOR LeBEAU:

Thank you, Mr. President.

I move acceptance of the joint committee's Favorable Report and passage of the bill.

THE CHAIR:

On acceptance and passage, will you remark?

SENATOR LeBEAU:

Yes, Mr. President.

This bill expands the Business Tax Credit, similarly to the last bill, it expands the Business Tax Credit for rehabilitating historic homes.

It does that in three ways. The first way is it makes the credit available statewide, not just as previously, as our current legislation has in the statutorily designated areas. So if you're in a historic home anywhere in the state or in a historic district anywhere in the state, it can be included.

The second, it reduces -- reduces the maximum -- the minimum amount of money that one must spend rehabilitating a historic home from 25,000 to the \$15,000. This will allow poorer people, people who, not necessarily that wealthy but have a historic home to rehabilitate their -- their homes and to -- to grow the value of the home and to save that -- that home.

And, thirdly, it increases the amount from 30,000 to 50,000 per unit, the maximum amount of credit businesses can claim when contributing funds to nonprofit corporations rehabilitating historic homes.

So what we're doing here with the combination of this bill is we're, is we're providing some, a broader, a border way, a broader street to -- to help rehabilitate individual historic homes and -- and the homes in historic districts.

And one of the things -- now we could talk, we're talking about manufacturing. Manufacturing has one of the greatest multiplier effects, but also rehabilitation of homes has a, like a three-to-one or a four-to-one multiplier effect. For every dollar put in for rehabilitation, three or four dollars comes back into the economy, because it's almost all spent locally. It's spent on goods. It's spent on -- on wood. It's spent on nails. It's spent on labor that is almost all local labor that comes right back into the economy and it helps to create those jobs. So this is a jobs bill, as -- as the last bill is -- was.

It's a, it's a good bill. It's going to help give us, give us a boost. It's going to help save our historic properties in the state. And I love, you know, people know I love history, and I think many of us in the Circle do. Living in Connecticut, you live within history. We all have, each one of our cities and towns has a historic character that is unique, that has its own history that is individual and unique and makes us, makes us part of who we are as people. And to save, the more we can save of that going forward, the better.

Through you, Mr. President.

THE CHAIR:

Thank you, Senator.

Senator Frantz.

SENATOR FRANTZ:

Thank you, Mr. President.

And, once again, Senator LeBeau, thank you for your fine work here. Indeed, you are correct that every town in the State of Connecticut is a -- an historic town, some more than others, but every single one has their historical structures that are well recognized in the community. And in some of the municipalities, in places like Bridgeport and New Haven and New London, if you take the time to drive through some of those back city streets, you will find some of the most incredible architecture back there, some of which

is crumbling; yes, indeed, that is true. And therefore, a -- a bill like this is something that is so appropriate.

To lower the threshold to \$15,000, I think, is an important one; \$25,000 for the kind of demographic that we're talking about here, which is 70 percent of the -- or 80 percent of the statewide median or less, that's a pretty daunting figure. So to bring it down to 15,000, I think is a good thing; it will definitely bring some more people into the program.

And for anybody who is worried about this costing the state a whole lot of money, it will be paid back over the course of time, as many of these economic development-type projects do for the state coffers. But there is also a built-in limit of \$3 million for the program. So don't worry about this getting out of control. And -- and I know that this will be, as Senator LeBeau pointed out, a great boon to the local economies.

Whenever there's a construction project, people bring their friends and their colleagues in the business of -- of construction and rehabilitation into these projects, and -- and they do great things not only for the community but also the local economy. And this is, you know, the state economy is nothing but the local economies all added up into one economy that together makes the state economy.

With that -- you have changed -- Madam President, thank you.

(President in the Chair.)

THE CHAIR:

Not my voice, sir.

Senator Boucher.

SENATOR BOUCHER:

Thank you, Madam President.

Madam President, I rise to support this bill and also to commend the leadership and members of the Commerce Committee for this bill and also quite a few that we've seen this session.

But particularly this bill I rise, because in Connecticut we have had our troubles and our trials through this economic period. And one of the things, one of the two, major things that people point to that we still have, get some positive marks on, and that is education, and the other is the quality of life. And the quality of life really is about the character of many of our towns and cities throughout Connecticut. We still are an attraction and a draw for tourism, not only for the beautiful vegetation that we have but the colonial nature, the historic nature of our state. And it is difficult to preserve, very difficult.

We only have to look in, even in lower-Fairfield County, as we've seen the City of -- of Stamford that has been transformed, and certainly for wonderful commercial development. But, on the other hand, growing up in the area, being younger, I can remember some of the beautiful structures, the colonial structures that were there that were brick with the old colonial, palladium windows, and so on, that have now disappeared. And we have to be so careful that more and more of these towns and cities change.

I -- I'm lucky to be adjacent and have represented the Town of -- and the City of Norwalk, which has worked really hard to preserve a lot of its -- its sea and maritime themes through its restoration of a lot of its old buildings. And this, I think is actually not just important for its own purpose, but because it is an economic development issue as well. It's a tourism attraction, and it's also the history that's preserved throughout our region for the next generations to come.

So, again, I commend the committee and support it very much, and I'm sure that the rest of the Circle will do so as well.

Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark? Will you remark?

Senator LeBeau.

SENATOR LeBEAU:

Thank you, Madam President.

Again, as on the last bill, this is a bipartisan bill. Again, I want to thank Senator Frantz for his leadership on this bill and helping us move this through on -- on a virtually unanimous vote everywhere that it's -- it's been.

And if there's no objection, I'd like to move this to the Consent Calendar.

THE CHAIR:

Thank you.

Will you remark? Will -- is there any objection?

Seeing no objection, so ordered, sir.

Mr. Clerk.

THE CLERK:

On Calendar Page 41, Calendar Number 254, Senate Bill Number 1013, AN ACT CONCERNING CLIMATE CHANGE ADAPTATION AND DATA COLLECTION, Favorable Report from the Committee on the Environment..

THE CHAIR:

Good evening, Senator Meyer.

SENATOR MEYER:

Good evening, Madam Chairman; nice to see you.

THE CHAIR:

So ordered, sir.

SENATOR LOONEY:

Thank you, Madam President.

Madam President, if the Clerk would now proceed to read the items placed on the Consent Calendar today, before calling for a vote on that Consent Calendar.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Beginning on Calendar Page 3, Number 146, Senate Bill Number 959; also on Calendar Page 3, Number 165, Senate Bill 327.

On Calendar Page 8, Number 303, Senate Bill Number 1018.

On Page 22, Calendar Number 511, House Bill 6243.

On Page 23, Calendar Number 517, House Bill 6453.

On Page 24, Calendar Number 525, House Bill 6457; also on Page 24, Calendar Number 526, Senate Bill 1079.

On Page 25, Calendar Number 527, Senate Bill 1131; also on Page 25, Calendar Number 529, Senate Bill 965. Finally, on Page 25, Calendar Number 531, Senate Bill 986.

On Page 29, Calendar Number 562, House Bill 5387.

On Page 35, Calendar Number 39, Senate Bill 597.

On Page 40, Calendar 210, Senate Bill 817.

THE CHAIR:

Mr. Clerk, on Page 35, have you also seen Calendar Number 44, Senate Bill 809?

A VOICE:

Yeah.

THE CHAIR:

(Inaudible) wrong. Okay. Okay; I apologize, sir.

Please proceed.

THE CLERK:

On Calendar Page 40, Number 210, Senate Bill 817.

On Page 41, Calendar 254, Senate Bill 1013.

On Calendar Page 42, Number 271, Senate Bill 1072;  
also on Page 42, Calendar Number 286, Senate Bill  
1113.

On Page 44, Calendar 364, Senate Bill 1014.

On Page 46, Calendar Number 397, Senate Bill 992; also  
on Page 46, Calendar 406, Senate Bill 1129. And  
finally, on Page 46, Calendar 407, Senate Bill 383.

THE CHAIR:

Mr. Clerk, I ask for a roll call vote. The machine  
will be open for the Consent Calendar.

THE CLERK:

Immediate roll call vote has been ordered in the  
Senate on the Consent Calendar. Immediate roll call  
vote has been ordered in the Senate; Senators please  
return to the Chamber.

THE CHAIR:

All members have voted: all members voted? The  
machine will be closed.

Mr. Clerk, will you please call the tally.

THE CLERK:

On the Consent Calendar.

Total Voting	36
Voting Yea	36
Voting Nay	0
Absent, not voting	0

THE CHAIR:

The Consent Calendar passes.

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President.

Madam President, at this point, having concluding the day's business, would certainly yield the floor to any members for purposes of announcements or committee meeting or -- or other points of personal privilege.

THE CHAIR:

Are there any point -- points of personal privilege or announcements? Are there any personal privileges or announcement?

Senator McKinney.

SENATOR McKINNEY:

Thank you, Madam President.

Madam President, as fate would have it, we came close yesterday to being able to celebrate the birthday of two of our members. Yesterday we celebrated the birthday of Senator Slossberg; today, we get to celebrate the birthday of Senator Len Fasano, so --

THE CHAIR:

All right.

SENATOR McKINNEY:

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**COMMERCE  
PART 4  
1067 - 1410**

**2013**

here and working here.

The second -- the second consequence is -- relates to what we're doing with -- what Governor is proposing we do with natural gas, which is to give a new incentive by a large tax credit for natural gas. This bill sharpens the contrast between those two sources of energy. Makes natural gas even more attractive now and makes home heating oil less attractive because of the additional tax.

I think many of us are hearing from our home heating oil suppliers and distributors who are concerned that we're not having any balance in what we're doing and therefore, seems to me this bill brings even less balance than -- than otherwise would have. Your reaction to that, Representative, we would appreciate it.

