Town of Mansfield
Agenda Item Summary

To: Town Council
From: Matt Hart, Town Manager MH
CC: Maria Capriola, Assistant to Town Manager; Linda Painter, Director of Planning and Development; Jennifer Kaufman, Parks Coordinator; Curt Vincente, Director of Parks and Recreation; Jessie Neborsky, Community Development Assistant
Date: May 29, 2012
Re: Neighborhood Assistance Act Programs

Subject Matter/Background

The Connecticut Department of Revenue Services has issued a solicitation for applications for the 2012 Neighborhood Assistance Act Program. This program provides a corporate tax credit to businesses that make cash contributions to the town to fund community programs conducted by either the municipal government or a tax exempt agency. The community program must be approved by both the municipal agency and the Connecticut Department of Revenue Services (DRS). Businesses can receive a Connecticut tax credit for their contributions to municipal programs that are approved by the Department of Revenue Services. The amount of the tax credit is determined by the type of project in which the business invests. The minimum investment required is $250; the maximum investment for a business in any calendar year is $150,000.

Eligible Programs

The following types of projects and community programs would be eligible for funding through the Neighborhood Assistance Act:

- *Energy Conservation Projects* (tax credit of 100% of cash invested) including projects to promote energy conservation that are directed toward properties occupied by low-income persons or properties owned or occupied by charitable organizations, foundations, trusts or other entities.

- *Community Programs* (tax credit of 60% of cash invested) including programs that provide community-based alcoholism prevention or treatment programs; 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; funding for open space acquisitions; child day care facilities (must be primarily for

children of employees of the sponsoring business); and any other program that serves persons at least 75% of whom are at an income level not exceeding 150% of the poverty level for the preceding year.

Based on the description of qualified programs, staff has initially identified the following projects for which the Town could seek funding through this program. Pursuant to program guidelines, we are required to hold a public hearing regarding proposed program applications and the Town Council must vote to approve the programs prior to application. Additional projects could be identified through the public hearing.

- *Water Harvesting at Mansfield Community Center.* This project includes installation of a system to collect, filter, store, and re-use rainwater from building roof areas. This project would make the facility more sustainable by reducing or eliminating the need for water from the local water supply system (UConn water system managed by Connecticut Water). Based on conversations with the Department of Revenue Services, we believe this project could qualify for the 100% tax credit for energy conservation programs.

- *Playground Construction at Mansfield Community Center.* The proposed community playground will be centrally located near downtown, Town Hall and the Community Center, and provide an accessible playscape for kids and families of all ages and abilities. The playground will be designed and built from raw materials to reflect our unique community, and will use volunteer labor during construction.

- *Improvements to Sunny Acres Park.* Sunny Acres Park is located in a densely populated area of southern Mansfield. It is the only town-owned active recreation area in this portion of Town and serves moderate to low income residents. The project would include: replacing and relocating the existing playscape; repairing the tennis court surface and replacing the tennis court fence; repairing the basketball court surface and replacing basketball hoops; and designing and installing a new parking area.

- *Open Space Acquisition and Stewardship.* Since the 1970's, Mansfield's Open Space Preservation Program has achieved a number of the land conservation goals set out in the Town's Plan of Conservation and Development (POCD). As the Town to grows, the need to maintain a balance between developed areas and natural areas will require continued attention. The ability to use neighborhood assistant Act program funds for acquisition and stewardship would enable the Town to achieve more goals outlined in the recently approved Open Space Action Plan developed by the Open Space Preservation Committee, Agriculture Committee, Parks Advisory Committee and the Conservation Commission.

- *ADA Improvements to Community Facilities.* These projects would include installation of an accessible door opener at the Mansfield Community Center between the accessible changing room and the pool, installation of accessible door openers and an exterior ramp, as well as ADA compliant grab bars and sinks at the Mansfield Public Library.

- *South Eagleville Walkway.* This project would provide the missing link for pedestrians between Maple Road and Separatist Road; thus providing an important connection between the Senior Center, Wright's Village and the services and amenities located downtown, including the Community Center, Post Office and the Beck Municipal Building.

