



Senate Bill No. 570

Public Act No. 19-54

AN ACT CONCERNING OPPORTUNITY ZONES.

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

Section 1. Section 32-1d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2019*):

The commissioner shall appoint a Deputy Commissioner of Economic and Community Development who shall be qualified by training and experience for the duties of the office of commissioner and shall, in the absence, disability or disqualification of the commissioner, perform all the functions and have all the powers and duties of said office. In addition to any other powers, duties or responsibilities, the Deputy Commissioner of Economic and Community Development shall act as the state's primary point of contact for all state programs relating to the federal opportunity zone program, established pursuant to the Tax Cuts and Jobs Act of 2017, P.L. 115-97. The position of the Deputy Commissioner of Economic and Community Development shall be exempt from the classified service.

Sec. 2. Subdivision (1) of subsection (b) of section 32-726 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2019*):

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(b) (1) The commissioner shall establish an office of the permit ombudsman for the purpose of expediting review of permit applications for projects that would (A) create at least one hundred jobs, (B) create fifty jobs, if such project is to be located in an enterprise zone designated pursuant to section 32-70, (C) be located in a brownfield, as defined in section 32-760, (D) be compatible with the state's responsible growth initiatives, (E) be considered transit-oriented development, as defined in section 13b-79kk, (F) develop green technology business, (G) develop bioscience business, (H) develop any of the state's federally designated opportunity zones, or [(H)] (I) meet the criteria set forth in subdivision (2) of this subsection. Projects ineligible for review under this section are projects for which the primary purpose is to (i) effect the final disposal of solid waste, biomedical waste or hazardous waste in this state, (ii) produce electrical power, unless the production of electricity is incidental and not the primary function of the project, (iii) extract natural resources, (iv) produce oil, or (v) construct, maintain or operate an oil, petroleum, natural gas or sewage pipeline. For purposes of this section, "responsible growth initiatives" includes the principles of smart growth, as defined in section 1 of public act 09-230, and "green technology business" means an eligible business with not less than twenty-five per cent of its employment positions being positions in which green technology is employed or developed and may include the occupation codes identified as green jobs by the Department of Economic and Community Development and the Labor Department for such purposes. The permit ombudsman shall also assist and provide guidance to bioscience businesses seeking to expedite the review and approval of permits required by local zoning authorities.

Sec. 3. (*Effective from passage*) (a) Notwithstanding any provision of the general statutes, the Department of Economic and Community Development shall identify and market ten geographically diverse, vacant, state-owned properties located in federally designated

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opportunity zones from the priority list established pursuant to subsection (b) of this section. Selection of such state-owned properties shall be in accordance with the provisions of subsection (c) of this section.

(b) On or before February 1, 2020, the Department of Economic and Community Development shall develop a priority list of geographically diverse, vacant, state-owned properties located in federally designated opportunity zones to be marketed based on criteria to include, but not be limited to, properties that (1) have economic development viability, (2) are located in a federally designated opportunity zone, (3) have access to transportation or other infrastructure, (4) the development of which would be consistent with the department's plan of economic development in federally designated opportunity zones, and (5) the transfer of which to a private party would not conflict with state law.

(c) The Department of Economic and Community Development shall solicit proposals from companies interested in purchasing any of the state-owned properties on the priority list developed pursuant to subsection (b) of this section. The Commissioner of Economic and Community Development shall review such proposals and match up to ten of the state-owned properties with such companies. The commissioner may (1) sell, notwithstanding chapter 59 of the general statutes, any such property owned, possessed or controlled by the Department of Economic and Community Development to such companies, or (2) present such proposals to the state agency that owns, possesses or controls such property, which may sell, notwithstanding chapter 59 of the general statutes, such property to such companies.

Sec. 4. (*Effective from passage*) Not later than September 1, 2019, and within available appropriations, the Department of Economic and Community Development shall create and maintain an Internet web site that is specifically dedicated to marketing and promoting state-

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owned properties located in federally designated opportunity zones, and develop and implement a marketing campaign for such properties and Internet web site.

Sec 5. (*Effective from passage*) Not later than February 1, 2020, and within available appropriations, the Department of Economic and Community Development shall host an Opportunity Connecticut conference to highlight state programs relating to opportunity zones and to network opportunity zone funds and opportunity zone project sponsors.

Sec. 6. (*Effective from passage*) The Department of Economic and Community Development shall, within available appropriations, develop marketing materials that highlight the state's economic development strategy relating to federally designated opportunity zones and methods that may be used by the state and municipalities to add value to such opportunity zones.

