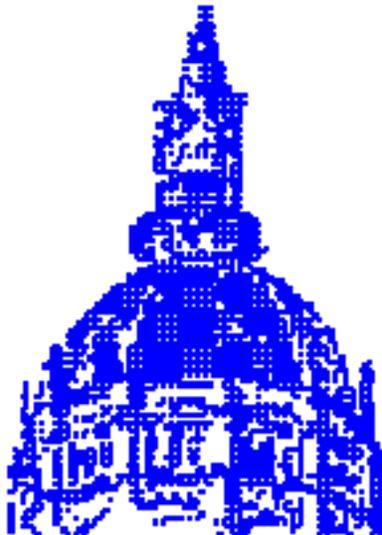


Office of Legislative Research
Connecticut General Assembly



NONPROFIT ORGANIZATIONS



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NOTICE TO READERS

This report provides highlights of new laws (public acts) affecting nonprofit organizations enacted during the 2006 regular legislative sessions. In each summary we indicate the public act (PA) number and its effective date. The report does not cover special acts, some of which affect nonprofit organizations, or public acts that only affect specifically named nonprofit, or that generally affect nonprofits and for-profits (e.g., acts affecting hospitals and human services providers).

Not all provisions of the acts are included here. Complete summaries of all 2006 public acts passed will be available soon when OLR's *Public Act Summary* book is published; all summaries are available on OLR's webpage: <http://www.cga.ct.gov/olr/>.

You may obtain the full text of acts from the Connecticut State Library, the House Clerk's Office, or the General Assembly's website: <http://www.cga.ct.gov/>.

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ECONOMIC DEVELOPMENT

Microloan Program for Microenterprises

This act establishes a pilot program to help new and existing very small businesses (i.e., microenterprises) grow and develop. It does this by requiring the economic and community development commissioner to make a grant to the nonprofit Community Economic Development Fund (CEDF), which must disperse the grant funds to other organizations (i.e., microloan generating organizations). These organizations must help microenterprises prepare business plans, complete loan applications, and obtain financial and technical assistance from public and private sources. The commissioner must report to the Commerce Committee by June 30, 2007 on the program's status and accomplishments. **(PA 06-166, effective July 1, 2006)**

EDUCATION

Eligibility for In-State Tuition At UConn

The act makes certain minority students from outside Connecticut eligible for in-state tuition at UConn, the Connecticut State Universities, and the community-technical colleges if they attended for three years, and graduated from, a

public high school here while under the sponsorship of a nonprofit organization that meets specified criteria.

Students from other states, the District of Columbia, Puerto Rico, other U.S. territories and possessions, and resident aliens that come from these places, may obtain in-state tuition if they:

1. graduated from a public high school in Connecticut and
2. during high school, were sponsored, supported, and housed by a nonprofit organization that raises funds locally in order to give minority students from single-family or impoverished homes the chance to attend school in a different environment, such as the "A Better Chance" program. **(PA 06-135, effective July 1, 2006)**

Private Occupational Schools

This act changes how an individual or business can apply for authorization to operate a private occupational school, revise its authorization, and establish branches and additional classroom sites. It also modifies the procedures and the conditions under which the Department of Higher Education commissioner evaluates, issues, or denies applications for schools

and branches; revises or revokes their authorizations; and places them on probation.

It raises application and other fees related to occupational school operations and directs their payment to the Private Occupational School Student Protection Account rather than the General Fund.

The act establishes procedures schools must follow if they close. It imposes record retention requirements on them. And it increases the commissioner's ability to investigate schools, impose penalties, and enforce them. (**PA 06-150**, effective October 1, 2006)

HEALTH

Stem Cell Research Advisory Committee

This act adds eight members to the existing nine-member Stem Cell Research Advisory Committee. (The committee thus consists of 16 members and the Department of Public Health (DPH) commissioner, who serves as the chairperson) These additional members begin serving on or after July 1, 2006. By law, this committee is responsible for (1) establishing and administering, in consultation with the DPH commissioner, a program to provide stem cell research grants to eligible institutions; (2) directing the commissioner on grant awards;

(3) monitoring grant-funded research; (4) developing, in consultation with DPH, a donated funds program for stem cell research; and (5) reporting to the governor and General Assembly on stem cell research in the state.

The act specifies that it is not a conflict of interest for a person affiliated with an eligible institution to serve as an advisory committee member. By law, an "eligible institution" is (1) a nonprofit tax-exempt college or university, (2) a hospital conducting biomedical research, or (3) any entity conducting biomedical research or embryonic or human adult stem cell research. (**PA 06-33**, effective on passage)

Students' Physical Health

This act requires the State Department of Education (SDE) to develop guidelines to comprehensively address and coordinate students' physical health needs before, after, and during the regular school day. The SDE must consult with, among others, at least one statewide nonprofit with expertise in child wellness or physical exercise.

The act authorizes all boards of education to use these guidelines to develop their own comprehensive, coordinated plans. SDE must develop the guidelines by January 1, 2007; schools may implement their

plans in the 2007-08 school year and each year thereafter. (**PA 06-44**, effective on passage)

Certificate of Need Requirements

The law allows the Office of Health Care Access (OHCA) to exempt any nonprofit facility, institution, or provider from certificate of need (CON) requirements, other than terminating a service or facility, if certain conditions are met. This act limits any CON exemption for nonprofits to those under contract with a state agency or department. CON is a regulatory process for reviewing certain proposed capital expenditures by health care facilities, acquisition of major medical equipment, institution of new services or functions, termination of services, transfer of ownership, and decreases in bed capacity. Generally, CON approval is OHCA's formal determination that a health facility improvement, medical equipment purchase, or service change is needed.