REP. JANOWSKI: I agree with your analysis that it will bring us balance.

REP. PERONE: Thank you very much.

Are there any further questions?

Thank you very much.

REP. JANOWSKI: Thank you.

REP. PERONE: I would like to call Kip Bergstrom.

Thank you.

KIP BERGSTROM: Chairman Perone and LeBeau, and Commerce Committee members, my name is Kip Bergstrom. I'm the deputy commissioner of DECD and I also am the state historic preservation officer.

Thank you for the opportunity to submit

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comments on Raised Bill SB 1131. The Department of Economic and Community Development supports some of the proposed changes to the historic home rehabilitation tax credit legislation, CGS10416, to expand eligibility for and usage of the historic homes tax credit.

After over a decade of working with the program our office has a unique perspective and therefore can see the benefit of some of the proposed changes to the legislation. The historic homes rehabilitation tax credit program was enacted in 2000. Over the last 12 years it has proven a catalyst for neighborhood revitalization and job growth by offering economic incentives to owners of historic homes who invest in our state's valuable, historic and unique neighborhoods; however, the credit has been dramatically underutilized relative to its potential due to several unnecessary limitations that the proposed bill would reform.

For example, during the six-year period 2007 to 2006 a total of \$7.8 million of credits were used leveraging approximately 18 million in private investment. While this is significant, had the credit been fully utilized each of those years at the \$3 million annual cap it would have leveraged 42 million of private investment. The average utilization in those six years was 43 percent and the peak was 66 percent.

The work done under this program puts vacant and abandoned homes back on the local tax rolls and encourages homeowners to move into previously neglected areas. Proposed changes in the minimum and maximum expenditures for individual projects will strengthen this purpose.

Reducing the minimum amount on qualifying expenditures will make the program more accessible to lower income homeowners, while increasing the tax credit maximum expenditure for non-profit housing development corporations will make the credits more useful for these players who are the primary redevelopers of small, multiunit, residential structures, less than five units covered by this credit.

In combination these changes in the minimum and maximum expenditures allow for real and positive change to occur in Connecticut's blighted urban areas. Currently the program is available only in the state's urban and economically distressed areas; however, our mission is to ensure preservation of historic resources statewide, therefore, we also support removing the geographical restriction on eligibility.

The income targeting of the program is maintained in the proposed bill via a graduated tax credit based on the homeowner's income. These changes allow our office to be good stewards of Connecticut's precious historic resources while ensuring that the spirit of this program encouraging reinvestment in Connecticut's economically underserved neighborhoods will remain intact.

I would be happy to answer any specific questions you have regarding the program and proposed changes.

Thank you.

REP. PERONE: Thank you very much.

I -- I appreciate it.

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hac/gbr COMMERCE COMMITTEE

March 19, 2013  
11:00 A.M.

Senator LeBeau, do you have --

SENATOR LEBEAU: Thank you, Mr. Chairman.

Kip, thank you for coming today and testifying, appreciate that. Thank you for your very solid testimony on what appears to be a pretty solid bill.

I would like to ask you just one question about reconstruction and reuse versus new construction, in terms of job creation. We're -- we're the Commerce Committee and we're concerned about jobs and investment. Do you have any data on that in terms of how does reconstruction and reuse of a -- of a building compare to new construction?

KIP BERGSTROM: Yeah, we did a whole analysis of that which I can forward to the committee. I don't --

SENATOR LEBEAU: Can you give a summary?

KIP BERGSTROM: I don't -- I don't have it on -- on the top of my head, but I believe the rehabilitation is equal to or greater than the -- the job impact of new construction.

SENATOR LEBEAU: There are -- there are others in the audience I --

KIP BERGSTROM: Yes, I'm sure there are some folks from the historic preservation community that can give you a better answer.

SENATOR LEBEAU: Maybe they could -- maybe they could answer that in their testimony.

I -- I thank you again.

Mr. Chairman.

REP. PERONE: Thank you very much.

I appreciate your testimony. I have a question though as far as -- I really appreciate what the -- what the bill has been doing, but I -- I'm somewhat puzzled in that given that it is a good opportunity why it seems to be, you know, somewhat underutilized and just wondered if you just had some thoughts on that? Why you think that might be?

KIP BERGSTROM: Well, I -- the change -- the -- the reasons that it's underutilized are addressed by the bill. One, it's geographically targeted. That reduces the number of homeowners that could potentially use it and therefore, it would be difficult to market the programs statewide because you would have a lot of responses and you would have to say, no, it doesn't apply to you, so that's -- those two issues of geographic limitation and the lack of marketing sort of go hand in hand.

There's a number of lower income homeowners that would want to make improvements to their properties that just can't meet the threshold of minimum expenditure and then on the other hand, you have non-profits who are often times doing several of these for three or four unit structures at the same time that really could benefit from a larger credit. It -- it's a percentage credit as well as a total cap, but the total amount of expenditure in a lot of these projects is greater than what's allowed for in this cap, so I think that would open it up.

So it's a combination of -- of making the caps on an individual projects more flexible as well as allowing for more places where it could be used, but maintaining the -- the income focus by having more of a credit depending on the

household income.

I mean, you have the irony right now that a low-income household is -- could not get a credit for preserving a historic home in sort of a depressed part of a more affluent neighborhood -- or more affluent town, whereas a -- an affluent household having to live in a city that qualifies, like New Haven, could get a credit for renovating a kitchen in their -- in their home.

So you -- we're -- we're trying to --

REP. PERONE: That's -- that's quite an irony, yeah.

KIP BERGSTROM: -- get an income targeting through geography which doesn't make a whole lot sense.

REP. PERONE: No.

KIP BERGSTROM: We -- we could do it better just by targeting the income.

REP. PERONE: That's a great point. I appreciate that.

Are there any further questions?

Senator Meyer.

SENATOR MEYER: Thanks.

Kip, this bill makes historic home credits much more attractive. There's lots of additional inducements that have been added here and some at considerable I think to the state in -- in a budget tough time. Can you just tell us what your vision for -- for these -- these more attractive tax credits for historic homes are? What is your vision as how that will help the state of Connecticut?

KIP BERGSTROM: So the -- the bill has an annual program cap of three million which is not changed by any of these -- these changes and this is a -- this is a type of tax credit you actually want people to utilize. I'm sure whoever designed any tax credit hopes that they will be utilized, but this is something that puts dormant assets back on the tax rolls at the local level, so it has -- in terms of state and -- and local taxes a strongly net positive impact.

We're -- we're not supportive at this time of expanding the credit and new types of corporate taxpayers to the personal income tax and to add the dimension of transferability to the credit in this budget environment, so while we're supportive of the lowering of the minimum project amounts and maximum project amounts and opening up the geography while creating a tiered targeting of incomes, we're not supportive of expanding who can use the credit beyond who uses it now, which is just C corps.

SENATOR MEYER: But this -- this bill does expand it -- it -- it --

KIP BERGSTROM: Yeah, so --

SENATOR MEYER: -- allowed the homeowner to sell with a credit.

KIP BERGSTROM: Yes, I know it does, so we are supportive of the -- those portions of the bill that I mentioned and not that portion of the bill and so not of the bill overall if it was not changed to remove those expansions of the tax credit.

SENATOR MEYER: I see. Okay.

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hac/gbr COMMERCE COMMITTEE

March 19, 2013  
11:00 A.M.

Thank you.

KIP BERGSTROM: Thanks.

REP. PERONE: Thank you very much.

Are there any further questions?

Thank you very much.

Next person on -- on -- and we're going to the public section sign up (inaudible) is Mark Lebel -- or Lebel.

MARK LEBEL: Lebel.

REP. PERONE: Lebel, okay.

Good morning, Mark.

MARK LEBEL: Good morning.

Thank you to the Chairs and the rest of the committee.

I work for the Connecticut Fund for the Environment. We work to protect the land and water of Connecticut and Long Island Sound. I'm here to testify in support of Bill 6650.

The heating oil efficiency program needs to be fixed because funding expires this year and if there isn't a fix this would cut off lots of Connecticut citizens from this valuable program. This bill will be a permanent fix and we strongly support it. It serves important economic and environmental goals.

We already heard a little bit about how this is an unfair tax and I just wanted to address the question from the -- the Representative that testified earlier a couple of different ways.

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hac/gbr COMMERCE COMMITTEE

March 19, 2013  
11:00 A.M.

Sorry, Anita.

Thank you. Thanks for coming today.

ANITA MIELERT: Senator LeBeau, Representative Perone and distinguished members of the Commerce Committee, I am a former first selectman in Simsbury and I'm here today as president of Connecticut Preservation Action.

CPA is an advocacy group and most of our members are other organizations, such as the Connecticut Trust for Historic Preservation, the Hartford Preservation Alliance, and Norwalk Preservation Trust, et cetera. CPA initiated and supports Raised Bill 1131, AN ACT CONCERNING CHANGES TO THE CONNECTICUT HISTORIC HOMES TAX CREDIT.

Earlier there was a question and a reference to a study. We have a study from two years ago called, Investment in Connecticut the Economic Benefits of Historic Preservation by Placed Economics.

"The purpose of tax credits is to encourage the investment of private capital in areas deemed in the public good. They have proven to be an effective and valuable means of facilitating private investment in historic structures leading to such economic benefits as the creation of jobs, increases in property value and neighborhood revitalization."

From 2001 to 2011 the historic homes tax credit resulted in the rehabilitation of more than 400 housing units. This alone would be unremarkable, but those housing units are located 100 percent in smart growth areas with complete infrastructure already existing. They use building materials which represent the embodied energy.

