

Nebraska Department of Economic Development Community Development Assistance Act

Application Guidelines

This publication consists of two parts which provide information concerning the submission of an application for the Nebraska Community Development Assistance Act.

- I. **Application and Instructions.** This includes the official application forms and instructions for completing these forms.
- II. **Rules and Regulations Governing the Community Development Assistance Act.** These rules and regulations have been filed with the Revisor of Regulations as required by Nebraska Law. Included here is information on definitions of terms, eligible applicants, proposal content, documentation of chronic economic distress, state priorities, budget, local government review, proposal evaluation and approval, and special priorities.

Applications are accepted on an ongoing basis. The Department will review and issue a written decision within 45 days of application receipt. Applications received after the fiscal year allocation has been depleted will be held and reviewed at the beginning of the next fiscal year on July 1.

This publication should be carefully reviewed by potential applicants for, and recipients of, CDAA tax credits. For further information, contact:

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COMMUNITY DEVELOPMENT ASSISTANCE ACT APPLICATION PROCESS

1. Applications may be submitted anytime. Applications will be considered for funding during the fiscal year they are received as long as tax credits remain to be allocated. Applications received after all tax credits have been allocated for the fiscal year will be held and considered for the next fiscal year beginning July 1.

2. Applications will be previewed for completeness. The CDAA Coordinator will contact applicants and discuss deficiencies found in incomplete applications received. Applicants will be allowed to correct deficiencies and then have their application reviewed.

3. Applications will be reviewed and applicant will be notified of approval decision within 45 days of receipt by the Department of Economic Development (“the Department”).

4. Please call CDAA Coordinator Kevin Andersen at (800) 426-6505 or (402) 471-3775 with any questions about the Community Development Assistance Act, the eligibility of the proposed program/project or the application process. **Before completing application check with the CDAA Coordinator to see if proposed project or program meets the chronic economic distress criteria.**

- 5. Please read application instructions before completing the application.**

4. PROJECT OR PROGRAM BUDGET

Amount of State Income Tax Credits requested for this year \$ _____

Do you anticipate applying for additional tax credits for this program/project:

____ Next Year Only ____ In Each of the Next Two Years ____ Not Anticipated

Total Amount of Tax Credits to be requested (this year plus future years) \$ _____

PROJECT (Budget to complete project) OR PROGRAM (Annual Budget if on-going program)

<u>Sources of Project or Program Funding</u>		
Amount of funds to be raised from businesses eligible for CDAA tax credits		\$ _____
Please list all other funding sources and level of commitment		
<u>Source</u>	<u>Date Funds to be Received</u>	
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
TOTAL PROJECT OR PROGRAM FUNDS NEEDED		\$ _____
<u>Uses of Project or Program Funds</u>		
Non-Personnel Costs		\$ _____
(Please include any non-personnel costs (i.e. travel, utilities, supplies, construction, etc. directly related to implementation of the proposed project or activity. Please indicate specific breakdown of costs in narrative or attach budget breakdown on additional sheets)		

Personnel Costs		\$ _____
(Please include all personnel costs directly related to proposed project or activity, including wages, fringe benefits, social security, etc. Please indicate specific breakdown of costs in narrative or attach budget breakdown on additional sheets.)		

Administrative Overhead		\$ _____
(Please include all personnel and non-personnel costs which are not directly related to project or activity, but are essential.)		

TOTAL PROJECT OR PROGRAM BUDGET		\$ _____

5. PROGRAM/PROJECT DESCRIPTION AND IMPACT

(Attach additional sheets of paper with answers to these questions)

- A. What services will be provided to the citizens of the community, especially low and moderate income persons, as a result of this program/project?
- B. How will the proposed program/project reduce chronic economic distress (unemployment, low per capita income, and population loss) in the impact area?
- C. What State priorities will be met with this program/project?
 - 1. the project substantially contributes to the area’s self-help effort by building the capacity of local residents to address locally defined objectives;
 - 2. the project will result in the provision of essential services to low and moderate income persons which are not adequately being provided in the affected neighborhood and for which there are no readily available resources (provides a non-duplicative service);
 - 3. the project tangibly contributes to the development of lasting cooperation and public/private partnership efforts of area organizations and businesses)
- D. How capable is the organization of implementing the proposed program/project? How does this program/project fit within the organization’s budget and overall mission?
- E. How will residents of the affected area be involved in the planning and implementation of the program/project? How will this project serve a significant portion of area residents directly or indirectly?
- F. Does this project/program meet identified community needs? Describe the process the community used in prioritizing needs.
- G. When is the expected completion date of the project? Please include a proposed program/project time line. If required, have all required reviews been conducted and bids placed?
- H. What geographic area will be served? Please enclose map(s).

