




TOWN OF GRANBY

MEMORANDUM

DATE: May 13, 2025

TO: The Granby Board of Selectmen

FROM: Mike Walsh, Town Manager 

REGARDING: Communication – Neighborhood Assistance Act

Please set aside a few minutes for a brief reintroduction to the State of Connecticut's Neighborhood Assistance Act.

I have attached explanatory materials which provide an overview for the community of this valuable program that if better promoted to our business community, could bring additional benefits to the Town of Granby.

I will be on hand to answer any questions you may have on this item. Thank you.

Connecticut State Department of Revenue Services

[CT.gov Home](https://portal.ct.gov) <https://portal.ct.gov> [Department of Revenue Services](https://portal.ct.gov/drs) <https://portal.ct.gov/drs> Neighborhood Assistance Act Tax Credit Program

Neighborhood Assistance Act (NAA) Tax Credit Program

- [2025 Form NAA-01, Connecticut Neighborhood Assistance Act Program Proposal](#)
- [Overview of the Connecticut Neighborhood Assistance Act \(NAA\) Tax Credit Program](#)
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Overview of the Connecticut Neighborhood Assistance Act (NAA) Tax Credit Program

The **Connecticut Neighborhood Assistance Act (NAA) Tax Credit Program** is designed to provide funding for municipal and tax-exempt organizations by providing a corporate business tax credit for businesses who make cash contributions to these entities. The credit may be applied against the following taxes:

- Chapter 207 (Insurance Companies and Health Care Centers);
- Chapter 208 (Corporation Business);
- Chapter 209 (Air Carriers);
- Chapter 210 (Railroad Companies);
- Chapter 211 (Certified Competitive Video Service Companies);
- Chapter 211 (Community Antenna Television System Companies);
- Chapter 211 (Satellite Companies); and
- Chapter 212 (Utility Companies).

The community programs must be approved by both the municipality in which the programs are conducted and by the Connecticut 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](https://portal.ct.gov/drs/credit-programs/neighborhood-assistance/program-information/other-helpful-information) (<https://portal.ct.gov/drs/credit-programs/neighborhood-assistance/program-information/other-helpful-information>) that invest in [energy conservation projects](https://portal.ct.gov/drs/credit-programs/neighborhood-assistance/program-information/other-helpful-information) (<https://portal.ct.gov/drs/credit-programs/neighborhood-assistance/program-information/other-helpful-information>) and [comprehensive college access loan forgiveness programs](https://portal.ct.gov/drs/credit-programs/neighborhood-assistance/program-information/other-helpful-information) (<https://portal.ct.gov/drs/credit-programs/neighborhood-assistance/program-information/other-helpful-information>).

A tax credit equal to 60% of the cash invested is available to business firms that invest in programs that provide:

- [Neighborhood assistance](https://portal.ct.gov/drs/credit-programs/neighborhood-assistance/program-information/other-helpful-information) (<https://portal.ct.gov/drs/credit-programs/neighborhood-assistance/program-information/other-helpful-information>);
- [Job training](https://portal.ct.gov/drs/credit-programs/neighborhood-assistance/program-information/other-helpful-information) (<https://portal.ct.gov/drs/credit-programs/neighborhood-assistance/program-information/other-helpful-information>);
- [Education](https://portal.ct.gov/drs/credit-programs/neighborhood-assistance/program-information/other-helpful-information) (<https://portal.ct.gov/drs/credit-programs/neighborhood-assistance/program-information/other-helpful-information>);
- [Community services](https://portal.ct.gov/drs/credit-programs/neighborhood-assistance/program-information/other-helpful-information) (<https://portal.ct.gov/drs/credit-programs/neighborhood-assistance/program-information/other-helpful-information>);
- Crime prevention;
- Construction or rehabilitation of dwelling units for [families of low and moderate income](https://portal.ct.gov/drs/credit-programs/neighborhood-assistance/program-information/other-helpful-information) (<https://portal.ct.gov/drs/credit-programs/neighborhood-assistance/program-information/other-helpful-information>) in the state;
- Donation of money to an [open space acquisition fund](https://portal.ct.gov/drs/credit-programs/neighborhood-assistance/program-information/other-helpful-information) (<https://portal.ct.gov/drs/credit-programs/neighborhood-assistance/program-information/other-helpful-information>);

- Child care centers;
 - Child care services;
 - Employment and training programs directed at persons with physical disabilities;
 - 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.
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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:

