

Legislative History for Connecticut Act

**PA 14-171**

SB75

House	7074-7079	6
Senate	605-611, 885-892, 897-898	17
<u>Commerce</u>	<u>823-824, 833-841, 855-862</u>	<u>19</u>
		<b>42</b>

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**CONNECTICUT  
GENERAL ASSEMBLY  
HOUSE**

**PROCEEDINGS  
2014**

**VOL.57  
PART 21  
6912 – 7260**

Good evening, Mr. Speaker. I'm sorry for the confusion. We're about to set up our third consent calendar for the evening, Mr. Speaker.

SPEAKER SHARKEY:

Please proceed, sir.

REP. ARESIMOWICZ (30th):

Mr. Speaker, I would ask that -- I would like to move the following items to the Consent Calendar, all of which are in concurrence with the Senate.

Senate Bill 293, House Calendar Number 539 as amended by Senate "A"; Calendar Number 321; Calendar 486 as amended by Senate "A"; Calendar 542 as amended by Senate "A"; Calendar 540 as amended by Senate "A"; Calendar 507 as amended by Senate "A"; Calendar 411 as amended by Senate "A"; Calendar 472 as amended by Senate "A"; Calendar 314; Calendar 132 as amended by Senate "A"; Calendar 116 as amended by Senate "A"; Calendar 541 as amended by Senate "A" and Senate "B".

SPEAKER SHARKEY:

Representative Aresimowicz, I believe that a couple of the bills that you called were actually Senate calendar numbers, not House calendar numbers. So I believe the Clerk knows what you're intending, he

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may -- with your indulgence, I was going to ask him  
to, perhaps, offer the correction.

REP. ARESIMOWICZ (30th):

Mr. Speaker, maybe for clarification, I'll go  
through the bill numbers very quickly.

It being Senate Bill 29 --

REP. CAFERO (142nd):

Mr. Speaker -- excuse me, Mr. Speaker. Is this  
the appropriate time for one to object to all the  
items on the Consent Calendar?

SPEAKER SHARKEY:

It would be.

REP. CAFERO (142nd):

I will object to all the items on the Consent  
Calendar. I would respectfully request that we talk.

SPEAKER SHARKEY:

Thank you, sir.

With that objection, we will suspend action on  
the Consent Calendar so that the Minority and Majority  
Leader may talk.

[Pause.]

REP. ARESIMOWICZ (30th):

Thank you very much, Mr. Speaker.

Mr. Speaker, I -- just to clarify, I'm going to run through the bill number and the calendar number.

It would be Senate Bill 293, which is Calendar 545; Senate Bill 429, which is Calendar 539; Senate Bill 115, which is Calendar 321; Senate Bill 203, which is Calendar 486; Senate Bill 71, which is Calendar 542; Senate Bill 447, which is Calendar 540; Senate Bill 61, which is Calendar 507; Senate Bill 75, which is Calendar 411; Senate Bill 321, which is Calendar 472; Senate Bill 66, which is Calendar 314; Senate Bill 178, which is Calendar 495; Senate Bill 430, which is Calendar Number 489; and Senate Bill 425, which is Calendar 51 -- 541.

And I move adoption of the Consent Calendar.

SPEAKER SHARKEY:

Mr. Clerk, does that match your listing of the calendar numbers?

THE CLERK:

430, Mr. Majority Leader, Senate Bill 430 is calendar what?

REP. ARESIMOWICZ (30th):

489.

THE CLERK:

Yes. It does, Mr. Speaker.

SPEAKER SHARKEY:

And, Mr. Majority Leader, could you also indicate -- I'm sorry to have to delay this for a second, but according to my notes, all of those -- well, most of those are adopted -- or amended by Senate "A"? If you could just --

REP. ARESIMOWICZ (30th):

Correct, Mr. Speaker.

SPEAKER SHARKEY:

specify --

REP. ARESIMOWICZ (30th):

Except the first and the last, sir. The last one being Senate "A" and "B," sir.

SPEAKER SHARKEY:

Thank you. As long as we're clear about the amendments that have been adopted in the Senate.

REP. ARESIMOWICZ (30th):

Correct, Mr. Speaker. And I move passage of the bills on today's Consent Calendar Number 3.

SPEAKER SHARKEY:

The question before the Chamber is adoption of the Consent Calendar Number 3?

Staff and guests please come to the well of the House. Members take your seats. The machine will be open.

THE CLERK:

The House is voting on Consent Calendar Number 3.

The House is voting by roll. Will members please return to the chamber immediately.

SPEAKER SHARKEY:

Have all the members voted? Have all the members voted?

Take your time, Representative Boukus.

Would members please check the board to make sure your vote is properly cast. If all the members have voted, the machine will be locked and the Clerk will take a tally.

Will the Clerk please announce the tally.

THE CLERK:

Consent number -- Consent Calendar Number 3

Total Number Voting	147
Necessary for Passage	74
Those voting Yea	147
Those voting Nay	0
Those absent and not voting	4

SPEAKER SHARKEY:

The Consent Calendar is passed.

Will the Clerk please call Calendar 506?

THE CLERK:

Calendar 506, on page 25, favorable report of the joint standing committee on Appropriations. Senate

Bill 55, AN ACT CONCERNING COMPLAINTS THAT ALLEGED MISCONDUCT BY LAW ENFORCEMENT AGENCY PERSONNEL.

SPEAKER SHARKEY:

Representative Fox.

REP. FOX (146th):

Thank you, Mr. Speaker. I move for the acceptance of the joint committee's favorable report and passage of the bill.

SPEAKER SHARKEY:

Question's on acceptance of the joint committee's favorable report and passage of the bill.

Will you remark, sir?

REP. FOX (146th):

Thank you, Mr. Speaker.

The Clerk has an amendment, LCO Number 4583. I'd ask that it be called, and I be allowed to summarize.

SPEAKER SHARKEY:

Will the Clerk please call LCO 4583, which has been previously designated Senate Amendment "A."

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Committee on Government Administration and Elections,  
and there are amendments.

THE CHAIR:

Senator Musto.

SENATOR MUSTO:

Madam President, could we stand in recess for 30  
seconds, please?

