

Action

MEMORANDUM

September 18, 2009

TO: County Council

FROM: Minna K. Davidson, Legislative Analyst 

SUBJECT: **Action**: Resolution to support application for the State's Community Investment Tax Credit program: Jewish Social Service Agency

The State of Maryland's Department of Housing and Community Development (DHCD) administers the Community Investment Tax Credit (CITC) program which annually awards, on a competitive basis, tax credits which a non-profit organization may exchange with a business for a contribution of cash, goods, or real property. Current information on the Community Investment Tax Credit program from DHCD's website is on © 4-5. All applications must have a resolution of support from the local governing body.

The County Executive recommends that the Council approve a resolution supporting an application from the Jewish Social Service Agency (JSSA) for \$50,000 in tax credits. The Jewish Social Service Agency is located in Rockville, and provides a wide range of services including counseling, home care, vocational and social services to individuals of all ages. Their services are nonsectarian and are provided regardless of a client's ability to pay. The proceeds from the sale of the tax credits will be used to support the "Baths Program for Low-Income Seniors" which provides safety net services to seniors who wish to remain in their homes but cannot perform daily tasks such as bathing, grooming, and homecare. Without these services many of these clients would become institutionalized.

JSSA has been successful in raising over \$1 million through the CITC program since 2002. They have already approached several businesses who are interested in purchasing tax credits from them.

An approval resolution is attached on © 2-3.



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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM



2009 JUL 23 PM 2:23
RECEIVED

July 24, 2009

TO: Philip M. Andrews, President
Montgomery County Council

FROM: Isiah Leggett, County Executive *Isiah Leggett*

SUBJECT: Resolution to Support the Application of the Jewish Social Service Agency for the State's Community Investment Tax Credit Program

Attached for Council introduction and action is a resolution in support of the application of the Jewish Social Service Agency (JSSA) for an allocation of \$50,000 in tax credits through the State's Community Investment Tax Credit (CITC) program. In addition to requiring the organization's financial statements, the State also requires a resolution of support from the County in order to approve the project for sale of tax credits to corporations making contributions.

The Jewish Social Service Agency is located at 200 Wood Hill Road, Rockville, Maryland 20850. The organization provides a wide range of services including counseling, home care, vocational and social services to individuals of all ages. Their services are nonsectarian and are provided regardless of the client's ability to pay. The proceeds of the sale of the tax credits will be used to support the "Baths Program for Low-Income Seniors." The program provides safety-net services to seniors who cannot perform daily tasks such as bathing, grooming, and homecare, but who wish to remain in their homes. Without these services many of these clients would become institutionalized. JSSA has been successful in raising over \$1,000,000 through the CITC program since 2002. They have already approached a number of local businesses who are interested in purchasing tax credits from them.

Thank you for introducing this resolution at my request, and for your consideration of the resolution.

IL:swr

Attachment

Resolution No: _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

SUBJECT: An application by the Jewish Social Service Agency (JSSA) to the State of Maryland Community Investment Tax Credit Program for acquiring Tax Credits

Background

1. The State of Maryland Department of Housing and Community Development (MDDHCD), has established the Community Investment Tax Credit Program.
2. The Community Investment Tax Credit Program (CITC) is a part of the Smart Growth initiative designed to promote efforts to support a variety of projects for special populations, to provide a source of funds for assistance, and to support projects undertaken by the nonprofit sector.
3. CITC provides tax credits to corporations that donate funds to nonprofit organizations that provide services and projects to special population areas throughout the state.
4. Montgomery County supports the provision of personal care and homecare services for special populations.
5. The Jewish Social Service Agency provides a wide range of services including counseling, home care, vocational and social services to individuals of all ages. The proceeds from these tax credits will be used to support JSSA's Baths Program for Low-Income Seniors. This is a safety-net service provided to seniors who cannot perform daily tasks such as bathing, grooming and homecare. Without these services many needy clients would become institutionalized.
6. Under CITC, the Jewish Social Service Agency has applied to DHCD for approval of the project and an allocation of tax credits for business entities that contribute to the project.

7. The County Executive and the County Council support the grant application of the Jewish Social Services Agency (JSSA) for \$50,000 in tax credits. This support is given as specified in COMAR 05.14.01.05B(10)(a).

Action

The County Council for Montgomery County, Maryland approves the following Resolution:

Montgomery County supports the project and the application of the Jewish Social Services Agency for an allocation of tax credit funds under the Community Investment Tax Credit Program.

This is a correct copy of Council action:

Linda M. Lauer, Clerk of the Council

Isiah Leggett, County Executive

Date

Approved as to form and legality:

William L. Gaud
County Attorney Staff Signature

7-16-09
Date

COMMUNITY INVESTMENT TAX CREDITS (CITC) support 501(c)(3) nonprofit organizations by awarding allocations of State tax credits to use as incentives for business contributions.

WHO CAN APPLY **ELIGIBLE PROJECTS** **ELIGIBLE CONTRIBUTIONS** **USEFUL LINKS** **CONTACT** [CITC Directory of Projects](#)



New Beginnings received tax credits to raise funds to support activities that focus on social skills, character building and academics for at-risk youth and their parents.

