

TESTIMONY OF
RABBI DANIEL GREER, DIRECTOR AND COUNSEL
EDGEWOOD ELM HOUSING, INC.
BEFORE THE
COMMERCE COMMITTEE
REGARDING COMMITTEE BILL NO. 127
FEBRUARY 3, 2011

Co-Chairmen Senator LeBeau and Representative Berger and distinguished members of the Commerce Committee:

As the Committee well knows, NAA is an important Program best understood as an enhanced charitable tax deduction enabling private sector sponsorship of activities which otherwise would generally be borne by the State. For almost 30 years, the Program has performed well, without red tape and bureaucracy, efficiently using the tax system to channel assistance directly for charitable purposes at lower cost to the taxpayer. In the case of our own non-profit, over more than a score years, the NAA Program has played a major role in allowing us and our affiliates to first stabilize and then start to enhance a previously blighted urban neighborhood in New Haven – Edgewood Park.

The Program has a statewide cap of \$5,000,000 in available credits. This legislation does not seek to increase that cap of credits.

For some years, however, the Program has, in fact, been underutilized. In 2008, only \$3,000,000 of the credits were utilized. In 2009, that figure was but \$2,700,000 and this year, 2010, just \$3,300,000, according to the Department of Revenue Services. Thus, while the NAA Program exists “on the books”, so to speak, in the last few years it has not functioned to capacity and needed assistance for charitable purposes is left wanting. This is particularly unfortunate at this time. With the current economic climate, non-profits are hurting more than ever as charitable giving is usually the first expenditure cut when budgets are tight.

Committee Bill No. 127 seeks to bring NAA requirements in line with prevailing conditions in two regards. Firstly, those companies who have sizable tax obligations allowing participation in the Program are now limited by Section 12-632(f) to \$75,000 in tax credits per year. This Bill raises that per business firm cap to \$250,000. We have found that for most of the State’s larger corporations, \$75,000 is simply not significant enough to draw the attention of the financial and tax planners. Hence, these large firms pass on participating in the Program and the non-profits lose the largesse of the very companies who are in the best position to contribute.

I stress that the Bill does not impact the total number of credits available statewide. That will remain at \$5,000,000. What would change is that a successful business firm could then contribute up to \$250,000 to eligible non-profits. This would allow a number of the corporate giants to find the Program more interesting and avail themselves of the credits, helping the

many charities who have been seeking and need assistance.

Conversely, a business firm that has participated in the past and is currently in a less profitable position is now effectively barred from donating under NAA. Section 12-632(j) requires that firms cannot claim a credit unless they equal or exceed in their present year's contributions the total given for charitable purposes in the immediately preceding year. There are companies that would like to contribute but, since they cannot afford to maintain their previous level, are shut out of the Program. Committee Bill No. 127 deletes this provision. Hence, a business firm which is not as successful as in previous years could still contribute under the NAA program, albeit at a reduced level.

The two modifications delineated in the Bill – raising the \$75,000 per firm cap to \$250,000 and removing the requirement that a firm match or exceed its prior year's contribution – are crucial changes to the existing legislation to make NAA truly viable. Committee Bill No. 127 will allow the NAA program to function properly under the changing business circumstances, helping needy non-profits receive the support they so essentially require in order to weather these difficult years.

We strongly endorse Committee Bill No. 127 and ask for your support and passage of the Bill.