They return buildings to municipal tax rolls or raise their assessment. They raise the home values in the entire neighborhood and they maintain the architectural integrity of the structure as well as the character of the community and the heritage of the region. And the results could be much more so.

After more than a decade of experience with this law CPA has worked with the State Historic Preservation Office to refine a list of improvements which will improve a homeowners access to this measure. Referring to the statement of purpose at the end of the bill we are promoting four basic changes.

Number one, while previously a voucher could be -- be redeemed only through sale to a C Corp, we recommend that an individual homeowner be allowed to apply it to her own income tax. Currently only one broker is in the business of transferring the credits and it is located out of state and this cost the taxpayer between 15 and -- to 20 percent of the value.

A loan, take into consideration that 20 percent of this -- 15 to 20 percent of this is leaving the state if you allow people to take it on their own personal income tax that would all remain in the state. Because of other incentives such as energy credits can be taken on a personal return we believe this will not be an undue burden for the DRS. There will only be 30 to 50 transactions annually.

Currently the minimum size project must cost \$25,000 to qualify for credits. Because this represents a sizable amount of money for a low-income homeowner to put together we want to see that reduced to \$15,000 to allow more projects in the areas that need them most.

Three, non-profit housing corporations who now use the -- the credit typically tackle the most difficult revitalization projects in the inner cities. They renovate several adjacent properties at the time targeting the most needy areas and do top to bottom projects, raising their maximum reimbursement to \$50,000 per dwelling unit while maintaining the 30 percent rate will mean more hardcore revitalization.

Four, last we advocate basing the eligibility on the income of the homeowner not the income of the community. Currently determining the eligibility of the home for the credit was one of the most difficult steps in administration. Since often one needs to determine census tract information and a home which qualified in the first decade of the program may no -- no longer qualify under the new census and a home of a certain age owned by a taxpayer in a certain bracket could qualify in one town, but not in a neighboring town.

Too much confusion, too much inequality. In seated we recommend a graduated reimbursement rate which will more effectively provide gap funding where the gap truly exists with the middle to lower income homeowner. I sincerely appreciate this opportunity to testify and I would be glad to answer any questions at this time.

SENATOR LEBEAU: Anita, I want to thank for testifying today. I also want to thank you for bringing this bill to us, which I think has a lot to say for it.

ANITA MIELERT: I want to thank you also for helping us -- this committee helped us two years ago make changes to the two commercial historic rehab tax credits and we are now seeing a more

projects in the pipeline. They're not completed yet, but they are in the pipeline and it's very exciting.

SENATOR LEBEAU: Let me ask --

ANITA MIELERT: This is real stimulus.

SENATOR LEBEAU: Great. I -- I believe it is too at the grassroots level.

And we asked the question earlier about reuse and I think you've dealt with that reusing and reconstruction as opposed to new use -- new -- new construction --

ANITA MIELERT: Yes.

SENATOR LEBEAU: -- for the jobs.

ANITA MIELERT: Actually the answer to your question is in a national analysis of the national -- of the federal tax credits. More of the dollars in a project like this go over to the local community. A rehab project typically hires local, craft people, local artisans. You buy your equipment and your tools and your lumber and all your building supplies locally.

Whereas, new construction where they come in and do a whole subdivision very likely the builders are from out of state. The supplies comes from out of state. This is all a very, very local impact. More of the money stays within the same community and certainly more of the money stays within the state.

SENATOR LEBEAU: Would you comment on the -- the cost because that's the point I wanted to reiterate?

ANITA MIELERT: Okay. Because it's not from this

plan -- this study, but from the one I have at home, I'm trying to remember -- I think the benefit is something like 15 percent that there is more economic benefit to -- per dollar per construction dollar, more for rehab than for new construction, but because the impact is different and it's different locally it's -- it's actually higher than that.

SENATOR LEBEAU: And the cost I was referring to is the overall cost of the program -- this program is capped \$3 million, so it would not --

ANITA MIELERT: That is -- remains the same. We're not asking you to change that.

SENATOR LEBEAU: So which -- so we're staying underneath the cap with this program?

ANITA MIELERT: Yes.

SENATOR LEBEAU: Trying to broaden it for more use and more revitalization?

ANITA MIELERT: That's right.

SENATOR LEBEAU: Any further questions by members of the committee?

SENATOR LEBEAU: Mr. Chairman.

REP. PERONE: Thank you, Mr. Chairman.

I just wanted to -- yeah, again, reiterate, just thank you for bringing this to us. I mean, it was -- it was good bill already, but I think that the -- the modifications that you're suggesting are -- are excellent starting with the -- the -- we're basing it on the -- on -- on the -- on the owner, not so much the local community.

I think that's a -- that's a major shift and I

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think an important shift because then, you know, just it encourages people to -- to, you know, to take it upon themselves to -- it -- it doesn't -- it -- we -- we move away from the -- the geographical requirements, which is a big part of this, so I just wanted to thank you for -- for bringing it to us.

ANITA MIELERT: Thank you.

REP. PERONE: I think now, Senator Meyer, you had a question?

SENATOR MEYER: Given the fact that there's a \$3 million cap do you want -- have we gotten up to that cap each year?

ANITA MIELERT: No.

SENATOR MEYER: We haven't?

ANITA MIELERT: We have not.

SENATOR MEYER: So that really points out the features of this bill -- why this bill is a good bill.

ANITA MIELERT: It's just too difficult to -- to figure it out. One of the main difficulties is figuring out whether you're eligible or not and if you're in one of the named communities -- I think there are like 19 named communities and then there are 10 others that are sort of on the edges and then there are 140 that are completely outside of this, and so it's the woman who administrates this has a great deal of difficulty in just trying to figure out whether the caller on the other end has a home that's eligible or not. That's a ridiculous way to spend time in my opinion.

Secondly, how do you actually get the money out

of your voucher once you have a tax credit voucher? Suppose you make \$40,000. You live in Hartford here. You've got a home that's worth maybe \$200,000, so you do your project. You fix your roof. You paint the outside of the house. You get a voucher for \$8,000. Now, the only way you can redeem that is through a large corporation like CL&P for instance.

And the only alternative you have is to go to this out of state broker. They take 15 to 20 percent of it and then you can finally get your money. This is so difficult. And you're asking for quite a bit of sophistication on the part of the homeowner if they can simply write it off on their own personal income tax over the next five years it would -- you would get a lot more activity -- effort spent in the right places rather than the wrong places.

REP. PERONE: Thank you very much.

Are there any further questions?

Thank you very much for your time.

ANITA MIELERT: Okay. Thank you very much.

REP. PERONE: Up next is Doug Cahill followed by Tod Bryant.

DOUGLAS CAHILL: Good afternoon, Senator LeBeau, Representative Perone and members of the Commerce Committee.

HB 6650

Would it be appropriate for me to forego my prepared remarks and address some of the questions that (inaudible) --

SENATOR LEBEAU: That would be very good.

DOUGLAS CAHILL: I would like to do that.

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you took also. I -- I would ask others to take the same approach --

DOUGLAS CAHILL: Thank you.

SENATOR LEBEAU: -- in terms of summarization and in terms of not repeating their testimony. We've got your written testimony. We would like to hear a little more of a dialogue, so I think it's wonderful.

Thank you very much.

Robert Tod Bryant.

ROBERT TOD BRYANT: Good afternoon, Senator LeBeau, Representative Perone, everyone else in the committee.

SB1131

I think its afternoon. Sure enough.

I am the -- I'm going to read this very quickly because it's pretty short and then elaborate on it briefly if you don't mind.

I'm the president of the Norwalk Preservation Trust. I also serve on the Board of Connecticut Preservation Action and I work as a historic preservation consultant and well, I -- you know, there's really no reason to go through all this. You have the -- you have the written testimony.

And I just wanted to elaborate on a couple of things. First of all, the work that's done under this program must comply with the Secretary of the Interior Standards for Rehabilitation and that means that you -- the historic integrity of the building must be maintained and this is monitored by (inaudible). I say this word for the (inaudible) officer staff. So you're not

paying -- the -- the state is not providing a subsidy for putting aluminum siding on a 200-year old building for example.

It does not pay for appliances. It doesn't -- it doesn't include appliances. It doesn't include anything that's movable. This credit only applies to work that enhances or preserves the historic integrity of the building. So the idea that somebody in Greenwich could use this to buy themselves a new kitchen really doesn't -- doesn't work because the standards wouldn't allow that.

The other thing is that the -- the economic value is that -- it's a 30 percent credit so it immediately leverages another 70 percent of private investment and it's actually even more than that because this credit applies only to the hard costs so any soft costs involved; architecture fees, landscaping, things like that are not covered under this tax credit program, so those -- those costs come -- are entirely on the -- on the homeowner, so that's even more local money that's being spent.

And the other -- the other issue about the economic -- the geographic limitations -- in -- in Norwalk we -- just recently I've had an issue with this. There's an area there called Village Creek which is the national register historic district. Before the last census it was eligible for these tax credits, now it's not.

The boundaries moved a little bit. The economic health of the area that it's in -- the census tract that it's in changed a little bit, so people who want -- people who were interested in the tax cuts can no longer take them.

Not to mention the fact that some of the -- well, very quickly -- some of the -- the -- it's very difficult to promote this city wide if you only have little chunks of the town that are eligible.

So thank you very much and I would like to -- I would be happy to answer any questions that you have.

REP. PERONE: Thank you very much. And I -- I appreciate your -- your comments and the clarification regarding soft costs. I would hate to be -- have us seen as the -- the topiary tax creditor. Lawn garden (inaudible) --

ROBERT TOD BRYANT: You could never tell, you know.

REP. PERONE: But, you know --

ROBERT TOD BRYANT: It's a thought.