THE CHAIR:

The Senate will stand at ease, sir.

SENATOR MUSTO:

Thank you.

(Chamber at ease.)

THE CHAIR:

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President. If that item might be  
passed temporarily.

THE CHAIR:

The item will be passed temporarily. Mr. Clerk.

THE CLERK:

On Page 23, Calendar 222, Substitute for Senate Bill  
Number 75 AN ACT INCREASING THE CAP ON THE  
NEIGHBORHOOD ASSISTANCE ACT TAX CREDIT PROGRAM AND  
EXTENDING THE PROGRAM TO PASS THROUGH ENTITIES.  
Favorable Report of the Committee on Commerce. There  
are amendments.

THE CHAIR:

Senator LeBeau.

SENATOR LEBEAU:

Thank you, Madam President. Good evening.

THE CHAIR:

Good evening, sir.

SENATOR LEBEAU:

I move acceptance of the Joint Committee's Favorable Report and passage of the bill.

THE CHAIR:

Motion is on acceptance and passage. Will you remark, sir?

SENATOR LEBEAU:

Thank you. Thank you, Madam President. The Clerk has an amendment, LCO Number 3416. If he would please call it, may I be allowed to summarize.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO Number 3416, Senate Amendment Schedule "A",  
offered by Senator Williams et al.

THE CHAIR:

Senator LeBeau.

SENATOR LEBEAU:

Thank you, Madam President. Essentially what this bill does --

THE CHAIR:

Motion is on acceptance.

SENATOR LEBEAU:

Motion is on acceptance. Thank you very much. You know, after all these years, I always forget that. Thank you for reminding me.

The essence of this Amendment is to take out the second part of the bill, which is extending the program to pass through entities, that is the Neighborhood Assistance Tax Credit Program, and very simply, we're doing that because we believe after some study that the increase, by allowing this program to be passed on, we've given also the pass through entities which are now currently is not, would open up the program and would bring it beyond its limits in the cap that we currently have and the cap we're asking for with the underlying bill.

So that is the reason for the Amendment, Madam President.

THE CHAIR:

Thank you. Will you remark? Will you remark?  
Senator McKinney.

SENATOR MCKINNEY:

Thank you. And if I could, through you, Madam President, what changed between the Commerce Committee passing the bill out allowing it to go to pass through entities and now seeing the need not to go through pass through entities? Through you, Madam President.

THE CHAIR:

Senator LeBeau.

SENATOR LEBEAU:

To be very honest, Senator, I think we just gave it some more thought. We just don't think that this could make it through the Finance Committee given the condition that the current bill is, and we're hoping we can get it through the Finance Committee with this Amendment.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President. And my last question would be that there is a cap on how much money can be used here, so whether there is more than the cap out there, it is irrelevant for purposes of this bill, right? Because it's going to be capped no matter what. Is that fair, through you?

THE CHAIR:

Senator LeBeau.

SENATOR LEBEAU:

Through you, Madam President, that is correct. The cap is increased by the underlying bill. We're afraid that it might (inaudible) by opening it up to pass thoughts that it would be so opened up that we would immediately go above the cap and we'd have all kinds of problems with administration of the bill. Through you, Madam President.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

And through you, Madam President, wouldn't that be a good problem to have, if we're opening it up and we're having so much more use of this that we would then maybe take a look at whether or not we wanted to increase the cap beyond \$10 million? Obviously, I'd support increasing the cap from \$5 million to \$10 million. I think we would agree why we're doing that, so if there's a greater need out there, wouldn't that be something we would want to revisit? Through you, Madam President.

THE CHAIR:

Senator LeBeau.

SENATOR LEBEAU:

Thank you, Madam President. Through you, Madam President, it would be a better kind of problem to have but again, I think we would have a difficult problem in administering the program going forward and I think we want to take a look at, at this point we want to make sure we have this program working and working well and going forward. Through you, Madam President.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President. And I want to thank Senator LeBeau for answering my questions.

THE CHAIR:

Thank you very much. Senator Looney.

SENATOR LOONEY:

Madam President, speaking in support of the Amendment, I think that the discussion between Senator McKinney and Senator LeBeau really highlights a couple of the issues regarding the Neighborhood Assistance Act.

On the one hand, now, the participants are limited to traditional C corporations and the reason for the increase in the cap is that for the last couple of years with the current cap, the grants or the credits have wound up having to be prorated up to as much as 20 percent, or even I think 22 percent last year.

The problem is now that some of the participants find that somewhat unsatisfactory for tax planning that they're not able to get the credit that they had anticipated getting, or getting only 78 or 80 percent of that credit rather than 100 percent.

So raising the cap to \$5 million will probably at least deal with the proration problem. If, however,

we were to raise the cap, but also open it up to pass through entities, we would just be recreating the proration problem with a larger number of participating entities.

At some point to satisfy both, we would have to raise the cap to some higher figure to also include the pass through entities, and at the same time not have the proration problem that has been a kind of, we have been victimized by our own success of the appeal of this program and so many participants have applied for the credits over the last few years.

So I would hope that at some point we would be able to deal with the further expansion of the program that would be necessary to accommodate the pass through entities and at the same time not fall victim to the proration issue, which has already plagued participants in the grant in terms of the reliability of tax planning and the amount of the credit that they could plan for.

So for that reason, I would support the Amendment and after, presuming the Amendment is adopted, would be referring the bill to the Finance, Revenue and Bonding Committee. Thank you, Madam President.

THE CHAIR:

Thank you. Will you remark? Will you remark? If not, I'll try your minds. All those in favor of Senate "A", please say aye.

SENATORS:

Aye.

THE CHAIR:

Opposed? Senate "A" passes. Senator Looney.

SENATOR LOONEY:

Thank you, Madam President. Madam President, I would move that the bill as amended be referred to the Finance, Revenue and Bonding Committee.

THE CHAIR:

Seeing no objection, so ordered. Oops, there is an  
objection. Sorry. Senator Frantz.

SENATOR FRANTZ:

Yes, Madam President. Was there another opportunity  
to speak on the underlying bill after it was amended?  
Is that proper procedure?

