

## **HTCC Program Overview for Business Firms**

### **What is the State Housing Tax Credit Contribution (HTCC) Program?**

The HTCC Program is a housing program administered by the Connecticut Housing Finance Authority (CHFA), authorized by CT State Statute Section 8-395. The HTCC program provides tax credit vouchers for business firms making a cash contribution to specific qualified and approved housing programs that are developed, sponsored or managed by non-profit corporations. These specific housing programs must benefit very low, low- and moderate-income individuals and families.

### **What funding is available?**

That State of Connecticut has provided \$10 million to fund the HTCC program. A non-profit organization conducting a housing program is eligible to receive up to \$500,000 annually in any fiscal year. There is a \$2 million set-aside for supportive housing and a \$1 million set-aside for workforce housing as defined by CHFA (see [www.chfa.org](http://www.chfa.org) for details).

### **How does the Program work?**

Each year, CHFA allocates a total of \$10 million in tax credits through a competitive process. Applicants are rated and ranked, and credits are reserved for the highest-scoring proposals. Successful applicants must secure commitments for cash contributions from business firms. The business firms then receive tax credits in exchange for their contributions. CHFA then issues a voucher indicating the credit amount and date of deposit. There is no limit to the amount of cash contribution that can be made by an eligible business firm. The State of Connecticut provides tax credits to the businesses. Each eligible firm receives a dollar-for-dollar reduction in its corporate business tax in exchange for its contribution.

### **To what business taxes may the credit be applied?**

The credit may be applied to any of the following taxes:

- Insurance companies, hospital and medical services corporations taxes (Chapter 207)
- Corporation business tax (Chapter 208)
- Air carriers tax (Chapter 209)
- Railroad companies tax (Chapter 210)
- Express, telegraph or cable and community antenna television system companies tax (Chapter 211)
- Utility companies tax (Chapter 212)
- Public service companies tax (Chapter 212a)

### **Is this contribution eligible for a federal charitable deduction?**

Contributions made to this program eligible for a federal contribution deduction automatically qualify for a state deduction. These two deductions, coupled with a dollar-for-dollar credit against eligible Connecticut business taxes, account for significant tax savings.

## **HTCC Program Overview for Business Firms (continued)**

### **Is my firm eligible?**

Business firms must document their eligibility by submitting as part of the Business Firm Application, their Certificate of Incorporation and Certificate of Legal Existence from the Secretary of State.

### **How does the voucher process work?**

CHFA issues a voucher indicating the credit amount and date of deposit to the eligible business firm once the firm has submitted a notarized statement/receipt from the non-profit as evidence of the cash contribution. This receipt, a copy of the check issued, and a short introductory memo or letter are to be submitted to CHFA by the business firm.

### **How long does it take to receive the voucher after payment is made?**

Generally, the voucher will be issued within a week after receipt of the notarized statement evidencing receipt of the contribution from the non-profit corporation.

### **How do I claim the credit on my corporate tax return?**

All that is required is to attach the Tax Credit Voucher issued to you by CHFA to the appropriate Connecticut corporation business tax return (Form CT – 1120 or Form CT – 1 120S (S Corporations)).

### **What year must the contribution be made and claimed?**

The amount, which is proposed to be contributed by a business firm to which a credit voucher has been reserved, must be contributed by March 31 of the calendar year following the calendar year in which the application for such voucher was filed.

The credit sought by the business firm must first be claimed on the tax return for the income year during which the contribution that relates to the tax credit voucher was paid.

### **How many years forward and backward can I apply the credit if not used in this year?**

The credit may be applied forward or backward five (5) years.

### **Who monitors the progress of the housing, and if the progress is not satisfactory, will the credit be recaptured?**

CHFA monitors the development progress of the housing program through quarterly progress reports submitted by the non-profit sponsor. Failure to satisfy certain milestones set forth in the progress schedule may result in CHFA reclaiming funds contributed by business firms. Reclaimed funds shall be redistributed in subsequent funding rounds. The business firms will not suffer any recapture of tax credits.

**For additional information, please send an email to [HTCCBusinessFirm@chfa.org](mailto:HTCCBusinessFirm@chfa.org).**