REP. PERONE: -- it's -- it's -- but, you know, it certainly, you know, reading your testimony and -- and other testimony similar, it certainly has got me thinking to, you know, the sorts of economic impact this has in terms of money that's any sort of multiplier effect or -- or the effect of the -- the local community where, you know, fair amounts of this activity could conceivably happen.

Do -- do you have any sort of impact regarding, like, you know, how many cents of a dollar stays in the community or anything along those lines?

I know it's kind of, you know, very specific. I'm not sure if you have that --

ROBERT TOD BRYANT: I don't have it exactly. I'm

sure it's out there somewhere, but I would be willing to bet, I mean, just -- just from -- from my experience in the field it almost all of it does. I mean, you're going to be --

REP. PERONE: Yeah.

ROBERT TOD BRYANT: -- buying your materials at the -- at the -- at a local lumberyard. You're going to be buying your paint from a local place you're going to use local, you know, local tradesmen. I would think that nearly all of the stays in -- in the -- in the immediate community. I mean, you might have to go out, you know, to somebody further upstate who might have a specific skill or --

REP. PERONE: Sure.

ROBERT TOD BRYANT: -- a certain kind of older house because it doesn't exist in say Fairfield County.

REP. PERONE: Thank you.

Any other questions?

Representative Lavielle.

REP. LAVIELLE: Thank you, Mr. Chair.

It's very nice to see you. Thank you for -- for coming to testify on this and I -- I think it's a really helpful initiative for -- for both our cities and our more rural communities and I'm just curious, simply for background. Are you aware of how many calls have come in from people who wanted to be eligible and found that they were not? Is there a higher demand than we've been able to satisfy?

ROBERT TOD BRYANT: I actually wouldn't know that.

Mary Dunn would know. She is the person who administers it in the SHPO's office, but I know that, you know, again from my personal experience that I've had several people ask me in Norwalk about the -- and I would have to -- who are in either individually listed buildings or in historic districts and I've had to tell that they're -- that they're not eligible because there's only a very small area that's actually eligible in a town like Norwalk.

Right now it's some entire -- entire cities are eligible, but there -- I don't know -- I don't remember how many of those there are, but it certainly -- it doesn't include any rural areas as you mentioned and that's one of the things that -- that -- that's one of the most important parts of this that we haven't mentioned so far.

REP. LAVIELLE: Yeah, I think it -- it came up earlier and I was very encouraged to see that and I, you know, that's -- I -- I have bullets in my district and I -- I also can just imagine some of the neighborhoods in Norwalk that really could benefit from an extension of the eligibility.

So anyway, thank you very much for coming to see us this morning. It's always good to see you.

ROBERT TOD BRYANT: Thank you for the opportunity.

REP. PERONE: Thank you very much.

Any further comments?

I just want to add that, you know, with regard to the -- the rural areas, I mean, that's one of the things that (inaudible) there are -- that's a catchy tune -- there are, you know,

artist communities in other -- other enclaves, you know, Connecticut's history that, you know, in the past (inaudible), you know, it just fallen outside of this that -- that, you know, we're -- you know, people are living in homes they want to, you know, renovate and barns and that kind of thing.

(Inaudible) but it's -- it's -- it really is exciting deal where this -- this concept is going, so I really thank you for all your hard work and it's obviously great to see you up here.

ROBERT TOD BRYANT: Right.

REP. PERONE: And thanks very much.

ROBERT TOD BRYANT: Thank you. Thank you for the opportunity.

REP. PERONE: Sure.

Up next is David Gable followed by Steve Rosenthal.

DAVID GABLE: Good afternoon, Senator LeBeau, Representative Perone and other distinguished members of the Commerce Committee.

I'm David Gable, president of Hocon Gas of Shelton, Connecticut. I've been in the propane business in Connecticut -- or the company has been since 1952. We employ 120 people, serve 35,000 customers who purchase propane -- America's other natural gas from my company. I'm here to comment on House Bill 6650, AN ACT CONCERNING ENERGY EFFICIENCY PROGRAMS.

Although the propane industry lacked recognition in deep-strapped energy plan, we appreciate the greater recognition we've now

Thank you very much. Thanks, Mr. Chair.

REP. PERONE: Thank you very much.

Any further questions or comments?

No. Thank you very much.

Up next is Frank Hagaman followed by Peter Ellner.

FRANK HAGAMAN: Senator LeBeau, Representative Perone, members of the -- the committee, thank you for allowing me to have the opportunity to talk to you today regarding Bill 1131. I want to urge the passage of the bill to help extend the access to this critical financial resource.

My name is Frank Hagaman and I am the new executive director of the Hartford Preservation Alliance, whose mission is to advocate for the preservation and revitalization of the unique architectural heritage and neighborhood character of Hartford. Access to financial resources is a critical component of any project which hopes to reuse the important historic assets of a community.

I have recently returned to Hartford and am particularly excited about the residential tax credit which aides homeowners to purchase and renovate a house in neighborhoods where community investment has been lost. Preservation of the built environment is the bedrock of on which communities are to be sustained or as might be the case recreating Connecticut cities.

If I may, I'm going to ad lib a bit. The question was raised earlier about the economic impact. As was stated the Preservation Office

commissioned a study in 2011 which speaks directly to the investment in Connecticut and the economic benefits of every \$100 that's been invested in rehabilitation, \$83 ends up in the pockets of the Connecticut worker.

I've included in -- appended to my testimony the four page executive summary of that study for you to take a look at. Just so that I'm brief and not covering other people's information, I wanted to mention a friend of mine, Dina, who has lived in Hartford for greater than 30 years. She will be painting and repairing the exterior of her house this summer.

The -- the residential tax credit is going to greatly enhance the ability for her to do the extensive work that's going to be required as a way to maintain this neighborhood asset. One of the -- the works that we're going to be doing with the Hartford Preservation Alliance is frankly being able to match the homeowner need to access the tax credit with the potential investor.

You heard it said earlier that there's only one broker and that broker is out of state. I see this as being a very natural work for us to do where we can bring the expertise on historic preservation to matching it with the financial resources.

With that, I will say, thank you very much and I'm -- I would be happy to answer any questions.

SENATOR LEBEAU: Thank you, Frank. Congratulations on your new position. Where did you return to Hartford from?

FRANK HAGAMAN: Indianapolis actually. I grew up in

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Connecticut. It's by -- refer to myself as Rip Van Winkle. I've been asleep for a while.

SENATOR LEBEAU: Better Rip Van Winkle than the headless horseman.

So any -- any further questions from members of the committee?

Thank you for coming into --

FRANK HAGAMAN: Thanks very much.

SENATOR LEBEAU: -- and testimony.

Peter Ellner.

PETER ELLNER: My name is Peter Ellner. I'm speaking on House Bill 6650, AN ACT CONCERNING ENERGY EFFICIENCY PROGRAMS.

I live in Oxford in a semi-rural area that normally would have fairly clean, healthy air; however, in recent years during cold months the air around my home is filled with an odor of people burning wood, garbage and other low grade fuels to heat their homes. When I've talked to my neighbors I've learned that they are caught in a bind of not being able to afford to replace their inefficient oil furnaces or even to pay for common sense home improvements like insulation.

I would like to call on the legislature to provide a mechanism to allow home heating oil users in Connecticut to access the same energy efficiency benefits that are currently provided to electric and gas customers under the Home Energy Solutions Program. This would include assistance for home energy audits, insulation and replacements to furnaces and boilers. It would be financed by a small surcharge on

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And so as a consumer you don't mind paying a few extra cents?

PETER ELLNER: Not at all.

SENATOR LEBEAU: You don't mind paying \$50 a year as the --

PETER ELLNER: Well, I'm in the -- in the position where I would love to have cleaner air and it's -- it's a bind because I love my neighbors. At the same time I know that maybe they're breaking the law. They're certainly not helping -- helping their fellow man by -- by doing what they're doing and -- and yet, I understand why they do it.

SENATOR LEBEAU: Okay. Thank you very much.

Any further comments, questions?

Thank you, Peter.

PETER ELLNER: Thank you.

SENATOR LEBEAU: Thanks for coming in today.

Ken Johnson followed by Raquel Kennedy.

KEN JOHNSON: Good afternoon, Senator LeBeau, Representative Perone, members of the Commerce Committee.

My name is Ken Johnson. I'm the executive director of Northside Institutions Neighborhood Alliance, or NINA. We are a community development corporation working to revitalize Hartford's Asylum Hill Neighborhood.

I am here to support the Raised Bill Number 1131 concerning changes to the Connecticut historic homes tax credit. NINA has been --

since the program's inception very involved in working with the credit to renovate homes in the Asylum Hill neighborhood. And in fact, we resulted renovated over a dozen homes in that neighborhood resulting in over \$5 million worth of investment within the Asylum Hill neighborhood.

And importantly it's created homeownership opportunities in a neighborhood whose rate of homeownership is only nine percent, which as you -- committee is probably aware, it's more like 67 percent nationwide as an owner occupancy rate. And I think that the credit has been critical also to stabilizing real estate values in that neighborhood.

We're happy to report that of our sales prices from 2006 to 2013 we basically maintained a level sales price over that period of time which clearly has been in a -- an area of declining real estate values. So we think that it's been a great tool for helping to preserve equity in that particular neighborhood and a tool for bringing back dormant assets in the area.

We've renovated homes that had been in excess of 10 years have been sitting in its plighted condition, so it's been a great tool and I support the amended -- proposed amendments with one caveat.

I think given the fact and recognition that the credit has never been fully utilized I support the notion of expanding the credit; however, I -- I do believe that when the credit was first established -- the reason it had been set up with certain targeted areas was to try and focus the renovation work on urban areas that really needed the -- the support.

