
OLR Bill Analysis

sHB 5508 (as amended by House "A")*

AN ACT CONCERNING HISTORIC DISTRICTS AND HISTORIC PRESERVATION.

SUMMARY

This bill expands the state's Historic Rehabilitation Tax Credit Program, which generally provides a 25% tax credit for rehabilitating a (1) residential building with at least five dwellings or (2) mixed-use or non-residential building. Under the bill, eligible projects also include rehabilitating a two- to four-family home, if the project is expected to cost at least \$15,000 and the dwellings are income producing (rental units).

The bill also:

1. creates a task force to study issues related to local historic district commissions (HDCs), including the feasibility of exempting municipal property from their jurisdiction and creating a statewide appeals board to hear appeals of HDC decisions;
2. specifies that the duties of the newly created State Historical Commission (see BACKGROUND) include collaborating with the State Commission on Capitol Preservation and Restoration on issues related to the capitol building and grounds; and
3. makes technical and conforming changes.

EFFECTIVE DATE: Upon passage, except the tax credit provisions are effective July 1, 2027, and applicable to tax years beginning on or after January 1, 2028, and the provision on the State Historical Commission is effective October 1, 2026.

*House Amendment "A" (1) adds the provision creating a task force; (2) modifies the tax credit provisions by, among other things, delaying

the effective date by one year and eliminating a provision requiring a portion of the credits to be reserved for two- to four- family homes; and (3) eliminates the provisions in the underlying bill on local HDCs (including one that made HDC decisions on a certificate of appropriateness application initially appealable to the local zoning board of appeals, rather than Superior Court).

EXPANDED HISTORIC REHABILITATION TAX CREDIT PROGRAM

Under current law, the historic rehabilitation tax credit applies to rehabilitation of historic structures for (1) residential use of five units or more, (2) mixed residential and non-residential uses, or (3) non-residential use consistent with the property's or district's historic character. Under the bill, eligible projects also include rehabilitating a two- to four-family home, if the dwellings are income producing (rental units). Rehabilitation of these homes is eligible for the tax credit only if anticipated qualified expenditures are at least \$15,000. The existing historic eligibility rules and application procedures also apply to tax credits for these homes (see BACKGROUND).

By law, the credit equals 25% of qualified rehabilitation expenditures, or 30% if the project (1) includes a specified percentage of affordable units or (2) is in an opportunity zone. By law, no project may receive more than \$4.5 million in credits and total program credits are capped at \$31.7 million per year.

(Under existing law, there is also a Historic Homes Rehabilitation Tax Credit for rehabilitating a one- to four-family historic home that will have at least one owner-occupied unit. The credit equals 30% of qualified expenditures and the minimum expenditure is \$15,000. The credits are generally capped at \$30,000 for homeowners and \$50,000 for certain nonprofits (CGS § 10-416).)

TASK FORCE

The bill creates a seven-member task force to study issues related to HDCs (see BACKGROUND), including examining the feasibility of:

1. exempting property owned by municipalities from HDC

oversight;

2. creating a nonbinding process for HDCs to review construction of, or work on, municipally owned buildings and structures;
3. establishing a statewide board to hear appeals of HDC decisions, as well a process for these appeals; and
4. requiring HDCs to contemporaneously broadcast their certificate of appropriateness hearings online.

The task force must also examine any issues its chairs deem relevant. It must report to the Planning and Development Committee by January 1, 2027.

The bill requires the six legislative leaders to each appoint one member to the task force. The seventh member is the Department of Economic and Community Development commissioner, or his designee. The legislative leaders' appointees (1) may be legislators and (2) must be appointed within 30 days of the bill's passage. The leaders fill any vacancies.

The House speaker and Senate president pro tempore must select the task force's chairperson from among its members. The chairpersons must schedule and hold the first meeting within 60 days after the bill's passage.

The Planning and Development Committee's administrative staff serve as the task force's staff. The task force terminates on January 1, 2027, or when it submits its report, whichever is later.

BACKGROUND

HDCs (CGS § 7-147c et seq.)

By law, municipalities that establish a historic district must establish an HDC to govern its operation. Buildings in the district cannot be demolished, erected, or altered until the commission grants a certificate of appropriateness (after holding a public hearing). The commission also has jurisdiction over non-residential parking areas and outdoor

advertisements within the district.

Historic Rehabilitation Tax Credit (CGS § 10-416c)

This tax credit is only for work on property (1) listed on the national or state Register of Historic Places or (2) located in a historic district on the national or state register and certified as contributing to the district's historic character.

By law, owners seeking a tax credit under this program must provide the state with certain information before beginning rehabilitation work, including a rehabilitation plan. In order for the project to qualify for credits, the state must determine that the rehabilitation work meets the U.S. interior secretary's standards for rehabilitation. If it does, the state reserves tax credits for the owner. When the rehabilitation is complete, the state reviews the project for compliance with the approved rehabilitation plan before issuing the owner a tax credit voucher. The tax credit may be applied against the air carriers tax, community antenna and satellite television companies tax, corporation business tax, insurance companies tax, railroad companies tax, or utility companies tax.

State Historical Commission

PA 25-174, §§ 206-208, created a 12-member State Historical Commission to examine and make recommendations to the legislative, executive, and judicial branches on questions of memorialization and commemoration related to Connecticut and U.S. history. The law also required the commission to develop a (1) plan to install placards or other signs around the capitol to give the public information on the statues and other markers on the building's exterior and (2) process for identifying and commissioning additional statues that reflect the state's diversity, character, and accomplishments.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 21 Nay 0 (03/13/2026)

Appropriations Committee

Joint Favorable

Yea 41 Nay 10 (04/24/2026)