THE CHAIR:

No, because it's being referred to.

SENATOR FRANTZ:

Got it. Thank you.

THE CHAIR:

Okay. Mr. Clerk.

THE CLERK:

On Page 23, Calendar 225, Senate Bill Number 281 AN  
ACT CONCERNING RECOMMENDATIONS BY THE LEGISLATIVE  
COMMISSIONERS FOR TECHNICAL REVISIONS TO THE EDUCATION  
STATUTES. Favorable Report of the Committee on  
Education. And I have amendments.

THE CHAIR:

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President. Madam President, would  
ask that that bill be passed temporarily.

THE CHAIR:

Seeing no objection, so ordered. Mr. Clerk.

THE CLERK:

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THE CHAIR:

No. At this time, all in favor of Senate "A," please say Aye.

SENATORS:

Aye.

THE CHAIR:

Opposed? Senate "A" passes.

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President.

Madam President, would move that the bill as amended be referred at this time to the Appropriations Committee and that it be immediately transferred to that committee.

THE CHAIR:

Seeing no objection, so ordered, sir.

Senator Looney.

SENATOR LOONEY:

Yes, thank you, Madam President.

Madam President, if the Clerk would then call Calendar page 46, Calendar 222, Senator Bill 75.

THE CHAIR:

Mr. Clerk.

THE CLERK:

On page 46, Calendar 222, Substitute for Senator Bill Number 75, AN ACT INCREASING THE CAP ON THE NEIGHBORHOOD ASSISTANCE ACT TAX CREDIT -- CREDIT

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PROGRAM AND EXTENDING THE PROGRAM TO PASS-THROUGH ENTITIES, as amended by Senate Amendment Schedule "A," and this is a Favorable Report of the Committee on Commerce.

THE CHAIR:

Senator LeBeau.

SENATOR LeBEAU:

Thank you, Madam President. Good afternoon, Madam President.

THE CHAIR:

Good afternoon, sir.

SENATOR LeBEAU:

I move acceptance of the joint committee's Favorable Report and passage of the bill.

THE CHAIR:

The motion is on acceptance and passage. Will --

SENATOR LeBEAU:

As --

THE CHAIR:

-- you remark?

SENATOR LeBEAU:

As amended.

THE CHAIR:

As amended by Senate "A."

SENATOR LeBEAU:

And I'd like to point out that the amendment, although it didn't change the title of the bill took the second

part of the title out of the bill, that it no longer has that -- that portion of the bill extending the program to pass-through entities. And so the bill simply does one thing; it increases the annual cap on the Neighborhood Assistance Act tax credit program.

And I'm just going to say a few words about this program, because it's a very, very good program that we've had in the state for some years now. It's designed to provide funding for municipal and tax-exempt, nonprofit organizations by providing a tax credit for businesses that make cash contributions to these entities. S.B. 75 will raise the annual cap from 5 to \$10 million.

Over the last three years -- and this is why the bill is in front of us -- over the last three years the program has been oversubscribed in a number of categories, including the number of total donations, the amount pledged, and the original amount of credit, leading to a proration of the program and a reduction of the credit.

So we want to restore the program to its -- its essence, allowing more tax-exempt entities to take part, allowing more businesses to take part. And we had tremendous support on this in front of the Commerce Committee, from the Y to the Bushnell, to a variety of different nonprofits who have taken part and who -- in this program in the past and want to expand it in the future. It's an excellent program and I hope that the -- the Chamber will support it.

Thank you, Madam President.

THE CHAIR:

You're welcome.

Will you remark?

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

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I stand in firm support of this bill. I'd like to thank the distinguished Chair of the Commerce Committee, Senator LeBeau and Senator Looney for their leadership in seeing to it that additional resources are put into a good state grant program.

For those of us that don't like the idea of handing out lots of state dollars to businesses, this is in a situation at its best, where businesses are contributing to nonprofit organizations and taking part in activities that are for the good of the residents of Connecticut. This is exactly the kind of incentives that we should encourage, and I'm very grateful that this program is flourishing and now will do much better with the additional resources.

Thank you, Madam President.

THE CHAIR:

Will you remark?

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President.

I rise in favor of the amendment, and I think it's -- and the underlying bill -- it's a, it's a very good one. We heard the -- the wonderful circumstances of this program during our last Senate Session, and what I want to do is ask one, simple question of the proponent of the bill, through you, Madam President.

THE CHAIR:

Please proceed, sir.

SENATOR FRANTZ:

The -- the question I have for you is can you give the Circle, just so everybody knows exactly what we're talking about here, your best example of the highest or the greatest success within this program? If you want to give two or three, that would be terrific, but



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just -- just one, so that everybody knows exactly what you're talking about.

THE CHAIR:

Senator LeBeau.

SENATOR LeBEAU:

Thank you, Madam President.

With a program that does so much good, as Senator McLachlan just cited, it is difficult to pull out on example. But I just quickly pulled out from the testimony from the -- the Bushnell, right down the street, that one of the, this helps with job programs, training programs, and it particularly has a -- and there's some different percentages in terms of what the tax credit, how much goes directly to the nonprofits.

And one of the things we're -- we're doing is we've helped to fund to close to a hundred percent on energy efficiency programs. And at the Bushnell, they put in a, recently installed an economizer, using the hundred-percent energy conservation tax credit, saving their organization tens of thousands of dollars in reduced energy costs.

And you know, we all know how hard it is for sometimes for heart's organizations to come up with -- with money, and they're able to get the dollars from a private institution to help do this. So now they can save money and they can lower their costs and doing -- doing good while doing well and helping us raise our standards in the state of Connecticut. So I think that's a pretty good example, if not the best example, Senator, it's a quick, that's a quick one.

Thank you.

THE CHAIR:

Thank --

SENATOR LeBEAU:

Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thanks.

And through you, Madam President, thank you for that example. I'm done with my question, questions with you.

And -- and I'm glad you brought that one up because that -- that was a -- a bigger project, if I understand the typical scale of one of these programs or projects. And -- and so now all of us understand who are listening and are here today understand a concrete example about what kind of institution, what kind of organization can benefit from a program like this.