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So I would ask the committee to consider a set aside for urban neighborhoods where that -- this particular tool is -- is so valuable and I'm happy to take any questions.

REP. PERONE: Thank you very much for your -- your testimony.

I -- this is a -- it really -- I -- actually -- you've given all we -- we've heard so far, you know, (inaudible), but I'm just trying to get a better sense, you know, from, you know, the impact in your community. What -- what kind of -- think -- what kind of impact you think it would have?

I mean, these -- these -- are -- are people, you know, coming to you or -- or, you know, is there more interest in it in a -- in a more -- in -- in an approach that encourages more or less the -- the individual to participate rather than a legislation that's based on -- on the -- on the wealth of the -- of the neighborhood?

KEN JOHNSON: Well, I -- I can tell you within our neighborhood and I'll just give a -- a very micro answer.

REP. PERONE: Sure.

KEN JOHNSON: Within in blocks that we've been working on where there was a half a dozen blighted buildings, we've been able to renovate those, turn those back into owner occupied single and two-family homes. And, in fact, individuals within that block have also seen the -- the benefit of that and have -- have utilized it to renovate their homes on a private basis not just the community development group.

It's been a -- a big turnaround for -- for the blocks like that, so to expand that beyond Asylum Hill and other neighborhoods would be fantastic, but my point is for low-income neighborhoods that's really the most important thing because, you know, those blighted properties is what really drives values and -- and quality of life town.

REP. PERONE: Okay. Well, I appreciate your answer and thanks for all your hard work. I appreciate it.

KEN JOHNSON: Thank you very much.

REP. PERONE: Are there any other questions? .

I think that's -- that's it.

Okay. Moving on to Raquel Kennedy followed by David Foster.

RAQUEL KENNEDY: Senator LeBeau, Representative Perone and members of the committee, I really appreciate this opportunity to speak to you and -- in support of 6650.

My name is Raquel Kennedy and I'm representing Victory Energy Solutions. I am -- our company is a contractor for the utility companies in providing the services to the home energy solutions program and also on behalf of the Home Performance Alliance of Connecticut.

First of all, I would just like to say I'm not going to read the testimony. I know you've heard a lot from a few of the other contractors and you're going to hear more so I just want to zone in on some specific points, but in reality a home energy solutions program is an award winning program that is a fantastic program and not enough people in Connecticut really

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hiring. Some of it's called like first source. They do it in California, parts of New York and other states as well.

We are going to have some of the nuts and bolts the final language of proposals within probably by the end of the week to your committee to consider. The Interstate Commerce Act you're referring to applies to businesses. It's the privileges and immunities clause that applies to individuals and so we're -- we're cognizant of that and we're coming up with something that we feel would be in line with that and -- and not be unconstitutional.

REP. BECKER: Thank you.  
REP. PERONE: Thank you very much.

GLEN MARSHALL: Thank you.

REP. PERONE: Appreciate it.

Next is Nancy Ahern followed by Dave Roche.

NANCY AHERN: Good afternoon starlit members of the Commerce Committee.

HB 6650

My name is Nancy Ahern. I live in 97-year old house in part of New Haven that is a state and national historic district. I'm a member of Connecticut Preservation Action, the Connecticut Trust of Historic Preservation and on the board of the New Haven Preservation Trust, which is the oldest non-profit historic preservation organization in the state.

I would like to read testimony regarding Senate Bill 1131 from John Herzan the New Haven Trust Preservation Services Officer and from Henry Dynia Director of Design and Construction for Neighborhood Housing Services of New Haven. To their testimony I simply say, Amen.

John writes, "Over the last five years the New Haven Preservation Trust has held numerous public workshops throughout New Haven on the HHTC. These have been well attended and have generated much interest on the part of homeowners seeking to renovate their properties in a historically appropriate manner, thus adding value, not only to their houses, but the surrounding neighborhoods.

During this period, 147 New Haven homeowners have applied for and received the credit. This process can be cumbersome, often requiring individual applicants to work through a broker. The proposed changes would allow individuals to apply on their own and take the credit on their Connecticut income tax return.

We feel that this change will encourage more applications and thus enable more investment in our community. Many homeowners have not been able to take advantage of this program because of the current minimum project amount of \$25,000. Lowering the qualifying minimum to 15,000 per unit will make the credit available to homeowners in lower income ranges.

Conversely, increasing the credit maximum to \$50,000 per unit application for non-profit corporations which specialize in affordable housing will help these organizations tackle difficult revitalization projects in the inner city, thus reducing blight and stabilizing neighborhoods.

For these reasons the New Haven Preservation Trust strongly supports Senate Bill 1131."

Henry Dynia says, "Farallon Manor was 24 units in 13 buildings, all done with historic tax credit money. Since the program started

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Neighborhood Housing Service of New Haven has done about five dozen projects under its guidelines. It has been a key piece of the project pro forma comprising 15 to 25 percent of the budgets in many cases so it enabled homeownership, renewed urban neighborhoods and has elevated historic standards in places where they were sinking.

Clearly it often has been a tool to introduce the idea of historic preservation in neighborhoods where (inaudible) was virtually unknown. The land of vinyl siding, plastic windows and concrete and steel porches. Neighborhood Housing Services also supports Senate Bill 1131."

On another subject, regarding House Bill 6650 - - now I'm speaking as me -- as they say on text, OMG. Home heating oil already costs more than gasoline. The idea that it could cost even more thanks to this bill is frightening. As an elderly widow who hopes to stay in her home a few years longer, I simply cannot afford the \$20,000 plus I have been advised it would cost to replace my furnace and convert to natural gas, so I'm stuck with paying thousands of dollars a year for fuel oil.

Also to be frank, I'm a bit afraid of natural gas. Fuel oil doesn't blow up houses, natural gas does. Energy efficiency is a fine thing. The taxing home heating oil is not the way to encourage it or pay for it.

Please let this bill die in committee. Thank you.

REP. PERONE: Thank you fellow (inaudible).

No, I -- I do appreciate it. I -- I really haven't got much to add because you've --



John DeStefano, Jr.  
Mayor

**CITY OF NEW HAVEN**  
**OFFICE OF THE MAYOR**  
165 Church Street, New Haven, CT 06510  
Phone (203)-946-8200, Fax (203)-946-7683



**Testimony of the City of New Haven**  
**Commerce Committee**

*Regarding*

S.B. No. 1130 AN ACT MAXIMIZING JOBS FOR STATE WORKERS BY REQUIRING PLANS OF LOCAL HIRING BY CONSTRUCTION COMPANIES.

S.B. No. 1133 AN ACT CONCERNING PREFERENCES FOR CONNECTICUT COMPANIES IN STATE AND MUNICIPAL CONTRACTING

*Submitted by*

Rebecca Bombero, Deputy Chief of Staff  
City of New Haven  
March 19, 2013

Sen. LeBeau, Representative Perone and members of the committee. The City of New Haven would like to express support for SB 1130 and SB 1133 which are intended to increase the number of local workers on State-funded construction projects. The City takes a passionate interest in this issue given the socio-economic makeup of the community and the many large scale construction projects recently completed or now underway within New Haven.

At a local level, New Haven's Commission on Equal Opportunity (CEO) has the responsibility to review, monitor and enforce the equal opportunity, affirmative action and contract compliance laws as they apply to contractors and subcontractors doing business with the City, including the hiring of local residents. CEO was created in 1964 and is the nation's oldest municipal civil rights agency. CEO's contract enforcement division has established a standard of compliance with contractors in New Haven with success rates over 38% minority, 25% resident and 9% female EEO participation. Since 2005 more than 3,760 residents have worked on local school construction projects earning \$23 million in wages. Paired with our Construction Workforce Training Program this locally grown pool of labor provides a multiplier benefit since these workers spend a significant portion of their earnings in the local economy. Given the high unemployment rate, which now stands at 11.3% (and 3.5% higher than the state average), this is a critical time to broaden our impact and implement best practices on State construction projects here in New Haven.

SB 1130 would mirror local affirmative action hiring plan requirements creating plans for local hiring. This goal is admirable, however, based upon our experience we urge the committee to include both strong penalties for non-compliance and a mechanism for inspection and enforcement.

Thank you for your time and attention to this matter of critical importance.

Henry P. Dynia, Jr.  
Director of Design and Construction  
Neighborhood Housing Services of New Haven, Inc.  
333 Sherman Ave.  
New Haven, CT 06511  
(203) 562-0598 x 13

Regarding SB 1131:

Fairlawn Manor was 24 units in 13 buildings, all done with historic tax credit money. Since the program started, Neighborhood Housing Services of New Haven has done about five dozen projects under its guidelines. It has been a key piece of the project pro forma, comprising 15% to 25% of the budgets in many cases. So it enabled home ownership, renewed urban neighborhoods, and has elevated historic standards in places where they were sinking. Clearly it often has been a tool to introduce the idea of historic preservation in neighborhoods where the term was virtually unknown: the land of vinyl siding, plastic windows, and concrete and steel porches.

Henry P. Dynia, Jr.



934 State Street, PO Box 1671, New Haven, Connecticut 06507

TEL 203 562 5919

FAX 203 789 8806

info@nhpt.org

www.nhpt.org

March 19, 2013

Senator Gary LeBeau, Co-Chair  
 Representative Chris Perone, Co-Chair  
 Commerce Committee, Connecticut General Assembly

**Testimony in Support of H.B. 1131, An Act Concerning Changes to the Connecticut Historic Home Tax Credit (HHTC)**

My name is John Herzan, and I am the Preservation Services Officer of the New Haven Preservation Trust, the oldest nonprofit historic preservation organization in the state.

