



20

**CITY OF DANBURY
155 DEER HILL AVENUE
DANBURY, CONNECTICUT 06810**

**DAVID W. ST. HILAIRE
DIRECTOR FINANCE**

**(203) 797-4652
FAX: (203) 796-1526**

MEMORANDUM

TO: MARK D. BOUGHTON VIA THE CITY COUNCIL
FROM: DAVID W. ST. HILAIRE, DIRECTOR OF FINANCE *DWS*
SUBJECT: RESOLUTION-2012 NEIGHBORHOOD ASSISTANCE ACT
DATE: 3/16/2012

Attached for your review is a resolution that will allow local non-profit agencies, through the City of Danbury, to apply for and accept funding from the State of Connecticut Department of Revenue Services. This funding is provided through the Connecticut Neighborhood Assistance Act and will be in the form of tax credits for businesses that contribute to community programs. There is no local match required.

Please note that a public hearing is required by the State of Connecticut before this resolution can be adopted. As applications are still being accepted by the City, a list of funding requests will be provided to City Council prior to a public hearing date to be determined.

We ask that this item be included in the April 2012 City Council agenda and referred to a public hearing.

DWS/sk

Cc: S. Kaminski

RESOLUTION

CITY OF DANBURY, STATE OF CONNECTICUT

_____ A.D. 2012



RESOLVED BY THE CITY COUNCIL OF THE CITY OF DANBURY

WHEREAS, the Connecticut Neighborhood Assistance Act Program ("Act") is available for area non profits to submit applications for funding; and

WHEREAS, the Act provides tax credits for businesses which contribute to community programs having received both municipal and state approval; and

WHEREAS, certain local and area organizations will apply through the City of Danbury for such tax credits; and

WHEREAS, no local matching funds are required.

NOW, THEREFORE, BE IT RESOLVED THAT the City of Danbury through its City Council, hereby approves, subject to a public hearing as required by law, those organizations who will apply for participation in the Neighborhood Assistance Program, and authorize Mark D. Boughton, Mayor of the City of Danbury to take such actions as may be necessary for the accomplishment of the purposes hereof.



STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

IP 2010(22)

25 Sigourney Street Ste 2
Hartford CT 06106-5032

INFORMATIONAL PUBLICATION

The Connecticut Neighborhood Assistance Act Tax Credit Program

Purpose: This Informational Publication explains the Connecticut Neighborhood Assistance Act (NAA) Tax Credit Program.

Effective Date: Upon issuance.

Statutory Authority: Conn. Gen. Stat. §12-630aa et. seq., as amended by 2010 Conn. Pub. Acts 188, §§8 – 10.

Definitions: For purposes of the NAA tax credit program:

Business firm means any business entity authorized to do business in the state and subject to the tax due under the provisions of Chapter 207, 208, 209, 210, 211, or 212. This definition was amended by 2010 Conn. Pub. Acts 188, §88. As amended, the statute permits health care centers, satellite television companies, and certified competitive video service providers to claim the NAA tax credit. Prior to this amendment, these entities did not fall within the statutory definition of business firm.

Donation of money to an open space acquisition fund means money contributed to an open space acquisition fund of any political subdivision of the state or any nonprofit land conservation organization.

The money must be used for the purchase of land, interest in land, or permanent conservation restriction on land to be permanently preserved as protected open space.

Energy conservation projects means programs to promote energy conservation that are directed toward properties where at least 75% of occupants are at an income level not exceeding 150% of the poverty level for the year immediately preceding the year

during which the tax credit is to be granted or at properties owned or occupied by charitable corporations, foundations, trusts, or other entities. Such projects include, but are not limited to:

- Energy conserving modification or replacement of windows and doors;
- Caulking and weather-stripping;
- Insulation;
- Automatic energy control systems;
- Hot water systems;
- Equipment required to operate variable steam, hydraulic, and ventilating systems;
- Replacement of burners, furnaces, or boilers;
- Electrical or mechanical furnace ignition systems; **or**
- Replacement or modification of lighting fixtures.

The Connecticut Neighborhood Assistance Act Tax Credit Program: The NAA Tax Credit Program provides a tax credit to business firms that make cash investments in qualifying community programs conducted by tax exempt or municipal agencies. The community programs must be approved by both the municipality in which the programs are conducted and by the Department of Revenue Services (DRS).

Community Programs That Qualify for the NAA Tax Credit Program: Listed below are examples of the types of programs that qualify for the NAA tax credit and the amount of the available credit.

A tax credit equal to 100% of the cash invested is available to business firms that invest in energy conservation projects.

A tax credit equal to 60% of the cash invested is available to business firms that invest in programs that provide:

- Neighborhood assistance;
- Job training;
- Education;
- Community services;
- Crime prevention;
- Construction or rehabilitation of dwelling units for families of low and moderate income in the state;
- Donation of money to an open space acquisition fund;
- Child day care facilities;
- Child care services;
- Employment and training programs directed at handicapped persons;
- Employment and training programs for unemployed workers who are 50 years of age or older;
- Education and employment training programs for recipients in the temporary family assistance program;
- Community-based alcoholism prevention or treatment; or
- Any other program which serves a group of individuals where at least 75% of the individuals are at an income not exceeding 150% of the poverty level for the year immediately preceding the year during which the tax credit is to be granted.

The total charitable contributions of the contributing business firm must equal or exceed its prior year's charitable contributions in order to be eligible for the tax credit. This requirement does not apply if the contribution is to an approved open space acquisition fund.

Obtaining Approval for the NAA Tax Credit Program: Tax-exempt entities and municipal agencies desiring to obtain benefits under the NAA must complete **Form NAA-01, Connecticut Neighborhood Assistance Act Program Proposal**, Parts I, II, and III and submit the form to the

municipal agency overseeing the implementation of the proposal. The overseeing municipal agency then completes Part IV of Form NAA-01 and submits the form to DRS on or before July 1 of each year. Prior to submitting Form NAA-01 to DRS, each municipality must hold a public hearing on all program applications. The governing body of the municipality must vote to approve the programs.

Limits on the Amount of Contributions That May Be Made or on the Amount of Tax Credit Available:

The NAA Tax Credit Program has several statutory limits which must be observed, including the following:

- A business firm is limited to receiving \$75,000 in tax credits annually; however, the amount of tax credit allowed any business firm for investments in child day care facilities for any income year may not exceed \$50,000.
- The minimum contribution on which a tax credit can be granted is \$250.
- The total charitable contributions of the business firm must equal or exceed its prior year's contributions unless the contribution is made to an approved open space acquisition fund.
- Any organization conducting a program or programs eligible for funding under the NAA is limited to receiving an aggregate of \$150,000 of funding for any program or programs for any fiscal year.
- The total amount of all tax credits allowed in any fiscal year is \$5 million, which, if exceeded, results in prorating the approved tax credits among the approved organizations.

Business Applications Deadlines: Each business firm requesting a tax credit under the NAA Tax Credit Program must complete a separate **Form NAA-02, Connecticut Neighborhood Assistance Act (NAA) Business Application**, for each program it wishes to sponsor. Form NAA-02 must have an original signature and be mailed or hand-delivered to DRS on or after September 15 but not later than October 1 of each year.