And as was pointed out before, it's a, it's win-win for not only the beneficiary but also for that institution or business or individual who's contributing to this particular program. Not only are you being asked to come in and you're getting, and you're getting a benefit out of it so therefore there's incentive to come into the program in the first place. But it may be the beginning of a very long relationship going forward, where you're not necessarily relying on this program going forward, but there are ways, other ways to support and beneficial ways to support these ongoing entities. So I stand in favor of it.

And thank you, very much.

THE CHAIR:

Will you remark?

Senator Looney.

SENATOR LOONEY:

Madam -- thank you, Madam President. Speaking in support of the bill, Madam President, I wanted to commend Senator LeBeau for his hard work on this and also second the comments of Senator McLachlan and Senator Frantz that -- that the, this program has been a very valuable one in partnership between businesses and nonprofits. And it has been so successful that, unfortunately, for the last few years the grants have had to be prorated and that they've had to in some, I believe up to 22 percent proration on the grants which has been somewhat frustrating for people not being able to plan to be able to get the full tax credit that they had anticipated.

This increase in the cap on it, on the Neighborhood Assistance Act will mean that -- that there will be even more, I think, interest in participating in this program which has a substantial track record of providing benefits to -- to nonprofit groups all over the state.

So once again, Madam President, I wanted to thank the Chair of the Commerce Committee and also Ranking Members and others for their, for their comments on this important bill that has really been a valuable program. And this bill will make it even more efficient in the way it will operate throughout the state and the partnership between corporations and nonprofits.

THE CHAIR:

Thank you.

Will you remark?

Senator LeBeau.

SENATOR LeBEAU:

Thank you, Madam President.

And we're all thanking each other, but the person who really deserves most thanks here is Senator Looney, himself, who brought this bill to us this year, as recognized by Senator McLachlan. So it seems today that we've had quite a few bills of Senator Looney,

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good ideas that he's brought to this Chamber. I want to thank him for bringing this bill. It's, as -- as we all, I think, agree, this is a very solid piece of legislation and a nice improvement in the program.

If there's no objection, Madam President, I'd like to move this bill to the Consent Calendar.

THE CHAIR:

Seeing no objection, so ordered, sir.

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President.

Madam President, if the Clerk would call from Calendar page 38, under Matters Returned, Calendar 67, Senate Bill 57.

THE CHAIR:

Mr. Clerk.

THE CLERK:

On page 38, Calendar 60 --

THE CHAIR:

-- 67.

THE CLERK:

I'm sorry -- 67, Senate Bill Number 57, AN ACT CONCERNING THE DIRECT DEPOSIT OF WAGES; Favorable Report of the Committee on Labor and Public Employees.

THE CHAIR:

Senator Holder-Winfield, good afternoon, sir.

SENATOR HOLDER-WINFIELD:

Good afternoon, Madam President.

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On page 20, Calendar 270, Senate Bill 185.

Page 38, Calendar 60, Senate Bill Number 181.

And on Page 46, Calendar 222, Senate Bill Number 75.

THE CHAIR:

Thank you.

Mr. Clerk, at this time will you call for a vote on the third Consent Calendar. The machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate.  
Immediate roll call on Consent Calendar Number 3 has been ordered in the Senate.

THE CHAIR:

Okay. We're going to have to -- ladies and gentlemen, there has been a mistake. We will close this down now. Just close it; close the machine. Oh, I'm going to close the machine.

I will vote and then we're going to now again, give a few minutes, change it to the Consent Calendar. Need it on Consent Calendar Number 3.

Now Mr. Clerk, will you call for the Consent Calendar Number 3.

THE CLERK:

Immediate roll call is ordered in the Senate on Consent Calendar Number 3. Immediate roll call ordered in the Senate.

THE CHAIR:

Want -- this is a repeat. Do you want to announce it, though, so everybody knows? Well, let's just make sure everybody is back here.

THE CLERK:

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Repeat.

THE CHAIR:

Repeat.

Senator Boucher.

Thank you; I just didn't want you to forget to vote on the Consent Calendar.

We got to get Senator Ayala.

Senator Hartley we have to call; she's coming. Hold on.

If all members have voted, all members have voted. The machine will be closed.

Mr. Clerk, will you please call the tally on the Consent Calendar 3.

THE CLERK:

On the third Consent Calendar for today.

Total Number Voting	34
Those voting Yea	34
Those voting Nay	0
Absent, not voting	2

THE CHAIR:

Consent Calendar is passed.

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President.

Madam President, that --

THE CHAIR:

Can we --

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**COMMERCE  
PART 2  
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**2014**

municipal projects.

So this would -- 421 would not apply to projects funded through economic development money.

REP. BECKER: I see. Thank you for your testimony.

KIMBERLY GLASSMAN: Thank you.

SENATOR LeBEAU: Thank you.

Any further questions? Thank you, Kim.

Elizabeth Ray.

ELIZABETH RAY: Good morning, members of the committee. My name is Elizabeth Ray. I am vice president for the Bushnell Center for the Performing Arts, and I am here to speak in -- regarding Bill Number 75.

And let me first say that how grateful we are that Senator Looney has brought in bill in front of you.

We -- as you know, the cap has been in place for about 15 years, that \$5 million cap, for the NAA tax credits, and the bill is suggesting that it go up to 10 million.

It's a fabulous program that's a lead fundraiser for the Bushnell. I am out there raising money on behalf of the Bushnell using these tax credits. It's a fabulous way to open doors to companies that normally would not open our doors -- their doors to us.

We have maxed it out. We -- it's been prorated the last three years, and as a result, us and our non-profits have lost money as a result because of the cap being reached the last three

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years, so we are very much in favor of this.

We see this as a wonderful win-win opportunity. It's a wonderful business decision for companies, and they are supporting non-profits as the result.

As a result, we've been able to do many more programs in our community, and it is a wonderful opportunity to open doors for us and leverage these funds, and we are very much in favor of increasing the cap from 5 million to 10 million.

Thank you.

SENATOR LeBEAU: Could you hold on for one sec?

Thank you, Elizabeth. Any questions from members of the committee? Thank you for your testimony.