Over the last five years, the Trust has held numerous public workshops throughout New Haven on the HHTC. These have been well attended and have generated much interest on the part of homeowners seeking to renovate their properties in a historically appropriate manner, thus adding value not only to their houses but to the surrounding neighborhoods. During this period, 147 New Haven homeowners have applied for and received the credit. This process can be cumbersome, often requiring individual applicants to work through a broker. **The proposed changes would allow individuals to apply on their own and take the credit on their CT income tax return. We feel that this change will encourage more applications and thus enable more investment in our community.**

Many homeowners have not been able to take advantage of this program because of the current minimum project amount of \$25,000. **Lowering the qualifying minimum to \$15,000 per unit will make the credit available to homeowners in lower income ranges.**

Conversely, **increasing the credit maximum to \$50,000 per unit/application for nonprofit corporations which specialize in affordable housing will help these organizations tackle difficult revitalization projects in the inner city, thus reducing blight and stabilizing neighborhoods.**

For these reasons the New Haven Preservation Trust strongly supports H.B. 1131. Thank you for the opportunity to testify on this proposal.

*John Herzan*



March 19, 2013

Senator Gary LeBeau, co-chairman  
Representative Chris Perone, co-chairman

**Testimony in support of HB 1131, An Act concerning Changes to the Connecticut Historic Home Tax Credit.**

My name is Helen Higgins and I serve as Executive Director of the Connecticut Trust for Historic Preservation, a non-profit state wide preservation assistance organization chartered by the CT General Assembly in 1975. The Trust is a statutory partner of the State Office of Culture and Tourism, DECD.

Community character is what distinguishes each of our 169 cities and towns. Historic buildings are the visible expression of community character in residential neighborhoods and downtown centers. The Historic Homes Tax Credit stimulates investment in smaller historic homes, up to four units of owner-occupied housing. It works.

So, why do we need revisions to our Historic Home Tax Credit? Because the credit needs to be accessible to many more owners of historic houses than it is now, it needs to have a process that is simpler than now exists, and it needs to have more realistic eligible costs numbers so that those with smaller projects and smaller budgets can partake of the credit.

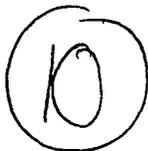
Thirty one states in the country have adopted laws creating credits against state taxes to provide incentives for the appropriate rehabilitation of historic buildings. Many of those credits are for big preservation projects. Connecticut's Historic Homes Tax Credit benefits the owner of a historic home, a completely underserved constituency. At the Connecticut Trust we get countless calls from historic home buyers asking: what financial help/incentives are there for me to restore this historic house we are planning to buy. Since the current Historic Homes credit only applies to certain mainly urban, lower income locations, we have to tell them: nothing. But, we know that even the smallest incentive to a historic homeowner can make the difference between buying and fixing up a house or moving to a new construction house.

Why is this important? Investment in our historic resources, especially in our neighborhoods with historic housing stock reduces pressure to develop open space and farmland. This investment strengthens our communities, retaining more walkable neighborhoods and distinctive places. Buildings not demolished reduces clogging our landfills. Investment in existing historic houses reuses existing infrastructure.

Historic tax credits are not an expense to the state; they provide excellent return on investment – rehabbed buildings add to the local tax rolls, provide jobs and housing. Historic rehab creates more jobs than new construction. These are certified facts demonstrated in multiple studies of historic preservation projects across the country. Historic preservation is an economic driver.

HB 1131 authorizes specific changes to the current tax credit that will stimulate more use of the credit but more importantly will stimulate rehabilitation of our certified historic buildings in urban rural and even older suburban neighborhoods.

*Helen Higgins*



**Testimony of Robert Tod Bryant on Raised Bill No. 1131**  
**An Act Concerning Changes to the Connecticut Historic Home  
Tax Credit**

March 19, 2013

Members of the Commerce Committee, I am the President of the Norwalk Preservation Trust and I fully support the changes to the Historic Home Tax Credit program that are included in this Act.

Historic buildings and streetscapes – the surroundings we see every day – are the visible history of a community. They remind us of who we are and provide us with the sense of place that makes every Connecticut town unique. This program provides an incentive for Connecticut home owners, including those with up to three rental units in an owner-occupied historic building, whose houses are listed in the National or State Register of Historic Places to maintain and improve their homes while retaining historic elements. It is often used by nonprofit organizations to partially fund the rehabilitation of historic homes in our inner cities for affordable housing. The program leverages at least seven dollars of private investment for every one dollar of state tax credit. All of this money is spent locally on things like lumber, paint, hardware, electrical supplies and roofing, as well as the labor of carpenters, plumbers, electricians, painters, roofer and more. The positive effects this work, beyond the maintenance of historic properties, multiply throughout the local economy as those businesses and tradesmen spend their money.

The current amount of tax credits reserved for this program will remain the same, but the changes proposed in this act update the existing program to reflect today's costs and make it easier to use. The changes increase the number of historic home owners who are eligible for the tax credit and revise the formulas used for the minimum cost of a project and the maximum amount of credit available to a home owner. It also increases the amount of tax credit available to nonprofits doing extraordinary work to create affordable housing in historic neighborhoods. At the same time, the proposed changes would restrict the amount of tax credit available to higher income home owners.

The revised Connecticut Historic Home Tax Credit program will benefit the entire state by helping to preserve our historic towns and cities, while supporting local businesses.

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March 19, 2013

Senator Gary LeBeau, co-chairman

Rep Chris Perone, co-chairman

TESTIMONY IN FAVOR OF HB 1131, AN ACT CONCERNING CHANGES TO THE CONNECTICUT HISTORIC HOME TAX CREDIT

Hello Sen. LeBeau and Rep Perone and members of the Commerce Committee Thank you for allowing me to have an opportunity to talk to you today regarding Bill 1131 I want to urge the passage of the bill to help expand the access to this critical financial resource

My Name is Frank Hagaman and I am the executive director of the Hartford Preservation Alliance whose mission is to advocate for the preservation and revitalization of the unique architectural heritage and neighborhood character of Hartford Access to financial resources is a critical component of any project which hopes to reuse the important historic assets of any community I have returned to Hartford recently and am particularly excited about the residential tax credit which aids homeowners to purchase and renovate a house in neighborhoods where community investment has been lost. Preservation of the built environment is the bedrock upon which communities are to be sustained or, as might be the case, recreated in Connecticut's cities. By restoring the past we identify how to build toward a community's future

However, make no mistake regarding the economic impact of historic preservation A study completed in 2011 speaks directly to an investment in Connecticut, the economic benefits of historic preservation Prepared for the State Historic Preservation Office the finding is simple. historic preservation is about jobs Of every \$ 100 invested in rehabilitation \$ 83 ends up "in the pockets of Connecticut workers" I will hasten to say that many of the jobs are skilled labor. Here is historic preservation investment by the numbers in Connecticut during the period of 2000 to 2010. \$ 450 million in private sector investment, \$ 242 million in direct salaries and wages, \$ 128 million in indirect salaries and wages, 99% historic preservation projects in areas identified as a priority development, 83 communities receiving benefits, 75% in neighborhoods with median household income of less than \$ 25,000

By profession I am an affordable housing developer having created 650 units of supportive housing all in historic buildings Much of the work was accomplished in vacant and abandoned buildings The impact of utilizing historic tax credits was immense Often the leverage which tax credit equity brought to the development was the backbone for the financial success Due to the timing of the investment offered by tax credits equity increased substantially thus making the project feasible Further, once completed these buildings rejoined the tax rolls and sparked both residential and commercial economic activity in the communities surrounding these properties This could not been accomplished without utilizing historic tax credits

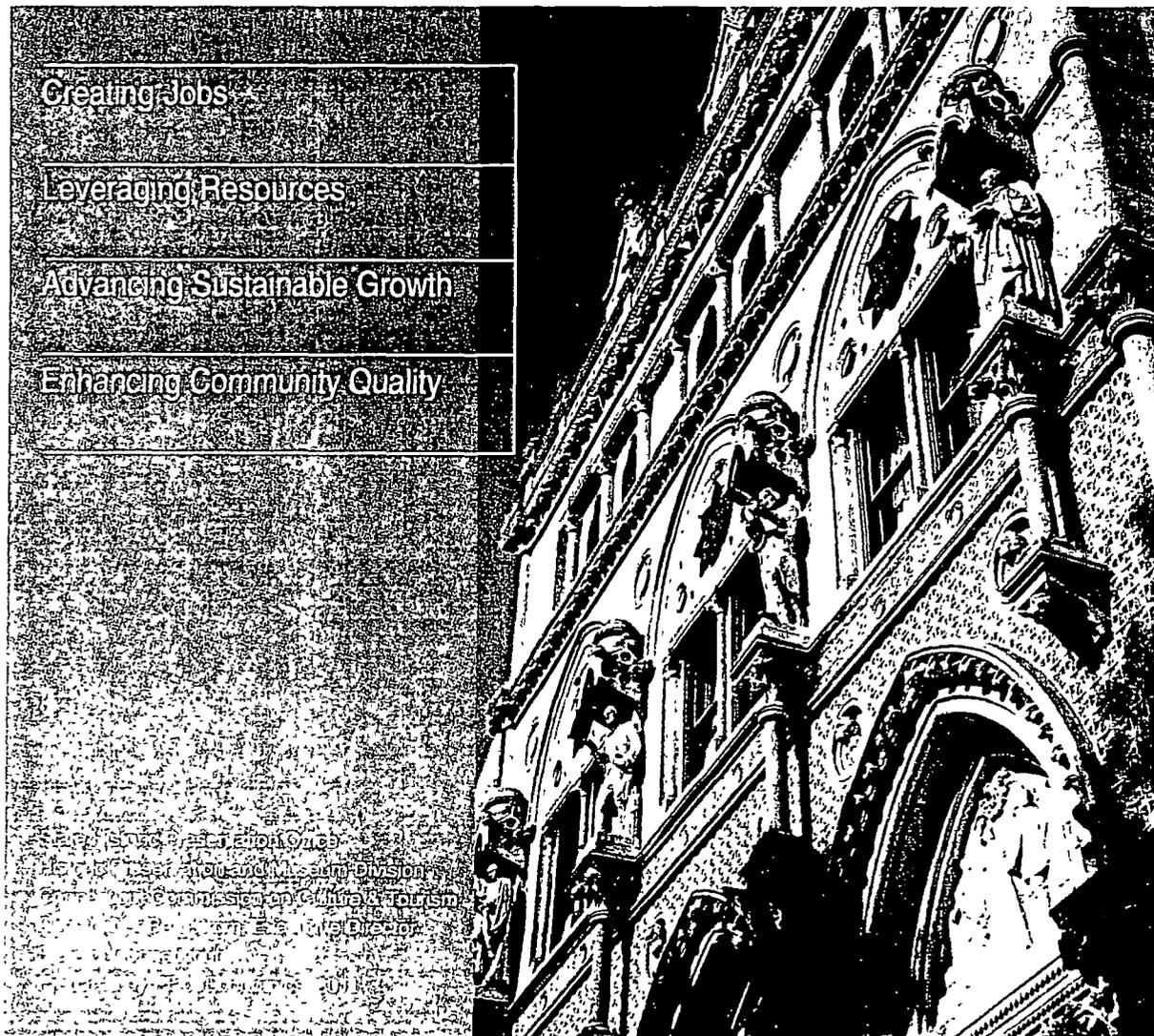
In closing I want to mention my friend Dina, living in Hartford, who will paint and repair the exterior of her house this summer A dedicated resident of Hartford she has lived in the West End for 30 years