6. REQUIRED ATTACHMENTS

Attachment #1 Certification of local government review. (Please provide documentation that local government has reviewed proposal and the program/project is consistent with community plans)

Attachment #2 Non-Profit Applicants: Certification of IRS 501(c)(3) tax exempt status. (Please attach letter from IRS)

Attachment #3 The signed pledges from businesses eligible for tax credits and/or a list of the pledges. Please attach appropriate documentation including name of contributor, expected amount and form of contribution (cash, in-kind, material, etc.). ***Contributions by businesses made prior to Department approval of program/project are not eligible for CDAA tax credits.**

Submit five copies of the CDAA Application to:
CDAA Coordinator
Nebraska Department of Economic Development
Community and Rural Development Division
301 Centennial Mall South
P. O. Box 94666
Lincoln, NE 68509-4666

APPLICATION INSTRUCTIONS

1. PROJECT APPLICANT

Only those organizations which meet the criteria below are eligible applicants:

Community Betterment Organizations - Any incorporated community betterment organization designated by the Internal Revenue Service as a 501(c)(3) charitable organization which provides community services in a community development area or a business development corporation organized under the Business Development Corporation Act may apply to the Department to have one or more programs certified for tax credit status. Incorporated municipalities and/or counties are also eligible as community betterment organizations.

Chronic Economic Distress: Applicant must check with CDAA Coordinator to verify that program/project is proposed for an area of chronic economic distress. The Department will determine if conditions in the proposed area exceed state averages in three categories.

- a. Unemployment - Exceeding the state average over the past two years.
- b. Per capita income below the statewide average per capita income
- c. Population loss between the two most recent federal decennial censuses.

2. PROJECT TITLE

Provide brief title of project or program.

3. PROGRAM SUMMARY

General Description: Each application must contain a general description of the project or program and the area to be served. The geographical location and boundaries of the area must be included.

Those activities specifically defined by the legislation creating this program as community services are eligible for tax credits. These activities include: Employment Training; Human and Medical Services; Physical Facility and Neighborhood Development Services; Recreational and Educational Services and Activities; and Crime Prevention Activities. Activities must occur in areas of chronic economic distress.

4. PROJECT OR PROGRAM BUDGET

Each proposal must contain a proposed budget and narrative to include:

- a. The amount of tax credits requested for this year and the likelihood of requesting further tax credits to complete the program/project.
- b. The amount of contributions pledged and/or anticipated from individuals and/or business firms eligible for CDAA tax credits* and the sources of other funding for the project or program.
- c. A breakdown of non-personnel, personnel and administrative overhead costs in budget.

***ELIGIBLE CONTRIBUTORS FOR CDAA TAX CREDITS**

Any business firm or individual which contributes to projects providing employment training assistance, human services, medical services, physical facility and neighborhood development services, recreational services or activities, or financial institutions purchasing shares of stock in a business development corporation formed to provide debt and equity financing for business development may apply for tax credits.

Contributions made prior to Department approval of program/project are not eligible for CDAA tax credits.

Business Firm - Business firm means any business entity including a corporation, fiduciary, sole proprietorship, partnership, or corporation having an election in effect under subchapter S of the Internal Revenue Code subject to the state income or franchise tax imposed by section 77-2715, 77-2734.02 or an insurance company paying a tax in this state pursuant to section 44-150, 77-908, 77-909, or a financial institution paying the tax imposed pursuant to sections 77-3801 to 77-3807;

5. PROGRAM/PROJECT DESCRIPTION AND IMPACT

Please answer all questions completely and call the CDAA Coordinator for further assistance.

C. State Priorities: Each proposal must evidence that it addresses at least one (1) of the following established state priorities.

- a. The project substantially contributes to the area's self-help effort by building the capacity of local residents to address locally defined objectives;
- b. The project will result in the provision of essential services to low and moderate income persons which are not adequately being provided in the affected neighborhood and for which there are no other readily available resources;
- c. The project tangibly contributes to the development of lasting cooperation and partnership efforts of area organizations and businesses.