Timeline

Applications for municipal programs must be submitted to the Department of Revenue Services by July 2, 2012. The Department will issue a list of approved programs by September 1, 2012. Businesses interested in funding any of the approved programs must submit a Neighborhood Assistance Business Act Application to the Department of Revenue Services between September 15 and October 1, 2012.

Financial Impact

The financial impact would depend on the program. Draft project applications including budgets identifying funding sources and expenses for each project will be presented at the public hearing.

Legal Review

No legal review is required at this time.

Recommendation

Staff recommends that the Council schedule a Public Hearing for June 11, 2012 to receive public comment regarding potential program applications for the Neighborhood Assistance Program.

If the Town Council supports this recommendation, the following motion is in order:

Move, to schedule a Public Hearing for 7:30 PM on June 11, 2012 to receive public comment regarding potential applications to the Neighborhood Assistance Program.

Attachments

1) Neighborhood Assistance Act information Sheet
2) Neighborhood Assistance Act Program Proposal (Form NAA-01)

Neighborhood Assistance Act Program Tax Credit

Description and Applicable Taxes

A tax credit under the Neighborhood Assistance Act (NAA) tax credit program may be earned by business firms that make cash investments of at least $250 to certain community programs. The cash investments must be made in a community program that is proposed and conducted by a tax exempt or a municipal agency and must be approved both by the municipality in which the program is conducted and the Department of Revenue Services (DRS).

Business firms may apply this tax credit against the taxes imposed under Chapters 207, 208, 209, 210, 211, or 212 of the Connecticut General Statutes.

Definitions

Business firm means any business entity authorized to do business in Connecticut and subject to the taxes imposed under Chapters 207, 208, 209, 210, 211, 212, or 213a of the Connecticut General Statutes. For purposes of a business entity subject to the provisions of Chapter 213a of the Connecticut General Statutes, the tax credit earned by such entity may be used by the members or partners of such entity that are subject to tax under Chapter 208 of the Connecticut General Statutes.

Child day care facilities services mean the planning, site preparation, construction, renovation, or acquisition of facilities for purposes of establishing a child care facility to be used primarily by the children of such business firm's employees. It also includes equipment installed in the facility, including kitchen appliances, to the extent that the equipment or appliances are necessary in the use of the facility for purposes of child day care. The facility must be properly licensed and operated without profit.

Community services is any type of counseling and advice, emergency assistance, or medical care furnished to individuals or groups in the state.

Open space acquisition fund means a fund of any political subdivision of the state or any nonprofit land conservation organization that is used for the purchase of land, interest in land, or permanent conservation restriction on land which is to be permanently preserved as protected open space.

Education is any type of scholastic instruction or scholarship assistance to any person who resides in the state that enables such person to prepare for better opportunities, including teaching services donated according to §10-21c of the Connecticut General Statutes.

Energy conservation projects are projects to promote energy conservation that are directed toward properties occupied by low-income persons or properties owned or occupied by charitable corporations, foundations, trust, or other entities. These projects include but are not limited to energy conserving modification or replacement of windows and doors; caulking and weatherstripping; 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.

Families of low and moderate income mean families meeting the criteria for designation as families of low and moderate income established by the Department of Economic and Community Development under section 8-39(f) of the Connecticut General Statutes.

Job training means any type of instruction to any person who resides in the state that enables the person to acquire vocational skills to become employable or seek a higher grade of employment.

Neighborhood means any specific geographic area, urban, interurban, suburban, or rural, which is experiencing problems endangering its existence as a viable and stable neighborhood.

Neighborhood assistance means the furnishing of financial assistance, labor, materials, or technical advice to aid in the physical improvement or rehabilitation of all or any part of a neighborhood.

Tax Credit Amount

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: community-based alcoholism prevention or treatment programs; 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; funding for open space acquisitions; child day care facilities; child care services; and any other program which serves persons at least 75% of whom are at an income level not exceeding 150% of the poverty level for the preceding year.