- The total tax credits under the NAA tax credit program are limited to \$150,000 annually for each business firm. The tax credit for investments in child care centers may not exceed \$50,000 per income year for each business firm;
 - The minimum contribution on which a tax credit can be granted is \$250;
 - Any organization conducting a program or programs eligible to receive contributions under the NAA tax credit program is limited to receiving an aggregate of \$150,000 of funding for any program or programs for any fiscal year;
 - The cap on the total amount of credits that may be granted annually is \$5 million. If the proposals submitted to DRS claim credits in excess of the cap, such credits will be prorated among the approved organizations;
 - No business firm will receive both the NAA tax credit and the Housing Program Contribution tax credit for the same cash contribution; **and**
 - No business firm may claim the tax credit for investments in child care centers in an income year that the business firm claims the Human Capital Investment tax credit.
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Carryforward and Carryback Limitations

No carryforward is allowed. Any tax credit that is not taken in the income year in which the investment was made may be carried back to the two immediately preceding income years (beginning with the earlier of the two years).

How to Apply

Organizations wishing to participate

Tax exempt entities and municipal agencies desiring to obtain benefits under the NAA Program 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. Contact the municipality for deadline information. 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 electronically by the municipality to DRS with the approved program proposals. Each municipality may contact DRS by email at NAAPProgram@ct.gov (<mailto:NAAPProgram@ct.gov>) to receive instructions on how to process submissions through the MOVEit Secure File Transfer System. NAA submissions that are mailed, hand delivered, or emailed will not be accepted.

Businesses wishing to participate

Each business firm requesting a tax credit under the NAA Tax Credit Program must electronically submit **Form NAA-02**, *Connecticut Neighborhood Assistance Act (NAA) Business Application*, through the DRS website for each program it wishes to sponsor. Form NAA-02 will not be made available until September 15. The contribution must be cash and needs to be made in the corporation's income year that corresponds to the same year as the approved program.

Form NAA-02 must be electronically submitted to DRS on or after September 15 but not later than October 1 of each year. Submissions that are mailed, hand delivered, or emailed will not be accepted.

Assignment and Transfer

Insurance Companies and Health Care Centers: This credit may be assigned by an insurance company or health care center to an affiliate, provided the affiliate may only apply the assigned credit against its tax liability under Chapter 207 (Insurance Companies and Health Care Centers Taxes).

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**.

The NAA Post-Project Audit

Any program receiving \$25,000 or more in NAA funding is required to provide a post-project audit prepared by a certified public accounting firm, to the municipality overseeing the program, no later than three months after the program completion date. All audits received by the municipality should be forwarded to DRS through the MOVEit Secure File Transfer System.

The post-project audit must include:

- Name of tax-exempt organization/municipal agency;
 - Federal Employer Identification Number;
 - NAA program year;
 - Program title;
 - Program completion date;
 - Period covered;
 - Date(s) NAA funding was received;
 - Total amount of NAA funding received;
 - Total amount of unused NAA funding;
 - Total program expenditures;
 - Direct operating expenses – itemized description & cost;
 - Administrative expenses – itemized description & cost; **and**
 - Name of certified public accounting firm that prepared the post-project audit.
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Informational Publication 2015(13), *The Connecticut Neighborhood Assistance Act Tax Credit Program*, has been modified and superseded and may not be relied upon on or after the date of issuance of the information above.

TOWN OF GRANBY

MEMORANDUM

DATE: May 10, 2023

TO: Board of Selectmen

FROM: Sandra Yost

REGARDING: Consideration of Proposal for Neighborhood Assistance Act Tax Credit Program (NAA Program)

Background

The Connecticut Neighborhood Assistance Act (NAA) Tax Credit Program is designed to provide funding for municipal and tax-exempt organizations by providing a corporation business tax credit for businesses who make cash contributions to these entities. Businesses can receive a credit of 60% of their approved contribution to certain programs (or 100% in the case of certain energy conservation programs) approved by the Department of Revenue Services.

Tax-exempt entities and municipal agencies desiring to obtain benefits submit paperwork to the town/city overseeing the implementation of the proposal. 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 with the program proposals to the DRS on or before July 1 of each year.

Applications for the Neighborhood Assistance

Three (3) applications have been received from Holcomb Farm. The request is to continue energy efficient upgrades: mini splits for the farmhouse; wiring upgrades and new fans for the greenhouses to improve air flow; and Powerwall battery backup installation for greenhouses and irrigation system. The total request for the 3 projects is \$61,650.

Three (3) applications have been received from Stony Hill Village. The requests are to add HVAC to the Clubhouse, replace shower head fixtures for 49 units, and replace 1970's style water closets. The total request for three (3) projects is \$145,000.

One (1) application was received from Valley Pre-School to offer scholarships to encourage attendance to wider audience. The request for this application is \$7,750.

PROPOSED MOTION: To approve the seven program proposals received for the Connecticut Neighborhood Assistance Act (NAA) Tax Credit Program and direct staff to complete the application process on or before July 1.