Doug Johnson.

DOUGLAS JOHNSON: Good morning, members of the committee. My name is Douglas Johnson. I'm the vice president of manufacturing of Marion Manufacturing in Cheshire, Connecticut.

I'm also the president of the Smaller Manufacturers Association of Connecticut, and I'm here today to testify in support of Senate Bill 420 and 303.

What I'd like to do first off is talk a little bit about our support of 420 as Marion Manufacturing and also from the standpoint of our manufacturers here in Connecticut.

Our company is a 69-year-old manufacturing company in Cheshire. When I started to work there four years ago, we were faced with the

and I thank you for your efforts.

DOUGLAS JOHNSON: Thank you.

SENATOR LeBEAU: Thank you, Representative.

Any further questions? Thank you, Mr. Johnson, for coming today. Valuable testimony.

REP. PERONE: Up next is Robert Fishman. followed by Charles LeConche.

ROBERT FISHMAN: Good morning. Senator LeBeau, Representative Perone, members of the Commerce Committee, my own state representative, Brian Becker.

For the record, my name is Robert Fishman, I'm executive director of JFACT, Jewish Federation Association of Connecticut.

SB 420  
We represent nine federations in the state, over 25 charitable Jewish agencies, many of which are also United Way agencies.

We very much thank the committee and Senator Looney for raising Senate Bill 75 to raise the cap on the Neighborhood Assistance Act from five million to ten million. We certainly would like to at minimum of \$10 million.

The program was started in 1982 at 500,000. Over time, it's been raised to the five million due to its success as a three-way partnership between the state, businesses and nonprofits.

The past three years, 2011 to '13, has seen the five million cap exceeded, therefore donations been prorated by 11 to 22 percent.

The program started with eligibility from S corporations and as well as C corporations. Now only C corporations are eligible. And we

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appreciate these efforts to raise the cap, but we would like to see some money available within that raise for S corporations and LLCs and partnerships to become part of the program.

T he legislature and Governor Malloy have been generous in offering state bonding money for non-profit capital improvements through OPM, and we're very grateful to the non-profit community for that.

The value of the Neighborhood Assistance Act program is that it offers businesses who wish to donate to charities for programs and operational costs ability to do so.

The OPM grant does not do that. And a couple of statistics I wanted to point out to you from the Council of Philanthropy in Connecticut is that our state ranks number one in the nation in average household income at \$84,305, but only number 26 in the amount contributed to charity as a percent of adjusted gross income.

Any incentives that the legislature can provide will improve that number.

So we request the committee to support Senate Bill 75 to increase the cap for Neighborhood Assistance Act to a minimum of \$10 million and include perhaps two or three million of this for S corporations, partnerships and LLCs which are the smaller local businesses which are most familiar with the charities in their local communities.

And I thank you, and I'd be happy to answer any questions.

REP. PERONE: Thank you.

Senator Meyer.

SENATOR MEYER: Mr. Fishman, I want to be sure that you understood that we do have a bill before us today that would -- that would apply these tax credits to S corporations and partnerships and other pass-through entities.

Did you notice that?

ROBERT FISHMAN: I did notice that, and that --

SENATOR MEYER: It's Raised Bill 420.

ROBERT FISHMAN: Mm-hmm.

SENATOR MEYER: Good.

ROBERT FISHMAN: Thank you.

SENATOR LeBEAU: So we're good.

ROBERT FISHMAN: So we're good. We just hope there's enough money to go around so the proration is not going to continue to happen.

I guess that's really the dilemma.

SENATOR LeBEAU: Right now we haven't used, of course we don't know how the program is going to work with the changes from last year, but we're still way below the cap.

ROBERT FISHMAN: We're, we're --

SENATOR LeBEAU: We're still way below the cap --

ROBERT FISHMAN: No, no, we're above the cap.

SENATOR LeBEAU: Oh, we are?

ROBERT FISHMAN: Yes.

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SENATOR LeBEAU: Tell me -- tell me about that.

ROBERT FISHMAN: We're above the cap by 28 -- 22 percent.

So there were \$7.8 million I believe requested and therefore everybody had to be prorated 22 percent. So that's why the five million, frankly, is not enough. And the year before it was a little less proration, and the year before, 11 percent proration.

So being at the five million level is not enough for all of the takers of the program in the C corporations alone. That's in Jeff [inaudible] testimony from Connecticut nonprofits, the exact numbers that came from the neighborhood assistance office at DRS.

SENATOR LeBEAU: So what -- so we're going to ten, you think it's still not going to be enough because we're now opening up to a larger audience or larger potential participants --

ROBERT FISHMAN: Correct.

SENATOR LeBEAU: -- than the one, so -- so you think it might blow the cap again because of that.

What -- there's another side of this, which is how much [inaudible] afford to do this.

ROBERT FISHMAN: Correct.

SENATOR LeBEAU: But having said that, what do you think the cap should be?

ROBERT FISHMAN: Well, let's say the state is doing terrific and could do it to 20 or \$25 million, including the S corps and the LLCs or could try it out for a year or two at 20 million, let's say, one to five million of that being for the

LLCs and see how it goes.

That would be great. This is a program similar to the programs in a number of other states and it is that great three-way partnership between the state, business community and nonprofits.

SENATOR LeBEAU: Thank you very much. Further questions?

Representative Becker.

REP. BECKER: Thank you, Mr. Chairman. Good to see you this morning, coming in and testifying on this important bill --

ROBERT FISHMAN: Thank you.

REP. BECKER: -- which, as you pointed out, is a three-legged stool and a way for the community to work together and help all kinds of causes out there, so thank you very much for coming in this morning.

ROBERT FISHMAN: Thank you.

REP. PERONE: Thank you very much.

Are there further questions? Thank you very much. Thanks for coming up.

ROBERT FISHMAN: Thanks very much.

REP. PERONE: Charles LeConche, followed by John car -- it looks like John Carter, but I can't quite read the writing.

REP. PERONE: Charles LeConche? No.

Okay, John Carter.

JOHN CATTELAN: Cattelan.

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REP. PERONE: Oh, Cattelan, sorry.

