



LIVABLE CITY INITIATIVE - CITY OF NEW HAVEN
CITY OF NEIGHBORHOODS

Cathy Carbonaro-Schroeter
Deputy Director

LIVABLE CITY INITIATIVE
ADMINISTRATIVE SERVICES
DIVISION

MEMORANDUM

TO: HUMAN SERVICES COMMITTEE

FR: Cathy Carbonaro-Schroeter, Deputy Director

Cathy

RE: Neighborhood Assistance Act 2018

DATE: April 23, 2020

Attached please find the State of Connecticut program explanation. This is a State of Connecticut Department of Revenue Services tax credit program for businesses. The program allows Non-Profit agencies that provide a service to the community via programs **to solicit donations from business for such programs and the business will receive a tax credit for such donation**, however, the program must be approved by the State of Connecticut DRS to benefit from the NAA program.

The City of New Haven acts as a liaison between the State of Connecticut DRS and the local non-profits. This program has no fiscal impact on the City of New Haven except in the form of administrative services. The City's outreach is a mass e-mailing from a list generated over the past 10 years, post on website, attend community meeting, copies provided to all alderpersons and department heads.

These proposals provided by the non-profits must be approved by the City of New Haven legislative body prior to July 1, 2020 as such proposals and approval must be submitted to State DRS by July 1, 2020.

Should you have any questions, please contact me at ccarbona@newhavenct.gov.



450 Columbus Blvd.
Hartford CT 06103

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.

Definitions: For purposes of the NAA tax credit program:

Business firm means any business entity authorized to do business in Connecticut and subject to any of the following taxes:

- Insurance Companies and Health Care Centers (Chapter 207);
- Corporation Business (Chapter 208);
- Air Carriers (Chapter 209);
- Railroad Companies (Chapter 210);
- Certified Competitive Video Service Companies (Chapter 211);
- Community Antenna Television System Companies (Chapter 211);
- Satellite Companies (Chapter 211);
- Utility Companies (Chapter 212); **or**
- Business Entity (Chapter 213a). For purposes of a business entity subject to the Business Entity Tax, the credit may only be used by the members or partners of the entity that are subject to the Corporation Business Tax.

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 credit may be applied against the following taxes:

- Insurance Companies and Health Care Centers (Chapter 207);
- Corporation Business (Chapter 208);
- Air Carriers (Chapter 209);
- Railroad Companies (Chapter 210);
- Certified Competitive Video Service Companies (Chapter 211);
- Community Antenna Television System Companies (Chapter 211);
- Satellite Companies (Chapter 211); **and**
- Utility Companies (Chapter 212).

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.

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 Form NAA-01, Part IV 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. Copies of the public hearing notice and minutes of the meeting approving the programs must be submitted by the municipality to DRS with the approved program proposals.

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 \$150,000 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.
- 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 be submitted to DRS on or after September 15 but not later than October 1 of each year. Business firms may electronically submit their application by emailing a signed Form NAA-02 to **NAAProgram@ct.gov**. Any application that is not electronically submitted may be mailed or hand-delivered to DRS.

Claiming the Tax Credit: DRS issues an NAA program approval letter to business firms that make cash investments in qualified community programs. The letter indicates the tax credit amount that may be claimed on the applicable business tax return. The tax credit amount must also be entered on **Form CT-1120K, Business Tax Credit Summary**, and/or **Form CT-207K, Insurance/Health Care Tax Credit Schedule**.

Carry Back Provisions: The amount of tax credit that is not taken on the tax return of a business firm for the income year beginning during the calendar year in which the program proposal was approved may be carried back to the two immediately preceding income years (beginning with the earlier of the years). No carry forward is allowed.

Obtaining Additional Information: Direct inquiries to:

Department of Revenue Services
Research Unit
450 Columbus Blvd. Ste 1
Hartford CT 06103

Call: **860-297-5687**

Email: **DRS.TaxResearch@po.state.ct.us**

Effect on Other Documents: Informational Publication 2013(9), The Connecticut Neighborhood Assistance Act Tax Credit Program, is superseded and may not be relied upon after the date of issuance of this Publication.

Effect of This Document: An Informational Publication issued by DRS addresses frequently asked questions about a current position, policy, or practice, usually in a less technical question and answer format.

Related Forms and Publications: Request the most recent edition of the following forms: **Form NAA-01**, *Neighborhood Assistance Act Program Proposal*, and **Form NAA-02**, *Neighborhood Assistance Act Business Application*.

For Further Information: Call DRS during business hours, Monday through Friday:

- **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only); **or**
- **860-297-5962** (from anywhere).