Sec. 7. Section 10-416c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2019*):

(a) As used in this section, the following terms shall have the following meanings unless the context clearly indicates another meaning:

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

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

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

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

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

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

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

(7) "Rehabilitation plan" means any narrative, construction plans and specifications for the proposed rehabilitation of a certified historic structure in sufficient detail for evaluation of compliance with the Secretary of the Interior's Standards for Rehabilitation, as established in 36 CFR 67;

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

(9) "Affordable housing" has the same meaning as provided in

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section 8-39a; and

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

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

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

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

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

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such owners, or persons designated as partners or members of such owners, documenting an alternative distribution method without regard to other tax or economic attributes of such owners.

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

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

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

(c) The Department of Economic and Community Development

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may adopt regulations, in accordance with chapter 54, to carry out the purposes of this section. Such regulations shall include provisions for: (1) The filing of applications, (2) the rating criteria for evaluating applications, and (3) the timely approval of applications by the department. The rating criteria for evaluating applications shall give priority to applications of owners rehabilitating certified historic structures located in federally designated opportunity zones.

(d) For the purpose of seeking a tax credit pursuant to subsection (b) of this section, prior to beginning any rehabilitation work on a certified historic structure, the owner shall submit to the officer (1) (A) a rehabilitation plan for a determination of whether such rehabilitation work meets the Secretary of the Interior's Standards for Rehabilitation, as established in 36 CFR 67, and (B) if such rehabilitation work is planned to be undertaken in phases, a complete description of each such phase, with anticipated schedules for completion; (2) an estimate of the qualified rehabilitation expenditures; and (3) for projects pursuant to subdivision [(2)] (3) of subsection (e) of this section, (A) the number of units of affordable housing to be created, (B) the proposed rents or sale prices of such units, and (C) the median income for the municipality where the project is located. For projects under subdivision [(2)] (3) of subsection (e) of this section, the owner shall submit a copy of data required under subdivision (3) of this subsection to the Department of Housing.

(e) If the officer certifies that the rehabilitation plan conforms to the Secretary of the Interior's Standards for Rehabilitation, as established in 36 CFR 67, the Department of Economic and Community Development shall reserve for the benefit of the owner an allocation for a tax credit equivalent to (1) twenty-five per cent of the projected qualified rehabilitation expenditures, (2) thirty per cent of the projected qualified rehabilitation expenditures if the certified historic structure is located in a federally designated opportunity zone, or [(2)]

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(3) thirty per cent of the projected qualified rehabilitation expenditures if (A) at least twenty per cent of the units are rental units and qualify as affordable housing, or (B) at least ten per cent of the units are individual homeownership units and qualify as affordable housing. No tax credit shall be allocated for the purposes of subdivision [(2)] (3) of this subsection unless an applicant received a certificate from the Commissioner of Housing pursuant to section 8-37lll confirming that the project complies with the definition of affordable housing under section 8-39a.

(f) Following the completion of rehabilitation of a certified historic structure in its entirety or in phases to an identifiable portion of the building, any owner who seeks a tax credit pursuant to subsection (b) of this section shall notify the officer that such rehabilitation is complete. Such owner shall provide the officer with documentation of work performed on the certified historic structure and shall submit certification of the costs incurred in rehabilitating the certified historic structure. The officer shall review such rehabilitation and verify its compliance with the rehabilitation plan. Following such verification, the Department of Economic and Community Development shall issue a tax credit voucher to such owner or to the taxpayer named by such owner as contributing to the rehabilitation. The tax credit voucher shall be in an amount equivalent to the lesser of the tax credit reserved upon certification of the rehabilitation plan under the provisions of subsection (e) of this section or (1) twenty-five per cent of the actual qualified rehabilitation expenditures, or (2) for projects including affordable housing pursuant to subdivision [(2)] (3) of subsection (e) of this section, thirty per cent of the actual qualified rehabilitation expenditures. In order to obtain a credit against any state tax due that is specified in subsection (g) of this section, the holder of the tax credit voucher shall file the voucher with the holder's state tax return.

(g) The Commissioner of Revenue Services shall grant a tax credit to

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

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

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

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

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reservation and percentage of residential units that will qualify as affordable housing.

Sec. 8. Subdivision (1) of subsection (g) of section 32-9t of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2019*):

(g) (1) The commissioner, upon consideration of the application, the revenue impact assessment and any additional information that the commissioner requires concerning a proposed investment, may approve an investment if the commissioner concludes that the project in which such investment is to be made is an eligible urban reinvestment project or an eligible industrial site investment project. The commissioner shall give priority to applications for projects located in federally designated opportunity zones. If the commissioner rejects an application, the commissioner shall specifically identify the defects in the application and specifically explain the reasons for the rejection. The commissioner shall render a decision on an application not later than ninety days from its receipt. The amount of the investment so approved shall not exceed the greater of: (A) The amount of state revenue that will be generated according to the revenue impact assessment prepared under this subsection; or (B) the total of state revenue and local revenue generated according to such assessment in the case of a manufacturing business with North American Industrial Classification codes of 339999, 311211 through 312140, 324191 and 325412 that is relocating to a site in Connecticut from out-of-state, provided the relocation will result in new development of at least seven hundred twenty-five thousand square feet in a state-sponsored industrial park.