Her house is wood frame and requires a substantial investment to renew this neighborhood asset. She will utilize the residential tax credit to help make that project reasonable. HPA will expand our role to help match residents with tax credit buyers. It is critical for historic preservation that access to the tax credits is made easier.

I thank you for your time and would be happy to answer any questions.

# Investment in Connecticut:

## The Economic Benefits of Historic Preservation



Creating Jobs

Leveraging Resources

Advancing Sustainable Growth

Enhancing Community Quality

Connecticut State Office of Historic Preservation  
Historic Preservation Division  
Department of Economic Development  
100 State Street, 10th Floor  
Hartford, CT 06103  
Phone: 860-424-3000  
Fax: 860-424-3001  
www.ct.gov/hp

**H**istoric preservation means jobs. The State of Connecticut encourages the investment that creates those jobs through tax credit programs and grants, both administered by the Connecticut Commission on Culture & Tourism (CCT). Combined with the Federal Historic Preservation tax credit, these programs have made a substantial contribution to the economy of Connecticut even during the deepest recession in two generations. Unlike some tax credits whose impacts may be temporary, the historic preservation tax credits encourage investment in long-term

<b>Completed Projects</b>
<b>State Tax Credits</b>
12,470,944
<b>Private Investment</b>
159,372,093
<b>Jobs</b>
361
<b>Salaries &amp; Wages</b>
2,558,759
<b>State Taxes Generated Directly</b>
9,379,577
<b>Annual Property Tax</b>
2,788,576

capital assets with both immediate and ongoing benefit to the state, municipalities and the citizens of Connecticut. In difficult economic times, it is appropriate to ask, "Are tax credits and grants performing the way we expected?" Even though Connecticut's historic preservation incentives were enacted to create housing and preserve

our built heritage for future generations, they have proven to be remarkably effective as economic development tools. Here is that story.

**CREATING JOBS:  
HISTORIC TAX CREDITS**

The State of Connecticut has encouraged the investment in historic properties through three tax credit programs - the Historic Homes Tax Credit, the Historic Structures Rehabilitation Tax Credit and the Historic Preservation Tax Credit.

While the Historic Homes Tax Credit has been on the books since 2001, the other two are only recently available. Even so, they have been remarkably successful, generating jobs, income and local property taxes.

Ultimately for every \$100 invested in the rehabilitation of a historic building, \$83 ends up in the pockets of Connecticut workers.

Historic preservation is about jobs — creating more jobs than most types of economic activity in Connecticut, including new construction. Historic preservation is labor intensive, so the economic impact is overwhelmingly local, with salaries, wages, profits and jobs staying in Connecticut.

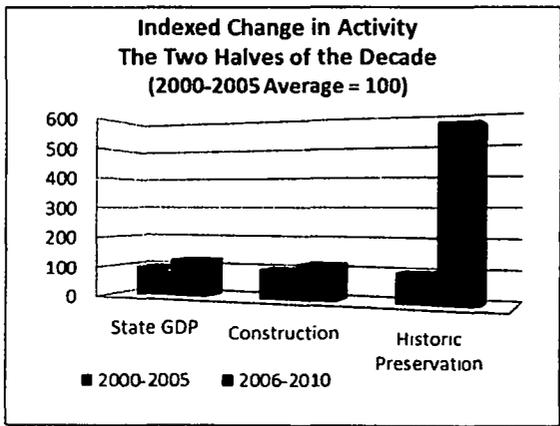
**LEVERAGING RESOURCES**

The purpose of tax credits is to encourage the investment of private capital in areas deemed in the public good. The test of success is, "Did the credit change investment patterns?" From 2000 to 2006, Connecticut had no state tax credit for the rehabilitation of commercial historic structures. Starting in 2007, two such credits became available. The results are remarkable. The Gross Domestic Product of the State of Connecticut averaged about 25% greater in the last five years of the decade than in the first five; construction activity averaged 20% more.

But investment in commercial historic properties using the Federal and/or state credits was over five times greater.



Impact per \$1,000,000 of Output					
	Historic Rehabilitation	New Construction	Steel Manufacturing	Computer Manufacturing	Medical Manufacturing
Direct Jobs	9.3	6.7	1.4	0.9	1.4
Indirect Jobs	5.1	5.2	3.1	2.2	3.5
<b>TOTAL JOBS</b>	<b>14.4</b>	<b>11.9</b>	<b>4.5</b>	<b>3.1</b>	<b>4.9</b>
Direct Salary & Wages	\$542,929	\$418,441	\$119,924	\$68,128	\$296,006
Indirect Salary & Wages	\$288,917	\$308,128	\$203,109	\$171,257	\$237,497
<b>TOTAL SALARY &amp; WAGES</b>	<b>\$831,896</b>	<b>\$726,659</b>	<b>\$323,033</b>	<b>\$239,385</b>	<b>\$533,503</b>



- Generating waste equal to 21 days of trash of the entire City of Hartford.
- Adding to the landfill enough material to fill 39 boxcars.
- Wiping out the benefit to the landfill of the last 21,211,680 aluminum cans that were recycled.

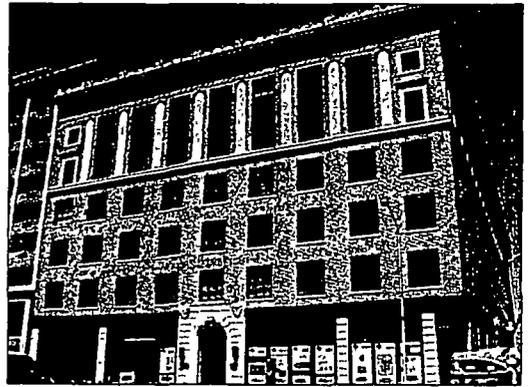
**ADVANCING SUSTAINABLE GROWTH**

Historic preservation is the ultimate in recycling as the non-profit group Common Ground demonstrated in their \$22.7 million renovation of 410 Asylum in Hartford. The group, whose goal is to fight homelessness, redeveloped the building into a mixed-use project. This historic structure is Connecticut's first LEED Gold certified project. The commitment to the environment is certainly reflected in such elements as a green roof. But the environment is also well served by what did not happen.

**410 ASYLUM STREET**

Deciding to rehabilitate rather than demolish the building prevented:

- Throwing away the embodied energy already incorporated into the building - the equivalent of 615,777 gallons of gasoline.
- Expending the equivalent of 9,986 gallons of gasoline in tearing it down and hauling it to the dump.



The Betty Ruth and Milton B. Hollander Foundation Center, at 410 Asylum Street

**ENHANCING COMMUNITY QUALITY- HISTORIC PRESERVATION GRANTS**

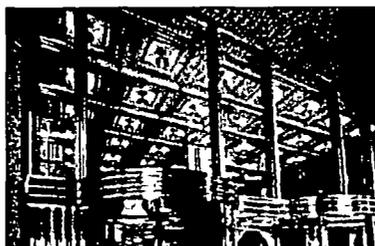
Every corner of Connecticut has benefited from grants from CCT. Over 230 grants have been awarded in 83 communities. They have shared over \$15,000,000 in grants, 68% of which went to bricks and mortar projects. These grants leveraged an additional \$9.2 million from other sources, benefiting people, projects and preservation in Connecticut. Although not meant to be a jobs program, these grants have resulted in 385 jobs and \$19.9 million in salaries and wages for Connecticut citizens.

