

October 20, 2009

Action

M E M O R A N D U M

October 15, 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 Federation of Greater Washington

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 Federation of Greater Washington for \$50,000 in tax credits. The proceeds from the sale of the tax credits will be used to support the Jewish Federation's "Coming of Age in Maryland" program (formerly known as "Community Partners Program"). This program provides a range of services to assist seniors to age in place, including recreation, support groups, health and wellness education, and transportation. The Jewish Federation proposes using monies from the sale of the tax credits to provide financial subsidies to low income participants, and for operating costs including staff salaries.

An approval resolution is attached on © 2-3.

BUD, FIN &
ECON DEV



MD
CC
SBE
LL

051714

OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

October 8, 2009



TO: Phil Andrews, President
Montgomery County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: Resolution to Support the Application of The Jewish Federation of Greater Washington 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 Federation of Greater Washington 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 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 Federation of Greater Washington, located at 6101 Montrose Road in Rockville, will use the CITC grant to support its "Coming of Age in Maryland" program. Coming of Age in Maryland was formerly known as the Community Partners Program. Through this program the Jewish Federation of Greater Washington provides an array of services to assist seniors who choose to remain at home to age in place. Services include recreation, support groups, health and wellness education, and transportation. The Jewish Federation proposes to use the CITC grant to provide financial subsidies to low income participants and for operating costs including staff salaries.

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

IL:swr

Attachment

2009 OCT -8 AM 8:38

RECEIVED
MONTGOMERY COUNTY
COUNCIL

①

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 Federation of Greater Washington to the State of Maryland's 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 supportive services to assist seniors who choose to age in place.
5. The Jewish Federation of Greater Washington provides services including recreation, lectures, support groups, health and wellness education, and transportation services to seniors who choose to age in place.
6. The proceeds from these tax credits will be used to support the Coming of Age Program of The Jewish Federation of Greater Washington.

Resolution No. _____

7. The County Executive and the County Council support the grant application of The Jewish Federation of Greater Washington 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 Federation of Greater Washington for an allocation of tax credit funds under the Community Investment Tax Credit Program.

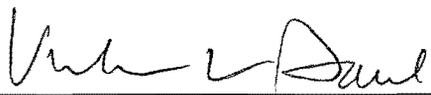
This is a correct copy of Council action:

Linda M. Lauer, Clerk of the Council

Isiah Leggett, County Executive

Date

Approved as to form and legality:



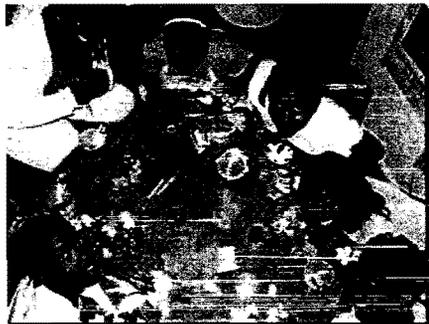
County Attorney Staff Signature

10-2-09
Date

Home Programs Resources Maps Calendar DHCD Website Contacts

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 SDAT.

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.

▲
Top

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.

Improving community relations and increasing their visibility.

4

◊ 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



▲ Top

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

5