6. REQUIRED ATTACHMENTS

#1 Local Government Review: Each proposal must be reviewed by a subdivision of local government in which the community betterment organization exists.

a. Subdivision of Local Government - If the subdivision of local government has adopted a community development plan for an area in which the community betterment organization is providing community assistance or community services, the organization shall submit a copy of the program proposal to the chief executive officer of such subdivision. If the program proposal is not consistent with the adopted community development plan of the local subdivision, the chief executive officer shall so indicate and the proposal shall not be approved by the Department. If the proposed activities are consistent with the adopted community development plan, but for other reasons they are not viewed as appropriate by the local subdivision, the chief executive officer shall so indicate.

b. County Division of Local Government - If the local subdivision of government does not have an existing community development plan, but such a plan exists on the county level, the program proposal may be submitted to the county for review. Comments shall be forwarded by the county to the Department.

c. Governing Board - If there is no existing community development plan for the area in which the community betterment organization is providing community assistance or community services, a copy of the program proposal shall be submitted to the governing board of the local subdivision for review and comment. Comments shall be forwarded by the local subdivision to the Department.

d. Failure to Approve - The local subdivision shall review the proposal within thirty days from the date of receipt. If the subdivision does not issue its finding concerning the proposal within thirty days after receipt, the proposal shall be deemed approved.

#2 Certification of IRS 501(c)(3) tax exempt status.

Provide verification that non-profit organization is recognized as a 501(c)(3) tax exempt organization by the Internal Revenue Service.

#3 Business pledges.

Show evidence that a demand exists for the requested tax credits.

PROPOSAL EVALUATION AND APPROVAL

The Department of Economic Development will review all programs based on the following criteria:

- a) Extent and severity to which an area is experiencing chronic economic distress;
- b) Extent to which the proposed program will reduce chronic economic distress of the area;
- c) Extent to which the proposed program addresses the state priorities;
- d) Demonstrated capacity and performance of the community betterment organization to implement the proposed program;
- e) The involvement of residents of the affected area in the planning of the proposed project and the extent to which they will be involved in its implementation;
- f) Extent to which firm private sector contributions have already been pledged to the proposed project;
- g) Proposals submitted subsequent to the first year will be evaluated on performance of the prior year's project; other resources developed, and continued need.

The decision of the Department to approve or disapprove all or any portion of a proposal shall be provided in writing to applicants no later than forty-five days after receipt of the application, along with the approved amount of tax credit. Projects are approved as of the effective date of the contract between the Department and community service organization. Contributions received before the date of the contract are not eligible for tax credits. Projects approved have twelve months to use the tax credits. Extensions may be granted by the Department upon organization's request and sufficient reasons. Requests for additional tax credits may be made in subsequent fiscal years for the same program/project. Organizations whose program/project was initially approved within the last five years do not have to submit an entirely new application, but they must demonstrate the need for additional credits, provide an update on the program/project and provide proof of pledges from businesses.

h) The Department reserves the option to waive any policies and procedures (except those mandated by statute) in addressing enterprise zones. The Department also reserves the option to redirect additional tax credits to this special priority as need may dictate.

LIMITATIONS ON TAX CREDITS

1. The Department will not authorize more than \$350,000 of tax credits during the fiscal year.
2. The Department will not authorize more than \$25,000 of tax credits for any single project during any single fiscal year. However, the Department reserves the option to waive any policies and procedures (except those mandated by statute) to redirect additional tax to the target area as identified in section 001.11 as need may dictate.
3. The Department will not authorize more than \$100,000 of tax credits for the targeted area as identified in section 001.11 during the fiscal year.
4. Tax credits will not be given to a business firm whose contributions are granted for activities that are a part of its normal course of business.

5. The credit must be claimed on the tax return for the year in which the contribution is made. Any tax credit balance may be carried over and applied against the business firm's tax liability for the next five years immediately succeeding the tax year in which the credit was first properly claimed and allowed.

6. Contributions by businesses made prior to Department approval of program/project are not eligible for CDAA tax credits.

COMPUTATION OF CONTRIBUTIONS

1. Contribution of real or personal property - The value of real or personal property shall be determined by the Department by considering the amount allowed by the Internal Revenue Service as a charitable deduction for Federal income tax purposes. The contribution must be eligible under Internal Revenue Service regulations as a charitable contribution in order to be considered for tax credit status.