TTY, TDD, and Text Telephone users only may transmit inquiries anytime by calling 860-297-4911.

Forms and Publications: Visit the DRS website at www.ct.gov/DRS to download and print Connecticut tax forms and publications.

Paperless Filing/Payment Methods (fast, easy, free, and confidential): Business and individual taxpayers can use the **Taxpayer Service Center (TSC)** at www.ct.gov/TSC to file a variety of tax returns, update account information, and make payments online.

File Electronically: You can choose first-time filer information and filing assistance or log directly into the **TSC** to file returns and pay taxes.

Pay Electronically: You can pay taxes for tax returns that cannot be filed through the **TSC**. Log in and select the *Make Payment Only* option. Designate a payment date up to the due date of the tax and mail a paper return to complete the filing process.

DRS E-Alerts Service: Get connected to the latest news from DRS. Receive notification by email of changes to legislation, policies, and procedures. **DRS E-Alerts** provide information for employer's withholding tax, News – Press Releases, and Top 100 Delinquency List. Visit the DRS website at www.ct.gov/DRS and select *Sign up for e-alerts* under *How Do I?* on the gold navigation bar.

2020 NAA Proposals

Organization	Program	Donations to be Requested	Credit %
Beulah Land Development	Energy Conservation/Affordable Housing - 124 Carmel Street	\$30,000	100%
Beulah Land Development	Energy Conservation/Affordable Housing - 245 Munson Street	\$30,000	100%
Booker T. Washington Academy	BTWA Extended Day Program	\$20,000	60%
Capital for Change	Energy Conservation Grants for Affordable Housing	\$150,000	100%
Community Action Agency	CAANH Reach	\$20,000	60%
Community Soup Kitchen	Health breakfast and lunch program	\$40,000	60%
Congregation Beth El-Keser Israel	2020 HVAC and Windows Upgrade	\$150,000	100%
Connecticut Association for Performing Arts (CAPA)	Energy Efficiency Upgrades Shubert Theater	\$150,000	100%
Continuum of Care Inc	Windows - Brownell Street	\$44,000	100%
Continuum of Care Inc	Halfway House Renovations	\$30,000	60%
Continuum of Care Inc	Roof Replacement - Crisis Center	\$44,000	60%
Edgewood Corners, Inc.	Edgewood Corners Energy Renovation IV	\$150,000	100%
Edgewood Elm Housing Inc.	Edgewood Energy Renewal Program V	\$150,000	100%
Edgewood Village, Inc.	Lower Westville Renovation IV	\$150,000	100%
Fair Haven Community Health Clinic	Pediatrics for Uninsured Children	\$150,000	60%
Fellowship Place	Healthy Meals Program	\$23,250	60%
F.O.H. Inc.	Energy Rehab and Restoration V	\$150,000	100%
Gateway Community College Foundation Inc.	Upgrade Lighting System - Efficiency	\$79,500	100%
Habitat for Humanity	New Haven Habitat Homes	\$150,000	100%
HOC Lending Inc.	Energy Conservation Loans to Homeowners	\$150,000	100%
Junta for Progressive Action, Inc.	Junta 360	\$100,000	60%
Junta for Progressive Action, Inc.	Junta Rises	\$50,000	60%
Leadership, Education, and Athletics in Partnership Inc.	LEAP Children and Youth Development Programs	\$150,000	60%

2020 NAA Proposals

Organization	Program	Donations to be Requested	Credit %
Marrakech, Inc.	Mechanical Upgrades Knollwood Dr	\$12,500	100%
Neighborhood Housing Services of New Haven, Inc.	Energy Conservation Implementation on Rehabilitated Houses	\$150,000	100%
New Haven Colony Historical Society dba New Haven Museum	Window Restoration Project	\$150,000	100%
New Haven HomeOwnership Center	I Love my HOME Supplemental Energy Grants	\$150,000	100%
New Haven International Festival of Arts & Ideas	Arts & Ideas Free Programming	\$100,000	60%
New Haven Reads	1 on 1 Literacy Program	\$100,000	60%
Partnerships for Adult Day Center	Recreation Program	\$35,198	60%
R'Kids	Drawn Together - Foster Care	\$150,000	60%
The Connection Fund	Energy Efficiency Park Street Properties HVAC	\$20,000	100%
Yedidei Hagan, Inc.	Park Area Renovation and Restoration V	\$150,000	100%
Yeshiva of New Haven, Inc. aka Gan School	Building Energy Conservation Program IV	\$150,000	100%
Date: March 28, 2020			