## BY THE NUMBERS

Historic Preservation in Connecticut: 2000-2010<sup>1</sup>

- \$450 Million: Private sector investment in historic buildings
- \$242 Million: Direct salary and wages in Connecticut from rehabilitating historic structures
- \$128 Million: Indirect salary and wages in Connecticut from rehabilitating historic structures
- \$15.1 Million: Personal Income Taxes from rehabilitating historic structures
- \$15 Million: Grants to local governments and non-profit organizations
- \$10.8 Million: Sales Taxes from historic preservation projects
- \$7.8 Million: Increased property taxes to local governments **each year**
- \$2.0 Million: Business Income Taxes from rehabilitating historic structures
- 4,144: Direct jobs in Connecticut from rehabilitating historic structures
- 2,293: Indirect jobs in Connecticut from rehabilitating historic structures
- 400+: Housing units rehabilitated using the Historic Homes Tax Credit
- 302: Number of historic preservation projects using Federal and/or Connecticut tax credits
- 99%: Historic preservation projects in areas identified as priority areas for development
- 89%: Historic preservation projects in neighborhoods identified as *Very Walkable or Walker's Paradise*
- 83: Number of Connecticut communities that have received grants for historic preservation
- 75%: Tax credit projects in neighborhoods with a median household income of less than \$25,000

<sup>1</sup> Impact of historic preservation projects using Federal and/or State historic tax credits and recipients of historic preservation grants.



Source: *Investment in Connecticut: The Economic Benefits of Historic Preservation* available at [www.cultureandtourism.org](http://www.cultureandtourism.org)

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Department of Economic and  
Community Development

**Connecticut**  
still revolutionary

**Kip Bergstrom**  
Deputy Commissioner

**Commerce Committee Public Hearing**  
**3/19/2013**

**SB 1131: AN ACT CONCERNING CHANGES TO THE CONNECTICUT  
HISTORIC HOME TAX CREDIT**

Senator LeBeau, Representative Perone, Senator Frantz, Representative Lavielle and members of the Commerce Committee. Good morning. My name is Kip Bergstrom and I am the Deputy Commissioner of DECD and also the State Historic Preservation Officer. Thank you for the opportunity to submit comments today on Senate Bill 1131: AN ACT CONCERNING CHANGES TO THE CONNECTICUT HISTORIC HOME TAX CREDIT.

The Department of Economic and Community Development supports some of the proposed changes to the Historic Home Rehabilitation Tax Credit legislation (CGS 10-416) to expand eligibility for and usage of the historic homes tax credit. After over a decade of working with the program, our office has a unique perspective and therefore can see the benefit of the proposed changes to the legislation.

The historic homes rehabilitation tax credit program was enacted in 2000. Over the last 12 years it has been a proven catalyst for neighborhood revitalization and job growth by offering an economic incentive to owners of historic homes to invest in our state's valuable historic and unique neighborhoods.

However, the credit has been dramatically underutilized relative to its potential, due to several unnecessary limitations that the proposed bill would reform. For example, during the six-year period, 2007 to 2012, a total of \$7.8 million credits were used, leveraging \$18 million in private investment. While this is significant, had the credit been fully utilized each of those years at the \$3 million annual cap, it would have leveraged \$42 million of private investment. The average utilization in those six years was only 43% and the peak was 66%.

The work done under this program puts vacant and abandoned houses back on the local tax rolls and encourages homeowners to move into previously neglected areas. Proposed changes in the minimum and maximum expenditures for individual project will strengthen this purpose:



Department of Economic and  
Community Development

**Connecticut**  
*still revolutionary*

- Reducing the minimum amount on qualifying expenditures will make the program more accessible to lower-income homeowners.
- Increasing the tax credit maximum expenditure for non-profit housing development corporations will make the credits more useful for these players, who are the primary redevelopers of the small, multi-unit residential structures (less than five units) covered by this credit.
- In combination these changes in the minimum and maximum expenditures allow for real and positive change to occur in Connecticut's blighted urban areas.

Currently the program is available only in the state's urban and economically distressed areas. However, our mission is to ensure preservation of historic resources statewide. Therefore, we also support removing the geographical restriction on eligibility. The income targeting of the program is maintained in the proposed bill via a graduated tax credit based on the homeowner's income. These changes allow our office to be good stewards of Connecticut's precious historic resources, while ensuring that the spirit of the program, encouraging reinvestment in Connecticut's economically underserved neighborhoods, will remain intact.

I would be happy to answer any specific questions you have regarding the program and proposed changes.

Thank you.

## Connecticut Preservation Action

(8)

Written Testimony of Anita Mielert, President  
Commerce Committee  
Tuesday, March 19, 2013

Senator LeBeau, Representative Perone, Senator Frantz, Representative Levielle and the distinguished members of the Commerce Committee, my name is Anita Mielert, and I am a former First Selectman in Simsbury and President of Connecticut Preservation Action (CPA).

CPA is non-profit organization, which advocates for historic preservation at the state and federal levels of government. We represent individuals and organizations, such as the Connecticut Trust for Historic Preservation, Connecticut Main Street Center, Hartford Preservation Alliance and New Haven Preservation Trust.

CPA initiated and supports the Raised Bill 1131 An Act Concerning Changes to the Connecticut Historic Homes Tax Credit (HHTC).

From *Investment in Connecticut: The Economic Benefits of Historic Preservation* by Place Economics in 2011: "The purpose of tax credits is to encourage the investment of private capital in areas deemed in the public good . . . they have proven to be an effective and valuable means of facilitating private investment in historic structures, leading to such economic benefits as the creation of jobs, increases in property value and neighborhood revitalization."

From 2001 to 2011, the HHTC resulted in the rehabilitation of more than 400 housing units. This alone would be unremarkable, but those housing units

- Are located 100% in Smart Growth areas with complete infrastructure;
- Reuse building materials which represent embodied energy;
- Return buildings to municipal tax rolls or raise their assessment;
- Raise the home values in the entire neighborhood; and
- Maintain the architectural integrity of the structure as well as the character of the community and heritage of the region.

And the results could be so much more. After more than a decade of experience with this law, CPA has worked with the State Historic Preservation Office to refine a list of improvements, which will improve a homeowner's access to this measure. Referring to the Statement of Purpose at the end of the Bill, we are promoting four basic changes:

## **Connecticut Preservation Action**

Requested changes to **CT Historic Homes Tax Credit, C.G.S. 10-416**  
Adopted by CPA Board on 12-12-12

CT's HHTC has been in effect since 2000 and has served as an economic stimulus, triggering private investment and jobs, preserving historic resources, and returning buildings to local tax rolls. CPA feels the requested changes to the law will result in a greater utilization and public benefit, without raising the budgetary limit.

**1. Allow the homeowner the option to take the tax credit on a) his own CT Income Tax return, or b) sale of the credit to corporations, LLCs or S Corps.**

- These added options are being considered by DECD for many other tax credits as well, and this measure fits into their overall approach.
- Current method using only corporations is not efficient for individuals using the credit, but it is working for the non-profits who use the credit. The current allocation is going largely to two non-profits, not to individuals, who lose money because of the need for a broker.

**2. Lower the qualifying minimum spent on an application to \$15,000 per unit.**

- Currently at \$25,000 for minimum project size, this is often too much money for the lower income owner to put together. If we lower to \$15,000, this would still not overwhelm the administration of the credit but would make the credit more interesting to the lower income range.

**3. Raise the maximum on the credit allowed to \$50,000 per unit, per application for non-profit corporations who specialize in affordable housing.**

- Non-profits who now use the credit typically tackle the most difficult revitalization projects in the inner cities. If we raise the tax credit maximum to \$50,000, we would attract more revitalization; the "gap funding" would fill more gaps. The rate of 30% would still apply, but the size of the project would be raised.
- A \$30,000 maximum would still apply to individual homeowners: that is, a 30% credit on up to \$100,000 per project.

**4. Eligibility will now be based on "as of right" for certified historic homes, not on geography. The reimbursement rate will be based on the owner's income level.**

- 30% for owners making up to twice the median income of the area (current estimate is about \$65,000 x 2 = \$130,000)
- 20% for owners making over three times the median income
- 10% for owners making over four times the median income
- Graduated structure requires greater degree of private investment per tax credit dollar for wealthier homeowners.
- All projects must conform to the Secretary of the Interior's Standards for Rehabilitation, and be fully completed, in order to qualify for tax credits.

Anita L. Mielert, President ♦ 57 East Weatogue St., Simsbury, CT 06070 ♦ 860-658-1190  
Charles Janson VP. ♦ Jack Shannahan, Treas. ♦ Rachel Pattison, Sec.

1. While previously a voucher could be redeemed only through sale to a C corporation, we recommend that an individual homeowner be allowed to apply it to her own personal income tax. Currently only one broker is in the business of transferring the credits, and it is located out of state, and this costs the taxpayer between 15% to 20% of the value. Because other incentives, such as energy credits can be taken on a personal return, we believe this will not be an undue burden for DRS. There will only be 30-50 transactions annually.
2. Currently the minimum size project must cost \$25,000 to qualify for credits. Because this represents a sizeable amount of money for the lower income owner to put together, we believe that lowering the minimum to \$15,000 will allow more projects in the areas that need them most.
3. Non-profit housing organizations who now use the credit typically tackle the most difficult revitalization projects in the inner cities. They renovate several adjacent properties at the time, targeting the most needy areas, and do top-to-bottom projects. Raising their maximum reimbursement to \$50,000 per dwelling unit, while maintaining the 30% rate, will mean more hardcore revitalization
4. Last, we advocate basing the eligibility on the income of the homeowner, not the income of the community. Currently determining the eligibility of the home for the credit was one of the most difficult steps in administration, since one often needs to determine census tract information, and a home which qualified in the first decade of the program may no longer qualify after a new census. And a home of a certain age owned by a taxpayer in a certain bracket could qualify in one town but not in a neighboring town. Too much confusion and inequality. Instead, we recommend a graduated reimbursement rate, which will more effectively provide "gap funding" where the gap truly exists, with the middle-to-lower income homeowner.

I sincerely appreciate this opportunity to testify on this proposal, and I would be glad to answer any questions at this time.