JOHN CATTELAN: Wasn't John Carter a really poorly made Disney movie that --

REP. PERONE: I'm going to have to defer to you on that. Thank you.

JOHN CATTELAN: Senator LeBeau and Representative Perone, members of the Commerce Committee, thank you for the opportunity to testify today.

My name's John Cattelan. I'm here today on behalf of the Connecticut Alliance of YMCAs. The alliance represents 23 YMCAs across the State of Connecticut.

I'm here today to offer the alliances support for Senate Bill 75, AN ACT INCREASING THE ANNUAL CAP BY THE NEIGHBORHOOD ASSISTANCE ACT, but with the one change, which is the bill that Senator Meyer just mentioned.

I just want to give a brief history of what happened with Neighborhood Assistance Act and allowing other business organizations to participate.

In 2011, Public Act 11-140, House Bill 6525, AN ACT CONCERNING THE CONTINUANCE OF THE MAJORITY LEADERS JOB GROWTH ROUND TABLE expanded the Connecticut Neighborhood Assistance Act to allow S corporations, limited liability companies, limited liability partnerships and limited partnerships to participate in the program.

The summary of the public [inaudible] clearly indicates this change. In addition, the commissioner of revenue services sent a letter to non-profit organizations who had

participated in the program notifying them about the changes.

However, the legislative language in the bill was written incorrectly and non-profits soon received a letter stating the other types of companies were not allowed to participate in the Connecticut Neighborhood Assistance Act.

So I would request that the Commerce Committee consider correcting this unfortunate error and allow S corporations, limited liability company, et cetera, to participate in the Connecticut Neighborhood Assistance Act as was intended in 2011.

Thank you, and I'd be happy to answer any questions.

REP. PERONE: Thank you.

Are there any questions?

Well, first of all, I can -- I can guarantee it wasn't drafted by our friend Nick Gary, outstanding --

JOHN CATTELAN: Tell I'm not accusing anybody.

REP. PERONE: I'm kidding. I appreciate your testimony.

I just -- I had a question. As far as it relates to the YMCAs, could you -- could you talk a little bit more about, you know, the impact this would have for the YMCAs?

JOHN CATTELAN: Well, if you look at last year, I believe two of our YMCAs participated in the Connecticut Neighborhood Assistance Act and received grants from S corporations.

I think mainly the way we would like to use it is an upgrade -- upgrade to our facilities. We have a lot of older buildings across the State of Connecticut.

In addition, you know, our YMCAs that are in some of the inner cities provide opportunities for children to attend, you know, a lot of the dinner types of programs we offer.

One of the things we like to point out, the YMCAs across Connecticut receive \$12 million from individuals as part of donations and grants from local communities, things like that, and we end up giving out 16 million in aid so kids can attend or participate in all of our programs.

And that's obviously pretty bad math. We're running a \$4 million deficit, but we do it, you know, because we want to do it.

REP. PERONE: Well, all math aside, you know, certainly appreciate everything you're doing.

JOHN CATTELAN: Thank you.

REP. PERONE: And, you know, just as someone who went to our local Y actually before it was closed, speaking of math, the --

JOHN CATTELAN: They're working on that.

REP. PERONE: It's -- you know, it's -- you know, the point that was -- you know, there were so many enrichment programs for kids there, and frankly, [inaudible] across the state, so I really appreciate it, and I know everybody else who works with the Ys do also.

And I don't have anything further, sir. Your testimony is great. We'll take everything

under consideration. We understand the importance that it has on the -- on the YMCA.

JOHN CATTELAN: Okay.

REP. PERONE: Any further questions? Oh, I'm sorry, Senator Meyer.

SENATOR MEYER: The Sound view YMCA in Branford is in my district.

JOHN CATTELAN: Yes.

SENATOR MEYER: Do you know if it's participating in this act?

JOHN CATTELAN: They are -- they haven't in the last year. One of the things I'm doing is after legislative session is over is kind of putting a guide together to make sure that all of our Ys are aware of this program and actively participating in it.

I mean, one of the obstacles, quite honestly, is there's no definitive list out there who are all the S corporations in the State of Connecticut.

And we tried to secure that list and it just doesn't -- so obviously by opening it up to other companies I think would be a -- make it lot easier for our Ys and obviously any non-profit to participate in the program.

REP. PERONE: Any further questions? Okay. Thank you very much.

JOHN CATTELAN: Okay, thank you.

REP. PERONE: Bonnie Stewart. Followed by Glenn Marshall.



CONNECTICUT  
ASSOCIATION  
OF NONPROFITS

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

Testimony before the Commerce Committee

In support of S.B. 75, An Act Increasing The Annual Cap On The Neighborhood Assistance Act Tax Credit Program.

Jeff Shaw, Director of Public Policy, Connecticut Association of Nonprofits

March 13, 2014

Senator LeBeau, Representative Perone, and distinguished members of the Commerce Committee, my name is Jeff Shaw, Director of Public Policy, for the Connecticut Association of Nonprofits (CT Nonprofits). With over 500 member organizations, CT Nonprofits is the largest membership organization in the state dedicated exclusively to nonprofits. Our network is more than 500 nonprofit organizations strong with 51,000 employees representing more than \$2.5 billion in annual revenue.

I would like to share my support for S.B. 75, An Act Increasing The Annual Cap On The Neighborhood Assistance Act Tax Credit Program. The program is designed to provide funding for municipal and tax exempt nonprofit organizations by providing a tax credit for businesses that make cash contributions to these entities. S.B. 75 will raise the annual cap on the Neighborhood Assistance Act from five million dollars to ten million dollars. Over the last three years, the program has been oversubscribed in a number of categories including total number of donations, amount pledged, and original amount of credit before proration. In addition, the total number of participating organizations receiving the donation and the total number of approved programs increased, which is reflected in the table below.

