



**Testimony before the Finance, Revenue & Bonding Committee  
3.12.12**

**In Support of:**

**SB 356, An Act Expanding the Neighborhood Assistance Act  
and  
SB 25, An Act Authorizing and Adjusting Bonds of the State for Capital Improvements,  
Transportation and Other Purposes**

**SB 356**

Senator Dailey, Representative Widlitz and members of the committee, thank you for the opportunity to testify today. My name is Ron Cretaro and I am the Executive Director of Connecticut Association of Nonprofits (CT Nonprofits), the largest membership organization in the state 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 356, *An Act Expanding 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 businesses.

Further, we respectfully request that the Committee consider allowing the partners of businesses under C.G.S. chapter 213a to pass the tax credit through to the personal income taxes for which they are liable as individuals under C.G.S. chapter 229. Under the current proposal there is not much incentive for these businesses to donate more than the \$250 that they will be able to take the credit against. If they were allowed to pass through the full amount of the available credit (\$150,000) offered to the other businesses in the NAA, they would likely give more to local nonprofits. Allowing the pass through to the personal income tax does not alter the bottom line for the state since the NAA program is capped at \$5 million annually regardless of which tax the credit is taken against.

Last year for the first time in recent memory, the program exceeded the \$5 million cap and resulted in prorated credits. One possible reason for the increased use of the program was several welcomed changes

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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 Committee 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.

## **SB 25**

I would also like to offer support for SB 25, *An Act Authorizing and Adjusting Bonds of the State for Capital Improvements, Transportation and Other Purposes*, which makes adjustments and additional authorizations to the state's bonding program.

This bill includes several important initiatives for nonprofits and those we serve, such as:

- \$5 million for facility improvements and minor capital repairs at nonprofit school readiness programs and day care centers funded through the State Department of Education
- \$1 million for fire, safety and environmental improvements, including expansion, for nonprofit mental health clinics for children funded by the Department of Children & Families
- \$30 million authorized as the start of a ten-year commitment of \$300 million for housing revitalization
- An additional \$20 million, for a total of \$70 million available for affordable housing
- An additional \$12.5 million to re-invigorate the state's elderly congregate housing programs

We thank the Governor and Committee members for their continued support of the state's bonding program to assist nonprofits with capital repairs and improvements that ensure safe and healthy environments for clients and consumers.

Thank you for your attention to these matters. Please do not hesitate to contact me with questions.

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