The NAA tax credit program has several statutory limits which must be observed, including the following:

- The total tax credits under the NAA tax credit program are limited to $150,000 annually for each business firm. The tax credit for investments in child care facilities may not exceed $50,000 per income year for each business firm.

- The minimum contribution on which a tax credit can be granted is $250.
- Any organization conducting a program or programs eligible to receive contributions under the NAA tax credit program 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 has a $5 million cap which, if exceeded, results in proration of approved tax credits among the approved organizations.
- No business firm will receive both the NAA tax credit and the Housing Program Contribution tax credit for the same cash contribution.
- No business firm may claim the tax credit for investments in child care facilities in an income year that the business firm claims the Human Capital Investment tax credit.

Carryforward and Carryback Limitations

No carryforward is allowed. Any tax credit that is not taken in the income year in which the investment was made may be carried back to the two immediately preceding income years (beginning with the earlier of the two years).

How to Apply

Tax-exempt entities and municipal agencies desiring to obtain benefits under the NAA tax credit program 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. Copies of the public hearing notice and minutes of the meeting approving the programs must be submitted by the municipality with the program proposals on or before July 1 of each year.

Business firms that wish to make a cash contribution to a qualified community program can obtain a list of approved programs by September 1 of each year. The business firms are required to complete **Form NAA-02**, *Neighborhood Assistance Act Business Application*, and mail or hand deliver the form to DRS between **September 15** and **October 1** of each year. No facsimiles are accepted.

How to Claim the Tax Credit

DRS issues a Neighborhood Assistance Act program approval letter to business firms that make qualifying contributions. The letter indicates the tax credit amount that may be claimed on the Connecticut Corporation Business Tax Return. The tax credit amount must be entered on **Form CT-1120K**, *Business Tax Credit Summary*, and/or **Form CT-207K**, *Insurance/Health Care Tax Credit Schedule*.

Where to Get Additional Information

Direct inquiries to:

Connecticut Department of Revenue Services
Neighborhood Assistance Act Program
Attn: Research Unit
25 Sigourney St Ste 2
Hartford CT 06106
860-297-5687
www.ct.gov/DRS

Statutory and Regulatory References

Conn. Gen. Stat. §§12-631 through 12-638

Department of Revenue Services
State of Connecticut
(Rev. 03/12)

Municipality:_____

Form NAA-01

2012 Connecticut Neighborhood Assistance Act (NAA) Program Proposal

Complete this form in blue or black ink only.

This form **must** be completed and submitted to your municipality for approval. All items **must** be completed with as much detail as possible. If additional space is needed, attach additional sheets. Please type or print clearly. See attached instructions before completing. **Do not submit this form directly to the Department of Revenue Services.**

Part I — General Information

Name of tax exempt organization/municipal agency: _____

_____

Address:

_____

Federal Employer Identification Number: _____

Program title: _____

Name of contact person: _____

Telephone number: _____

Email address: _____

Total NAA funding requested ($250 minimum, $150,000 maximum): $_____

Credit percentage for which your organization is applying:

_____60% _____100% (Energy conservation programs only)

Is your organization required to file federal Form 990 or 990EZ, Return of Organization Exempt from Income Tax?

Yes No

If **Yes**, attach a copy of the **first page** of your most recent return.

If **No**, attach a copy of your determination letter from the U.S. Treasury Department, Internal Revenue Service.

Please check the appropriate description of your program:

_____ Job training/education for unemployed persons aged 50 or over;
_____ Job training/education for disabled persons;
_____ Program serving low-income persons;
_____ Energy conservation;
_____ Child care services;
_____ Open space acquisition fund; **or**
_____ Other: Specify _____

Part II — Program Information

Description of program: _____

Need for program: _____

Neighborhood area to be served: _____

_____

Total number of recipients: _____

Administration of Program:

Identify every person or organization involved in the implementation and administration of the program. Use additional sheets if necessary.