Last Three Years of Neighborhood Assistance Act Program

Statistic Type/Year	2011	2012	2013	Increase
Total # of approved programs	351	406	420	+ 3.4% ('12-'13) + 15.6% ('11-'12)
Total # of participating organizations receiving the donation	273	309	313	+ 1.3% ('12-'13) + 13.1% ('11-'12)
Total # of donations to approved programs**	\$6.2 million	\$6.1 million	\$5.8 million	+ \$800,000** ('13) + \$1.1 million** ('12) + \$1.2 million** ('11)
Original amount pledge before proration	\$7 million	\$7.1 million	\$7.4 million	+ 4.2% ('12-'13) + 1.4% ('11-'12)
Original amount of credit before proration	\$5.6 million	\$5.8 million	\$6.3 million	+ 8.6% ('12-'13) + 3.6% ('11-'12)

\*\* Amount over the cap

These statistics, along with the increased number of business applications and participating businesses since program inception in 2009, suggest that expanding the annual cap would address demand and encourage further growth of this program. An expansion will encourage even more businesses to invest in their local communities and show the state's commitment to supporting innovative solutions that address community needs.

I would also encourage members to add substitute language that extends participant eligibility to limited liability companies (LLCs) and privately held corporations ("S" Corporations). Under current law, up to \$5 million in credits are available only to "C" corporation businesses in support of local nonprofit organizations. This bill attempts to modernize the legislation that was originally enacted when limited liability companies and limited liability partnership did not exist. This bill should enabled "S" corporations, limited liability companies and limited liability partnerships to contribute to community nonprofit programs and facilities in the way now limited to C corporations.

As you are all aware, many nonprofit providers continue to face enormous fiscal challenges, having been forced in many cases to reduce programs, services and staff in response to underfunding. With the constraints on the state budget and uncertainty with federal funding, the nonprofit community is looking for, and supportive of, new revenue sources as well as new partnerships with the communities we serve to maintain the highest quality services and programs. The Neighborhood Assistance Act is a tool that can help nonprofits achieve these objectives.

The Neighborhood Assistance Tax Credit program started as a bipartisan initiative of this General Assembly over two decades ago. It is my hope that this expansion will enjoy the same bipartisan support as elicited at its inception, as well as spark a new wave of innovation within our state's economy. This proposal will provide new opportunities to address service needs and drive economic growth by making our state an attractive home for forward-thinking individuals and businesses.

Thank you for your time and consideration



Mary C. Roberts  
Director

Testimony of Mary C. Roberts  
Director of CT Federation of Catholic School Parents

Committee on Commerce  
March 13, 2014

Senate Bill 75 "AN ACT INCREASING THE ANNUAL CAP ON THE NEIGHBORHOOD ASSISTANCE ACT  
TAX CREDIT PROGRAM."

Good Morning, Senator Lebeau, Representative Perone and other distinguished members of the Committee on Commerce, my name is Mary Roberts and I am the Director of the CT Federation of Catholic School Parents. I appreciate this opportunity to offer my comments in support of Bill 75, An Act Increasing the Annual Cap on the Neighborhood Assistance Act Tax Credit Program.

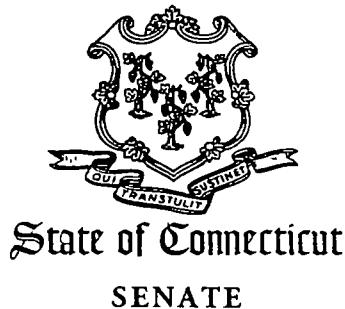
I have the honor of representing the 113 Catholic schools in the state of Connecticut, with 30,000 students in attendance and more than 2,000 dedicated teachers, administrators and employees working at our schools. We also have hundreds of volunteers helping us promote and enhance our educational and community service programs. Connecticut's Catholic schools are grateful to be eligible for participation in this tax credit program; and as a result have been able to undertake a number of capital improvement projects on their campuses.

Going forward, we are respectfully requesting on behalf of the Catholic schools, that you support SB 75 as it provides our schools with the means necessary to continue to thrive and build upon past success through the tax credit it provides our generous donors and benefactors.

Thank you very much for your consideration.

Mary C. Roberts  
Director  
CT Federation of Catholic School Parents

SENATOR MARTIN M. LOONEY  
MAJORITY LEADER  
Eleventh District  
*New Haven, Hamden & North Haven*

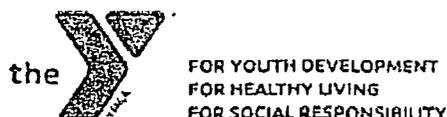


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[www.SenatorLooney.cga.ct.gov](http://www.SenatorLooney.cga.ct.gov)

March 13, 2014

Good Afternoon Senator LeBeau, Representative Perone and members of the Commerce Committee. I am here today to testify in support of SB 75 AN ACT INCREASING THE ANNUAL CAP ON THE NEIGHBORHOOD ASSISTANCE ACT TAX CREDIT PROGRAM and to comment on SB 420 AN ACT EXTENDING THE MANUFACTURING APPRENTICESHIP AND NEIGHBORHOOD ASSISTANCE ACT TAX CREDITS TO PASS-THROUGH ENTITIES.

The NAA Tax Credit Program provides a tax credit to business firms that make cash investments in qualifying community programs conducted by tax exempt or municipal organizations. The community programs must be approved by both the municipality in which the programs are conducted and by the Department of Revenue Services. The expenditures under this program are currently capped at \$5 million. Due to the extraordinary success of this program, businesses have made contributions that would significantly exceed this cap and thus the credits have been prorated. Proration diminishes the benefit to the corporations taking part in the program and thus makes it more difficult for the non-profits to find businesses willing to make contributions to them through this program. SB 75 would increase the cap to \$10 million which should allow the corporations to receive the full credit. This increase would benefit many communities in our state SB 420 would expand the types of businesses that could apply for credits under the NAA. While this expansion could have a potential positive impact, I believe that this change should wait until it is clear that there is room under the increased cap to fund tax credits for these entities as well. Thank you for hearing legislation on this important issue.



**John L. Cattelan**  
**Executive Director, Connecticut Alliance of YMCAs**  
**S.B. 75, AN ACT INCREASING THE ANNUAL CAP ON THE**  
**NEIGHBORHOOD ASSISTANCE ACT TAX CREDIT PROGRAM**  
**Commerce Committee**  
**March 13, 2014**

Senator Lebeau, Representative Perone and members of the Commerce Committee, thank you for the opportunity to testify today.