As part of a competitive application process, 501(c)(3) nonprofit organizations apply to the Maryland Department of Housing and Community Development for tax credit allocations.

Nonprofit organizations utilize the tax credits as incentives for businesses to donate money, goods or real property to support operational and programmatic costs associated with specific, approved projects delivering services to communities across Maryland.

These tax credits are in addition to the deductions on both Federal and State taxes as a result of the charitable contribution. Based on the income and tax structure of the individual business, the net cost of the donation could be as low as \$0.27 for every \$1.00 contributed.

Businesses must use the tax credits against taxes owed for the year in which the contribution was made and may not be used retroactively for taxes from a prior year. Any business contemplating making a donation is encouraged to consult with their accountant or tax professional for information about their specific tax benefits.

Over the past ten years, the Community Investment Tax Credit Program has leveraged almost \$19.8 million in charitable contributions for 296 nonprofit projects.

WHO CAN APPLY

Nonprofit organizations designated a 501(c)(3) organization by the IRS are eligible to apply for CITCs for a project or activity that is either located in or serving a community in a Priority Funding Area. Community Investment Tax Credits are awarded annually through a competitive application process. Nonprofits applying for CITC must maintain "good standing" with the Maryland Department of Assessment and Taxation, as well as, maintain their charitable organization status with the Office of the Secretary of State Charitable Organization Division for the duration of the project. Training is mandatory for those who have either never applied to the Community Investment Tax Credit Program before or for those who have never applied electronically.

✦ [Sample Application \(PDF\)](#)

Note: This application is for reference only. Applications must be submitted electronically and only after attending the application training.

Once awarded tax credits, nonprofit organizations are required to submit a semi-annual report (PDF) (MS WORD) detailing:

- Project activity
- Use of tax credits/contributions received
- Description of how the organization is marketing the tax credits

In an effort to assist nonprofits with a marketing strategy, DHCD Catalyst offers a "How to Market Tax Credits" workshop prior to each funding round.

Nonprofits should consider using Community Investment Tax Credits to complement other State funding programs which offer resources to assist communities with revitalization efforts.

ELIGIBLE PROJECTS & DIRECTORY OF CURRENT PROJECTS

Projects must be located in or serve residents of a Priority Funding Area and typically involve activities such as:

- Education and Youth Services
- Housing and Community Development
- Job and Self-Sufficiency Training
- Enhancing Neighborhoods and Business Districts
- Arts, Culture and Historic Preservation
- Economic Development and Tourism Promotion
- Technical Assistance and Capacity Building
- Services for At-Risk Populations



Sandtown Habitat's tax credits are raising contributions to construct homes for purchase by low and very low-income families in the Sandtown-Winchester neighborhood of Baltimore City.

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ELIGIBLE CONTRIBUTIONS

Contributions of money, goods or real property worth \$500 or more are eligible for Tax Credits. Contributions of services or labor are not eligible for tax credits. Businesses may claim a maximum of \$250,000 in tax credits per year, representing \$500,000 in contributions.

Any entity that conducts a trade or business in the State and is subject to the State income tax on individuals or corporations; the public service company franchise tax or the insurance premiums tax can make a contribution. These types of entities generally include corporations, public utility companies, insurance companies, financial institutions, S corporations, partnerships, sole proprietorships and limited liability corporations.

Businesses making donations are required to complete a simple one-page form (PDF) and submit it to the nonprofit organization receiving the contribution, along with documentation of the value of the contribution. Businesses that wish to donate real property must contact the Maryland Department of Housing and Community Development/Community Investment Tax Credit Program for approval prior to making the donation.

Businesses that make charitable contributions benefit by:

- Reducing their Maryland tax liability
- Helping a local nonprofit organization achieve an essential community goal
- Making a targeted community impact
- Improving community relations and increasing their visibility

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» CITC Directory of Projects

USEFUL LINKS

The following documents and links may be useful to both businesses making contributions as well as nonprofit participants with the Community Investment Tax Credit Program. This information is for reference only and any business contemplating making a donation, that has questions about their specific tax advantages, is encouraged to consult with their accountant or tax professional:

- Maryland Department of Assessments and Taxation
- Comptroller of Maryland
- Link to IRS Publication 526 – Charitable Contributions (PDF)
- Link to IRS Publication 561 – Determining the Value of Donated Property (PDF)
- Maryland Secretary of State

FOR MORE INFORMATION

Dayna Harris
Project Manager
410-514-7241
1-800-756-0119, Ext: 7281
Or Email harrisd@mdhousing.org



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Pyramid Atlantic used tax credits to raise matching funds for a National Endowment for the Arts grant to support visiting artists working with Maryland high school students and teachers.

[ELIGIBLE PROJECTS](#) [FOR NON PROFITS](#) [ELIGIBLE CONTRIBUTIONS](#) [USEFUL LINKS](#) [CONTACT](#) [CITC Directory of Projects](#)

[Legal Notices & Privacy Policy](#) [Directions](#) NeighborhoodRevitalization@mdhousing.org

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