



CONNECTICUT
ASSOCIATION
of **NONPROFITS**

...to serve, strengthen
and support Connecticut's
nonprofit community.

**Testimony before the Commerce Committee
2.28.12**

**In Support of
SB 219, AAC the Neighborhood Assistance Act**

Senator LeBeau, Rep. Berger and members of the committee, thank you for the opportunity to submit testimony. Connecticut Association of Nonprofits (CT Nonprofits) is the largest membership organization in Connecticut dedicated exclusively to working with nonprofits. We represent more than 500 nonprofits across the state that work every day to improve their communities.

We would like to thank you for raising SB 219, *An Act Concerning the Neighborhood Assistance Act* and fully support expanding the tax credit to limited liability partnerships, limited liability companies, limited partnerships and "S" Corporations, which fall under chapter 213a of the Connecticut General Statutes (C.G.S.).

Those companies that come under chapter 213a are currently unable to participate in the Neighborhood Assistance Act (NAA). Traditionally, the businesses that have participated in the program are "C" Corporations and those businesses that are liable for corporation business taxes under C.G.S. chapter 208. With the NAA, they can receive a credit of up to 60% of their approved contribution to certain nonprofit programs or 100% for certain energy conservation programs. However, over time more and more businesses have filed as limited liability companies and "S" Corporations resulting in fewer businesses able to participate in the NAA.

The bill before you will expand the NAA to include limited liability partnerships, limited liability companies, limited partnerships and "S" Corporations, allowing them to take the credit against the \$250 business entity tax for which they are liable. It is vital that the state brings businesses under C.G.S. chapter 213a into the NAA and encourages corporate giving and community investment among all business.

The state's current cap for NAA is \$5 million annually. Last year for the first time in recent memory, the program exceeded the allotted amount and resulted in prorated credits. One possible reason for the increased use of the program was several welcomed changes the General Assembly made last session, including doubling the available credit from \$75,000 to \$150,000 and eliminating the requirement that a business's contribution be equal to or exceed its contribution from the previous year. We encourage the continued expansion of the NAA and respectfully request that the General Assembly consider raising the cap in the near future. It has proven a valuable program for encouraging nonprofits and businesses to work together towards improving their communities.

Thank you for attention to this matter. Please do not hesitate to contact me with questions.

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