The act also allows OHCA to grant a CON exemption for a nonprofit wanting to terminate a service or facility that is currently under contract with a state agency or department. OHCA can do this if (1) the commissioner, executive director, chairperson, or chief court administrator of the state agency or department contracting with the nonprofit entity confirms in writing to

OHCA that the service needs of the area previously served will continue to be met in a better or satisfactory manner and how this will be done and (2) the OHCA commissioner or her designee concurs.

If a nonprofit wants to relocate its services, the act requires the OHCA commissioner or her designee to determine that the needs of the area previously served will continue to be met in a better or satisfactory manner before exempting the nonprofit from CON. (**PA 06-64**, effective July 1, 2006)

HOUSING

Elimination of The Single Room Occupancy Pilot Program

The act abolishes the Single Room Occupancy (SRO) Pilot Program. Under the program, the DECD commissioner was required to develop a pilot program to help nonprofit corporations acquire and rehabilitate abandoned property in municipalities with enterprise zones (i.e., targeted investment communities in 17 towns). The assistance had to be used to convert properties into SRO housing for homeless people. The assistance could take the form of grants, loans, or deferred loans to nonprofit housing corporations. A corporation had to begin paying all or part of the interest on a deferred loan immediately, but could delay

principal repayment. **PA 06-93**, effective October 1, 2006)

Affordable Housing Development Subdivisions

This act allows a municipality's legislative body to adopt an ordinance exempting from the municipality's subdivision regulations a landowner's first subdivision of land so long as the lot created is for affordable housing developed by the municipality or a nonprofit organization. Subdivision regulations routinely impose requirements on developers for streets, sewers, and open space. (**PA 06-97**, effective October 1, 2006)

Rental Housing Assistance Program

The act doubles the amount of tax credits available under, and expands the scope of, the state Rental Housing Assistance Trust Fund Program, popularly known as the Housing Tax Credit Program. Under this program, the Connecticut Housing Finance Authority (CHFA) allocates tax credits to businesses that contribute funds to nonprofit housing organizations developing low- and moderate-income housing.

The act increases the total amount of tax credits CHFA can annually award from \$5 million to \$10 million. It increases, from \$400,000 to \$500,000, the maximum amount per fiscal year

that nonprofit housing organizations may use to develop housing for low- and moderate-income people. The act also requires CHFA to set aside \$1 million of the tax credits for workforce housing and to develop written procedures defining workforce housing. CHFA is already required to adopt written procedures to implement the tax credit program.

The act also authorizes \$15 million a year in business tax credits for expenses to rehabilitate historic commercial and industrial properties for residential use. Property owners may apply for and claim the credits, which may equal up to 25% of the qualified rehabilitation costs but no more than \$2.7 million. Owners can claim the credits themselves or transfer them to others.

Individuals, limited liability companies, nonprofit and for-profit corporations, and other business entities are eligible for the credit if they have title to the property and rehabilitate it. The property must be (1) listed individually on the National Register of Historic Places or (2) located in a district listed in the National or State Register of Historic Places. In addition, the Connecticut Commission on Culture and Tourism must have certified that the property contributes to the district's historic character. (**PA 06-186**, effective July 1, 2006)

PROPERTY

The Use of Military Facilities

This act expands, from armories to military facilities, the types of facilities that the adjutant general of the Connecticut National Guard may let organizations use. It limits the leasing of the facilities to government agencies, military and nonprofit organizations, and organizations receiving state aid. **PA 06-46**, effective October 1, 2006)

Notice Requirements for Land Use Applications

This act exempts planning commissions and combined planning and zoning commissions from the requirement to publish newspaper notice about public hearings on proposals they initiate to adopt or amend subdivision regulations. However, the act requires all commissions to notify those residents and nonprofit organizations requesting notice of any changes to land use regulations and plans these commissions propose. Commissions must do this by creating a registry through which parties can request notice of these proposals. **(PA 06-80**, effective October 1, 2006)

Encroachments on Open Space Lands

This act prohibits people, without the owner's permission or other legal authorization, from encroaching or causing anyone to encroach on (1) open space land, or (2) any land in which the state, its political subdivisions, or a nonprofit land conservation organization holds a conservation easement interest. It authorizes anyone with a property interest in such open space land, or the attorney general, to bring an action against the violator in Superior Court for the judicial district where the land is located. It specifies the orders, awards, fines, costs, and fees the court may impose on people who encroach on open space land and imposes the same orders, awards, fines, costs, and fees on people who remove, prune, injure, or deface a shrub or ornamental or shade tree within the limits of public grounds or a public way without the appropriate legal permission. **(PA 06-89**, effective October 1, 2006)

TRANSPORTATION

Increased Grants for Community-Based Regional Transportation Systems for the Elderly

This act increases the maximum grant for the four towns the Department of Social Services (DSS) selects to provide community-based regional

transportation for the elderly from a one-time \$25,000 for each in FY 06 to \$50,000 each during the two-year period covering FY 06 and FY 07. It also permits DSS to use any grant funds it did not spend in FY 06 during FY 07.

The four towns, which must have populations of at least 25,000, or nonprofit organizations located in them, must use the grants to develop and plan financially self-sustaining, community-based regional transportation systems that, through a combination of private donations and user fees, provide transportation to elderly people. They must, to the extent practicable, model their systems on the "ITNAmerica" model, which obtains its operating funds through membership fees; riders' fares; and private support. It uses a combination of volunteers and paid drivers to provide unrestricted, on-demand transportation to seniors in passenger automobiles. Before receiving the grant, a selected municipality must demonstrate to the DSS commissioner's satisfaction that it has secured at least \$25,000 in matching private funds. **(PA 06-188,** effective on passage)

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