2. In-kind Contributions - When a business firm makes an in-kind contribution to community service projects in the nature of operating supplies or maintenance, tax credits will be granted on the net cost of such items to the donor. Invoices or any other documents showing proof of cost to the donor shall be submitted with the application for tax credits. It is also required that the business firm submit an affidavit which guarantees that the contribution will be or has been claimed as a charitable contribution under the Internal Revenue Service.

3. Contributions of Personnel - The cost of a business firm loaning personnel in order to provide expertise and technical assistance to a community service organization will be considered contributions and will be eligible for a tax credit. Personnel time shall be prorated on an hourly wage and other benefits from the firm. The exact amount of time spent on the project shall be indicated and noted by the employee and signed by the neighborhood organization. It is also required that the business firm submit an affidavit which guarantees that the contribution will be or has been claimed as a charitable contribution under the Internal Revenue Service.

4. Contributions to Capital Construction Campaigns - A capital construction campaign is the raising of funds for the construction or permanent improvement to property or the purchase of furniture or equipment to be used in the community betterment organization's facility.

a. Any building not owned by a community service organization to be renovated must have a lease which would cover the useful life of the renovations.

b. Capital construction campaigns may only cover work to be accomplished as outlined in the community betterment organization proposal. Campaign expenses such as fund raisers, materials, ads, rentals, and the like shall not be included as program costs.

c. Costs incurred under the program shall be for construction related costs only. Payment of interest on loans is not an eligible cost.

d. Community betterment organizations must provide activities eligible under this program to low and moderate income individuals in designated chronically economically distressed areas to be eligible for capital construction projects.

e. In addition to other application requirements, proposals for capital construction campaigns must include a statement of the total number of individuals who are being served or who will be served by the organization, appropriate plans and costs, a description of specific programs aimed toward low income individuals and how many will be served by the program and a statement as to how the facility will be used in the program.

f. The tax credit allowed for entities purchasing shares of stock in a business development corporation will be based on the face value of the amount of stock at time of purchase.

RECEIPT OF TAX CREDITS

1. If the proposal of a community betterment organization has been approved, the Department of Revenue will grant to eligible contributors a 40% tax credit under sections 77-2715 and 77-2734.02 of the state tax code or the Department of Revenue will grant a tax credit against any tax which may be due under sections 44-150, 77-908, 77-909, and 77-3801-77-3807.

2. To receive the tax credit, the business firm must submit Departmental Form CDAA 1 to the Department with documentation of the contribution. Form CDAA 1 is available from the Department of Economic Development or from the approved community betterment organization.

Documentation must include:

a. Cash contribution - Cash contributions may be shown by a photocopy of both sides of the canceled check. Checks must be made payable to the community service organization and noted specifically for that project or activity.

b. Real estate contribution - Real estate contributions may be shown by a copy of the deed and two independent appraisals.

c. Equipment and supply contribution - Equipment and supply contributions may be shown by copies of invoices signed by the receiver of the goods. The invoices must reflect the net outlay of the contributor.

d. Technical assistance - A statement itemizing time and rate spent on the project will be sufficient to indicate the technical assistance rendered. The statement must be signed by the employee in question, the employer, the project director, and the recipient of the service.

e. Manpower training - Documentation should include name, address, Social Security number, wages paid to each trainee and any approved costs incurred.

f. Stock contribution - Stock contributions must be converted into cash before the organization receives the donation. Stock is to be sold and value derived on the amount received minus commission and tax. Consideration will not be given on the average stock cost.

g. Purchase of Stock Shares - Purchases of shares must be verified by a letter from the chairman of board of directors for the business development corporation documenting the amount of shares purchased.

Form CDAA 1 is available from the Department of Economic Development.
For more information, contact:

Kevin Andersen
Nebraska Department of Economic Development
Community and Rural Development Division
301 Centennial Mall South
P.O. Box 94666
Lincoln, NE 68509-4666
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E-Mail: kevin.s.andersen@nebraska.gov

TITLE 85 - DEPARTMENT OF ECONOMIC DEVELOPMENT

Chapter 1 Community Development Assistance Act Rules and Regulations

The Department of Economic Development, under authority of, and in compliance with, Sections 13-201 through 13-208 of the Nebraska Revised Statutes Supplement, 1991, promulgates the following Community Development Assistance Act Rules and Regulations as prescribed and are effective until revoked or amended.