My name is John Cattelan and I am here today on behalf of the Connecticut Alliance of YMCAs. The Alliance represents 23 YMCAs across the state of Connecticut.

I'm here today to offer the Alliance's support for S.B. 75, An Act Increasing the Annual Cap on the Neighborhood Assistance Act Tax Credit Program, but with one significant change.

In 2011, Public Act No. 11-140 - H.B. 6525, An Act Concerning the Continuance of the Majority Leaders' Job Growth Roundtable, expanded the

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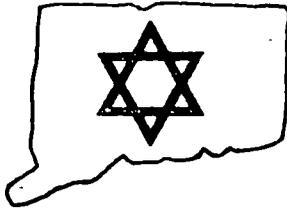
Connecticut Neighborhood Assistance Act to allow S corporations, limited liability companies, limited liability partnerships, and limited partnerships to participate in the program.

The Summary of the Public Act clearly indicates this change. In addition, the Commissioner of Revenue Services sent a letter to non-profit organizations who had participated in the program about the modifications.

However, the legislative language in the bill was written incorrectly and non-profits soon received a letter stating the other types of companies were not allowed to participate in the Connecticut Neighborhood Assistance Act.

I would request the members of the Commerce Committee consider correcting this unfortunate error and allow S corporations, limited liability companies, limited liability partnerships, and limited partnerships to participate in the Connecticut Neighborhood Assistance Act, as was intended in 2011.

Thank you and I would be happy to answer any questions.



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**Constituent  
 Jewish Federations:**

Greater Danbury  
 Eastern Connecticut  
 Eastern Fairfield  
 Greenwich  
 Greater Hartford  
 Greater New Haven Greater  
 Stamford- New Canaan-Danem  
 Western Connecticut  
 Westport-Weston Wilton-Norwalk

**Testimony March 13<sup>th</sup>, 2014 Testimony before the Commerce  
 Committee in support of Senate Bill 75, An Act Increasing the Annual  
 Cap in the Neighborhood Assistance Act Tax Credit Program.**

Senator LeBeau and Representative Perone and members of the Commerce Committee For the record, my name is Robert J Fishman and I am the Executive Director of JFACT (Jewish Federation Association of Connecticut). We represent the 9 Federations in the state and over 25 charitable Jewish agencies many of which are also United Way Agencies. We very much want to thank the committee and Senator Looney for raising SB 75 to raise the cap on the Neighborhood Assistance Act from \$5 million to \$10 million dollars. The NAA program was started in 1982 at \$500,000 and over time has been raised to \$5 million due to its success as a 3 way partnership between the state, businesses and nonprofits.

The past 3 years, 2011-2013 has seen the \$5 million cap exceeded and therefore donations have been prorated by 11-22%. The program also started with eligibility from S corporations as well as C corporations but now only C corporations are eligible. We appreciate very much Senator Looney's efforts in sponsoring the bill to raise the cap to \$10 million and include provisions of \$3 million for tax credits already eligible. Our request is to alter the wording to allow for S Corporations and LLC's and Partnerships to be part of the \$3 million and the remaining \$7 million for C Corporations. The S Corporations could pass their credits through to the business owner's personal state income tax as an example. The legislature and Governor Malloy have been generous in offering state bonding money for nonprofit Capital improvements through OPM and we are very grateful. The value of the NAA program is that it offers businesses who wish to donate to charities for programs and operational costs the ability to do so which the OPM grant does not.

I also wanted to point out a few important statistics about Philanthropy in CT. According to the Connecticut Council for Philanthropy, our state ranks #1 in the nation in average household income at \$84,305. However, CT. ranks #26 in the amount contributed to charity as a percent of Adjusted Gross Income.

In summary, we request the committee to support SB 75 to increase the cap for Neighborhood Assistance Act to \$10 million and include \$3 million of this for S Corporations, Partnerships, and LLC's which are the smaller local businesses which are most familiar with the charities in their local businesses.

Sincerely,

***Robert J. Fishman***

Executive Director  
 Jewish Federation Association of Connecticut (JFACT)  
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The Jewish Federation Association of Connecticut (JFACT) serves as a legislative representative for the nine Connecticut Jewish Federations and their associated agencies, an associate for the Jewish Community, a public affairs spokesperson and coordinator on statewide programs on issues of mutual interest and concern in the state of Connecticut and Israel



②

TO: Commerce Committee  
FROM: The Bushnell Center for the Performing Arts  
DATE: March 13, 2014  
RE: Support for Cap Increase of NAA Tax Credits SB 75

The Bushnell respectfully asks the Commerce Committee to increase the cap on tax credits available to business entities through The Connecticut Neighborhood Assistance Act Tax Credit Program from its current \$5 million to \$10 million. The \$5 million cap has remained at the same level for the past 15 years. The cap was exceeded for the first time in 2011, forcing each nonprofit to receive a prorated amount. The demand for the program has continued to grow and the caps have been exceeded the past two years. As a result, The Bushnell has lost more than \$200,000 over the last three years.

The benefits of the program are tremendous in a variety of ways. The Bushnell recently installed an economizer using the 100% energy conservation tax credit, thereby saving our organization tens of thousands of dollars in reduced energy costs. Additionally, the 60% tax credit for education programs has helped fund our arts-in-education program that deploys master teaching artists to use arts strategies to teach core curriculum to Hartford students who have difficulty learning through traditional methods.

This program is not only monetarily impactful, but also helps nonprofits partner with corporations they might not otherwise have the opportunity to do so. The NAA Tax Credit Program provides a mutually beneficial entrée to a company that, in the past, has not been open to discussion about supporting The Bushnell. These new relationships develop into deeper, longer lasting partnerships.

It has been our experience, and that of others, that the proration has discouraged companies from participating in the program. Some companies view the limited tax credit available to the business (\$150,000 per business entity) as a small amount. Prorating the tax credit to an even smaller amount has turned away some participants.

On behalf of The Bushnell and the Shubert Theatre in New Haven, we respectfully ask that the cap be increased to \$10 million so that the full amount can be awarded and additional companies can participate.

Thank you.

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