



**Town of Mansfield
Agenda Item Summary**

To: Town Council
From: Matt Hart, Town Manager *MWH*
CC: Maria Capriola, Assistant Town Manager; Linda Painter, Director of Planning and Development; Curt Vincente, Director of Parks and Recreation; Jessie Richard, Community Development Assistant;
Date: April 12, 2016
Re: Neighborhood Assistance Act Programs

Subject Matter/Background

The Connecticut Department of Revenue Services has issued a solicitation for program applications for the 2016 Neighborhood Assistance Act Program. This program provides funding for community programs conducted by either a municipal government or tax exempt agency through a corporation tax credit to businesses that make cash contributions to the town. The community program must be approved by both the municipal agency and the Department of Revenue Services. 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.

In 2012, the Town received partial funding for energy efficiency improvements through the Town's housing rehabilitation program, and in 2012, 2013, 2014 and 2015 the Town received funding for a water harvesting project at the Mansfield Community Center.

Pursuant to program guidelines, we are required to hold a public hearing regarding proposed program applications. Additional projects could be identified through the public hearing by members of the community as well as local non-profit organizations. A solicitation was sent out to local non-profits on March 28th, asking for submission of proposed projects by May 13, 2016 for consideration at a May 24, 2016 public hearing. The Town Council must vote to approve the programs prior to application, including those submitted by non-profit organizations.

Timeline

Applications for municipal programs must be submitted to the Department of Revenue Services by July 1, 2016. The Department will issue a list of approved programs by September 1, 2016. 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, 2016.

Financial Impact

The financial impact would depend on the program. At the public hearing, staff will present draft project applications including budgets identifying funding sources and expenses for each project.

Recommendation

Staff recommends that the Council schedule a public hearing for May 23, 2016 to receive public comment regarding potential program applications for the Neighborhood Assistance Program.

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

Move, to schedule a public hearing for 7:00 PM at the Town Council's regular meeting on May 23, 2016, to solicit public comment regarding potential program applications to the Neighborhood Assistance Program.

Attachments

1) Neighborhood Assistance Act Information Sheet



25 Sigourney Street
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.

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
25 Sigourney St Ste 2
Hartford CT 06106

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.

PAGE
BREAK