001 Definitions

001.01 Business Firm - Business firm means any business entity including a corporation, fiduciary, sole proprietorship, partnership, or corporation having an election in effect under subchapter S of the Internal Revenue Code subject to the state income or franchise tax imposed by section 77-2715, 77-2734.02 or an insurance company paying a tax in this state pursuant to section 44-150, 77-908, 77-909, or a financial institution paying the tax imposed pursuant to sections 77-3801 to 77-3807;

001.02 Community Services - Community Services means any type of the following in a community development area: (a) employment training; (b) human services; (c) medical services; (d) physical facility and neighborhood development services; (e) recreational services or activities; (f) educational services; (g) crime prevention activities, including, but not limited to, (1) the instruction of any individual in the community development area that enables him or her to acquire vocational skills, (2) counseling and advice, (3) emergency services, (4) community, youth, day care, and senior centers, (5) in-home services, (6) home improvement services and programs, (7) and any legal enterprise which aids in the prevention or reduction of crime; or (h) purchasing shares of stock in the business development corporation formed to provide debt and equity financing in the target area identified in 001.11 below;

001.03 Department - Department means the Department of Economic Development;

001.04 Director - Director means the Director of the Department of Economic Development;

001.05 The Act - The Act means the Community Development Assistance Act;

001.06 Community Development Area - Community development area means any incorporated village, city, county, tribal reservation, or part thereof, which has been designated by the Department as an area of chronic economic distress;

001.07 Subdivision of Local Government - Subdivision of Local Government means any incorporated village, city, county or tribal authority;

001.08 Community Assistance - Community assistance means furnishing financial assistance, labor, material, or technical advice to aid in the physical improvement of any part or all of a community development area;

001.09 Community Betterment Organization - Community Betterment Organization means (a) any organization performing community services or offering community assistance in a community development area and to which contributions are tax deductible under the provisions of the Internal Revenue Service of the United States Department of the Treasury, (b) the purchase of shares in the business development corporation formed to provide debt and equity financing in the target area identified in 001.11 below, and (c) a county, city, or village performing community services or offering community assistance in a community development area, shall be considered a certified program of a community betterment organization;

001.10 Rural Area - Rural area means an area not located within a community of a population of 15,000 or more.

001.11 Target Area - Target area means the census tract(s) of a city of the metropolitan class, where at least fifty percent of the residents are members of a minority racial group and more than twenty percent of the residents have an annual income below the poverty level, as determined by the 1980 federal census, and which meets at least two of the following conditions, as determined by the 1980 federal census:

001.11A Seventy percent or more of the households in such census tract(s) have annual incomes which are less than eighty percent of the median family income of the city of the metropolitan class in which such census tract(s) is located;

001.11B Nine percent or more of the labor force residing in such census tract(s) are unemployed;

001.11C Such census tract(s) lost twenty percent or more of its population between the years 1970 and 1980.

002 Eligible Applicants under the CDAA.

Only those organizations which meet the criteria below are eligible applicants.

002.01 Community Betterment Organizations - Any incorporated community betterment organization designated by the Internal Revenue Service as a 501(c)(3) charitable organization which provides community services in a community development area, the business development corporation, organized under the Business Development Corporation Act, formed to provide debt and equity financing in the target area identified in 001.11, and a county, city, or village performing community services or offering community assistance in a community development area, may apply at any time during the fiscal year to the Department to have one or more programs certified for tax credit status.

003 Eligible Contributors under the CDAA

Only those businesses which meet the criteria below are eligible contributors:

003.01 Business Firms - Any business firm or financial institution which contributes employment training assistance, human services, medical services, physical facility and neighborhood development services, recreational services and activities, or the purchase of shares in the business development corporation formed to provide debt and equity financing in the target area identified in 001.11 may apply for tax credits.

004 Content of the Program Proposal by the Community Betterment Organization.

Proposals will be submitted to the Department for evaluation as to tax credit status. Proposals must include the following:

004.01 Each proposal must contain a general description of the area to be certified as a community development area. The geographical location and boundaries of the area must be included.

004.02 Proposal must include documentation of the chronic economic distress in the area. Applicants must include the currently available data in the following areas certifying that the proposed area exceeds state averages in a majority of the categories.

004.02A Unemployment - An unemployment rate which exceeds the statewide average unemployment rate.

004.02B Per Capita Income - A per capita income below the statewide average per capita income.

004.02C Vacant and Substandard Housing Stock - The percentage of vacant and substandard housing stock which exceeds the statewide average for vacant and substandard housing stock.