1. Name: _____

   Address:

   _____

   Duties and responsibilities:

   _____

2. Name: _____

   Address:

   _____

   Duties and responsibilities:

   _____

Timetable:

Program start date: _____
Program completion date: _____

A certified post-project review is due to the municipality overseeing implementation no later than three months after program completion date for all projects receiving $25,000 or more in NAA funding.

Month your annual accounting period ends: _____
Method of accounting: Cash Accrual

Part III — Financial Information

Program Budget:
Complete in full. Expenditures must equal or exceed total funding.

Sources of Revenue:

NAA funds requested _____
Other funding sources - itemized sources:
a) _____
b) _____
c) _____
d) _____

Total Funding: _____

Proposed Program Expenditures:

Direct operating expenses - itemized description:
a) _____
b) _____
c) _____
d) _____

Administrative expenses:
Professional fund-raising fees _____
Accounting/legal & other expenses - itemized:
a) _____
b) _____
c) _____
d) _____

Total Proposed Expenditures: _____

Part IV — Municipal Information

To be completed by the municipal agency overseeing implementation of the program

Name of municipal agency overseeing implementation of the program: _____

_____

Mailing address: _____

_____

Name of municipal liaison: _____

Telephone number: _____

Fax number: _____

Email address: _____

Post-Project Review

Is a post-project review required for this proposal?

Yes No

If **Yes**, date post-project review due:

_____
Date

2012 Connecticut Neighborhood Assistance Act (NAA) Program Proposal Instructions

Complete all items on **Form NAA-01**, *2012 Connecticut Neighborhood Assistance Act (NAA) Program Proposal.* Incomplete applications will **not** be accepted. Direct inquiries to Department of Revenue Services (DRS), Neighborhood Assistance Act Program, Attn: Research Unit, 25 Sigourney St Ste 2, Hartford CT 06106, or call **860-297-5687**.

Part I General Information
Enter the name of the tax exempt organization or municipal agency, address, Federal Employer Identification Number, and email address.

Program Title: Assign a unique program title to each program for which your organization is making an application.

Federal Form 990: Attach a copy of the first page of your organization's most recent federal Form 990 or Form 990EZ. If your organization is not required to file either Form 990 or Form 990EZ, attach a copy of the determination letter from the Internal Revenue Service.

Part II Program Information
Description of Program: Describe the program, including information about how the program will operate, its benefit to the community, how recipients will be selected, and any measures used to determine the program's impact on the community.

Need for Program: Demonstrate a need for this program. For example, provide relevant statistics.

Neighborhood Area to Be Served: Describe the neighborhood or municipality this program will serve.

Total Number of Recipients: Provide an estimate of the number of recipients this program will serve.

Administration of Program: Identify the name and address of every person or organization involved in the implementation and administration of this program. Use additional sheets if necessary.

Timetable: Indicate the starting and ending dates of the program. Any program receiving $25,000 or more in NAA funding is required to provide a post-project review to the municipality overseeing the program.

Part III Financial Information
Each program proposal must include a program budget that includes all sources of funding and all anticipated expenditures. The information provided in the budget may be used during a post-project audit.

Sources of Revenue: The budget must include the requested NAA funding and any other anticipated revenue sources.

NAA Funding Requested: Indicate the total amount your organization is requesting for its program. This amount may not exceed the total proposed expenditures. Please note that the minimum NAA funding is $250, with a maximum funding of $150,000 per organization or agency per year.

Other Funding Sources: Provide a detailed description(s) and the amount(s) of all funding sources.

Proposed Program Expenditures: The budget must include a detailed description and the amount of all direct operating and administrative expenditures. **Expenditures must equal or exceed total funding.**

Direct Operating Expenses: Expenses include materials, equipment, wages, salaries, tuition fees, sub-contracting services, and any other expenses needed to administer the program.

Part IV Municipal Information
This part is to be completed by the municipal agency overseeing implementation of the program.

Municipal Liaison: The municipality must designate an individual to serve as a liaison with DRS for all NAA matters.

Post-Project Review: Any program receiving $25,000 or more in NAA funding is required to provide a post-project review to the municipality overseeing the program.