Sec. 9. (*Effective from passage*) The Commissioner of Economic and Community Development, in consultation with the Commissioners of Energy and Environmental Protection, Transportation and Housing and the Secretary of the Office of Policy and Management, shall

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conduct a study relating to the federal opportunity zone program, established pursuant to the Tax Cuts and Jobs Act of 2017, P.L. 115-97, and how the state may incentivize the use of such program in the state. Such study shall: (1) Identify corporations and other beneficiaries of capital gains within the state to develop a strategy that focuses such corporations and other beneficiaries' qualified opportunity fund investments locally and encourages a cycling of capital within the state; (2) identify existing state incentive programs that may be used in conjunction with opportunity zone benefits; (3) identify existing incentives for businesses participating in the small business express program to move to opportunity zones and recommend additional incentives, including, but not limited to, reducing the amount of time a business is required to be in business to qualify for a grant and increasing the grant amount for every job created; (4) develop a plan to issue bonds of the state for the purpose of providing low-interest loans to investors who develop mixed-income housing in the state's opportunity zones; (5) recommend incentives for investors to develop mixed-income housing that utilizes solar power or other renewable energy sources in the state's opportunity zones; (6) identify any agency's policies or regulations that may be amended to facilitate investment in federally designated opportunity zones; (7) identify any agency's discretionary grant processes that may be amended to include federally designated opportunity zone criteria; and (8) develop a plan to use social impact bonds to encourage private investment in federally designated opportunity zones. Not later than February 1, 2020, the commissioner shall submit a report on the results of such study, including recommendations for any requisite legislative proposals, to the joint standing committee of the General Assembly having cognizance of matters relating to commerce, in accordance with the provisions of section 11-4a of the general statutes.

Sec. 10. Subsection (c) of section 32-765 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July*

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1, 2019):

(c) An applicant for a loan pursuant to this section shall submit an application to the Commissioner of Economic and Community Development on forms provided by the commissioner and with such information the commissioner deems necessary, including, but not limited to: (1) A description of the proposed project; (2) an explanation of the expected benefits of the project in relation to the purposes of this section; (3) information concerning the financial and technical capacity of the applicant to undertake the proposed project; (4) a project budget; and (5) a description of the condition of the brownfield involved, including the results of any environmental assessment of the brownfield in the possession of or available to the applicant. The commissioner shall provide loans based upon project merit and viability, the economic and community development opportunity, municipal support, contribution to the community's tax base, past experience of the applicant, compliance history and ability to pay. For applications received on and after July 1, 2019, the commissioner shall give priority to proposed projects located in federally designated opportunity zones.

Sec. 11. Subsections (c) and (d) of section 32-763 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective July 1, 2019*):

(c) The commissioner may approve, reject or modify any application properly submitted in accordance with the provisions of this section. In reviewing an application and determining the amount of the grant, if any, to be provided, the commissioner shall consider the following criteria: (1) The availability of funds; (2) the estimated costs of assessing and remediating the brownfield, if known; (3) the relative economic condition of the municipality in which the brownfield is located; (4) the relative need of the project for financial assistance; (5) the degree to which a grant under this section is necessary to induce

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the applicant to undertake the project; (6) the public health and environmental benefits of the project; (7) the relative benefits of the project to the municipality, the region and the state, including, but not limited to, the extent to which the project will likely result in a contribution to the municipality's tax base, the retention and creation of jobs and the reduction of blight; (8) the time frame in which the contamination occurred; (9) the relationship of the applicant to the person or entity that caused the contamination; (10) the length of time the brownfield has been abandoned; (11) the taxes owed and the projected revenues that may be restored to the community; (12) the relative need for assessment of the brownfield within the municipality or region; (13) whether the brownfield is located in a federally designated opportunity zone; and [(13)] (14) such other criteria as the commissioner may establish consistent with the purposes of this section.

(d) The commissioner shall award grants on a competitive basis, based on a request for applications occurring on or before October first, annually. The commissioner may increase the frequency of requests for applications and awards depending upon the number of applicants and the availability of funding. On and after July 1, 2019, the commissioner shall give priority to grant applications for brownfields located in federally designated opportunity zones.