004.02D Depressed Housing Valuations - Depressed housing valuations which exceed the statewide average rate for depressed housing valuations.

004.02E Crime - A crime rate index which exceeds the statewide average crime rate index.

004.03 Each proposal must evidence that it addresses at least one (1) of the following established state priorities.

004.03A The project substantially contributes to self-help effort by building the capacity of residents of the area to be served in addressing locally defined objectives;

004.03B The project will result in the provision of essential services to low and moderate income persons which are not adequately being provided in the affected neighborhood and for which there are no other readily available resources;

004.03C The project tangibly contributes to the development of lasting cooperation and partnership efforts of area organizations and businesses.

004.04 Each proposal must contain a proposed budget and narrative to include:

004.04A A breakdown of personnel and non-personnel costs.

004.04B A breakdown of administrative overhead and direct project costs, where applicable.

004.04C The estimated total amount required for completion of the program/project or the annual estimated amount for an ongoing program, if a multi-year program is proposed.

004.04D The amount of contributions committed and/or anticipated from business firms for such activities or services.

004.04E The amount of tax credits required for the completion of the project.

004.04F Documentation on how the requested tax credits and proposed activities/services fit into the overall budget and ongoing activities of the applicant.

004.05 Each proposal must include proof of review by a subdivision of local government in which the community betterment organization exists.

004.05A Subdivision of Local Government - If the subdivision of local government has adopted a community development plan for an area in which the community betterment organization is providing community assistance or community services, the organization shall submit a copy of the program proposal to the chief executive officer of such subdivision. If the program proposal is not consistent with the adopted community development plan of the local subdivision, the chief executive officer shall so indicate and the proposal shall not be approved by the Department. If the proposed activities are consistent with the adopted community development plan, but for other reasons they are not viewed as appropriate by the local subdivision, the chief executive officer shall so indicate.

004.05B County Division of Local Government - If the local subdivision of government does not have an existing community development plan, but such a plan exists on the county level, the program proposal may be submitted to the county for review. Comments shall be forwarded by the county to the Department.

004.06C Governing Board - If there is no existing community development plan for the area in which the community betterment organization is providing community assistance or community services, a copy of the program proposal shall be submitted to the governing board of the local subdivision for review and comment. Comments shall be forwarded by the local subdivision to the Department.

004.05D Failure to Approve - In all cases, the local subdivision shall review the proposal within forty-five days from the date of receipt. If the subdivision does not issue its finding concerning the proposal within thirty days after receipt, the proposal shall be deemed approved.

005 Departmental Proposal Evaluation and Approval

005.01 The Department of Economic Development will review all programs based on the following criteria:

005.01A Extent and severity to which an area is experiencing chronic economic distress;

005.01B Extent to which the proposed program will reduce chronic economic distress of the area;

005.01C Extent to which the proposed program addresses the state priorities;

005.01D Demonstrated capacity and performance of the submitting community betterment organization to execute the proposed program;

005.01E The involvement of residents of the affected area in the planning of the proposed project and the extent to which they will be involved in its implementation;

005.01F Extent to which private sector contributions have been committed to the proposed project, contingent upon approval by the Department;

005.01G Proposals submitted subsequent to the first year will be evaluated on performance of the prior year's project, other resources developed, and continued need.

005.02 The decision of the Department to approve or disapprove all or any portion of a proposal and the associated amount of tax credit shall be provided in writing to applicants no later than forty-five days of receipt by the Department. Projects will be approved for one year, or a multi-year basis, corresponding to the fiscal year of the State of Nebraska. Projects are approved as of the effective date of the contract between the Department and community betterment organization.

006 Limitations on Tax Credits

006.01 The Department will not authorize more the \$250,000 of tax credits during the fiscal year.

006.02 The Department will not authorize more than \$25,000 of tax credits for any single project during any single fiscal year.

006.03 The Department will not authorize more than \$100,000 of tax credits for the targeted area as identified in section 001.11 during the fiscal year.

006.04 The Department reserves the option to waive any policies and procedures (except those mandated by statute) to redirect additional tax credits to the target area as identified in section 001.11 as need may dictate.

006.05 The minimum, eligible contribution amount for CDAA tax credit is \$25.

006.06 Tax credits will not be given to a business firm whose contributions are granted for activities that are a part of its normal course of business.

006.07 Any tax credit balance may be carried over and applied against the business firm's tax liability for the next five years immediately succeeding the tax year in which the credit was first allowed.

