General Assembly

Committee Bill No. 5977

January Session, 2025

LCO No. **7180**

Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT EXEMPTING THE SALE AND USE OF CERTAIN TANGIBLE PERSONAL PROPERTY FOR MIXED-INCOME DEVELOPMENTS FROM THE SALES AND USE TAXES.

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

Section 1. Subdivision (29) of section 12-412 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025, and applicable to sales occurring on or after October 1, 2025*):

(29) (A) (i) Sales of and the storage, use or other consumption of tangible personal property acquired for incorporation into or used and consumed in the operation of housing facilities for low and moderate income families and persons and sales of and the acceptance, use or other consumption of any service described in subdivision (2) of section 12-407 that is used and consumed in the development, construction, rehabilitation, renovation, repair or operation of housing facilities for low and moderate income families and persons, provided such facilities are constructed under the sponsorship of and owned or operated by nonprofit housing organizations or housing authorities, as defined in subsection (b) of section 8-39. The nonprofit housing organization or

housing authority sponsoring the construction of or owning or operating such housing facility shall obtain from the commissioner a letter of determination that the housing facility has, to the satisfaction of said commissioner, met all the requirements for exemption under this **[**subsection**]** subparagraph and subparagraph (B) of this subdivision.

(ii) At the time of any sale or purchase that is exempt under this **[**subsection**]** subparagraph, the purchaser shall present to the retailer a copy of the determination letter that was issued to the nonprofit housing organization or housing authority together with a certificate from the purchaser, in such form as the commissioner may prescribe, certifying that the tangible personal property or services that are being purchased from the retailer are to be used or consumed exclusively for the purposes of incorporation into or in the development, construction, rehabilitation, renovation, repair or operation of the housing facility identified in the letter of determination.

(iii) For the purposes of this **[**subsection, (i)**]** subparagraph and subparagraph (B) of this subdivision, (I) "nonprofit housing organization" means any organization **[**which**]** that has as one of its purposes the development, construction, sponsorship or ownership of housing for low and moderate income families as stated in its charter, if it is incorporated, or its constitution or bylaws, if it is unincorporated, and **[**which**]** that has received exemption from federal income tax under the provisions of Section 501(c) of the Internal Revenue Code, as amended from time to time, provided the charter of such organization, if it is incorporated, or its constitution or bylaws, if unincorporated, shall contain a provision that no officer, member or employee thereof shall receive or at any future time may receive any pecuniary profit from the operation thereof, except a reasonable compensation for services in effecting the purposes of the organization; **[**(ii)**]** (II) "housing facilities" means facilities having as their primary purpose the provision of safe and adequate housing and related facilities for low and moderate income families and persons, notwithstanding that said housing provides other dwelling accommodations in addition to the primary purpose of providing dwelling accommodations for low and moderate

income families; **[**(iii)**]** (III) "related facilities" means those facilities defined in subsection (d) of section 8-243; and **[**(iv)**]** (IV) "low and moderate income families" means those families **[**as**]** defined in subsection (h) of **[**said**]** section 8-243.

(B) Sales of and the acceptance, use or other consumption of any service described in subdivision (2) of section 12-407 that is used or consumed in the development, construction, renovation or operation of housing facilities for low and moderate income families and persons, provided such facilities are owned or sponsored by a mutual housing association, as defined in subsection (b) of section 8-214f, and operated as mutual housing by such association at a location that was conveyed to such association by the United States Secretary of Housing and Urban Development prior to September 1, 1995.

(C) (i) Sales of and the storage, use or other consumption of tangible personal property acquired for incorporation into or used and consumed in the development, construction, rehabilitation, renovation, repair or operation of dwelling units certified by the commissioner as part of a mixed-income development.

(ii) At the time of any sale or purchase that is exempt under this subparagraph, the purchaser shall present to the retailer a copy of the certification issued by the commissioner to the purchaser together with a certificate from the purchaser, in such form as the commissioner may prescribe, certifying that the tangible personal property that is being purchased from the retailer is to be used or consumed exclusively for the purposes of incorporation into or in the development, construction, rehabilitation, renovation, repair or operation of dwelling units of a mixed-income development.

(iii) For the purposes of this subparagraph: "Median income" means, after adjustments for family size, the lesser of the state median income or the area median income for the area in which the municipality containing the mixed-income development is located, as determined by the United States Department of Housing and Urban Development, and

"mixed-income development" means a development in which (I) not less than forty per cent of the dwelling units will be conveyed by deeds containing covenants or restrictions that shall require that, for at least forty years after the initial occupation of the proposed development, such dwelling units shall be sold or rented at or below prices that will preserve the units as housing for which persons and families pay thirty per cent or less of their annual income, where such income is less than or equal to eighty per cent of the median income, and (II) of the dwelling units conveyed by deeds containing covenants or restrictions, a number of dwelling units equal to not less than fifteen per cent of all dwelling units in the development shall be sold or rented to persons and families whose income is less than or equal to sixty per cent of the median income and the remainder of the dwelling units conveyed by deeds containing covenants or restrictions shall be sold or rented to persons and families whose income is less than or equal to eighty per cent of the median income.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*October 1, 2025, and applicable to sales occurring on or after October 1, 2025*	12-412(29)

FIN *Joint Favorable*