[Additional Department explanation of 006.07: The credit must be claimed on the tax return for the year in which the contribution is made. Any tax credit balance may be carried over and applied against the business firm's tax liability for the next five years immediately succeeding the tax year in which the credit was first properly claimed and allowed.]

006.08 No credit will be given for any funds expended or contributions received prior to the date of approval by the Department.

007 Computation of Contributions

007.01 Contribution of real or personal property - The value of real or personal property shall be determined by the Department by considering the amount allowed by the Internal Revenue Service as a charitable deduction for Federal income tax purposes. The contribution must be eligible under Internal Revenue Service regulations as a charitable contribution in order to be considered for tax credit status.

007.02 In-Kind Contributions - When business firms make an in-kind contribution to community service projects in the nature of operating supplies or maintenance, tax credits will be granted on the net cost of such items to the donor. Invoices or any other documents showing proof of cost to the donor shall be submitted with the application for tax credits. It is also required that the business firm submit an affidavit which guarantees that the contribution will be or has been claimed as a charitable contribution under the Internal Revenue Service.

007.03 Contributions of Personnel - The cost of a business firm loaning personnel in order to provide expertise and technical assistance to a community betterment organization will be considered contributions and will be eligible for a tax credit. Personnel time shall be prorated at an hourly wage and other benefits from the firm. The exact amount of time spent on the project shall be indicated and noted by the employee and signed by the community betterment organization. It is also required that the business firm submit an affidavit which guarantees that the contribution will be or has been claimed as a charitable contribution under the Internal Revenue Service.

007.04 Contributions to Capital Construction Campaigns - A capital construction campaign is the raising of funds for the construction or permanent improvement to property or the purchase of furniture or equipment to be used as outlined in the community betterment organization's proposal.

007.04A Capital construction campaign programs can be approved for up to a three-year period. Each year of the three-year period must be approved individually;

007.04B Any building not owned by a community betterment organization to be renovated must have a lease which would cover the useful life of the renovations;

007.04C Capital construction campaigns may only cover the work as outlined in the community betterment organization's proposal;

007.04D Campaign expenses such as fund raisers, materials, ads, rentals, and the like shall not be included as program costs;

007.04E Cost incurred under the program shall be for construction related costs only. Payment of interest on loans is not an eligible cost;

007.04F Community betterment organizations must provide activities eligible under this program to low and moderate income individuals in designated chronically, economically distressed areas to be eligible for capital construction projects.

007.04G In addition to other application requirements, proposals for capital construction campaigns must include a statement of the total number of individuals who are being served or who will be served by the organization, appropriate plans and costs, a description of specific programs aimed toward low income individuals and how many will be served by the program, and a statement as to how the facility will be used in the program;

007.04H The tax credit allowed for the capital construction campaign will be determined by prorating the entire cost of the capital construction, excluding ineligible costs under this chapter, to the percentage of low income individuals served by the organization in a designated chronically, economically distressed area. The amount of tax credits under this subsection shall be subject to the limitations previously set forth.

007.05 The tax credit allowed for business firms purchasing shares of stock in the business development corporation serving the targeted area as identified in section 001.11, will be based on the face value amount of stock at the time of purchase.

008 Receiving of Tax Credits by Business Firms.

008.01 If the proposal of a community betterment organization has been approved, the Department of Revenue will grant a tax credit in an amount up to 40% under sections 77-2715 and 77-2734.02 of the state tax code or the Department of Revenue will grant a tax credit against any tax which may be due under sections 44-150, 77-908, 77-909, and 77-3801-77-3807.

008.02 To receive the tax credit, the business firm must submit an application, Departmental Form CDAA 1 to the Department with documentation of the contribution. Documentation must include:

008.02A Cash contribution - Cash contributions may be shown by a photocopy of the canceled check. Checks must be made payable to the community betterment organization and noted specifically for that project or activity;

008.02B Real estate contribution - Real estate contributions may be shown by a copy of the deed and two independent appraisals;

008.02C Equipment and supply contribution - Equipment and supply contributions may be shown by copies of invoices signed by the receiver of the goods. The invoices must reflect the net outlay of the contributor;

008.02D Technical assistance - A statement itemizing time and rate spent on the project will be sufficient to indicate the technical assistance rendered. The statement must be signed by the employee in question, the employer, the project director and the recipient of the service;

008.02E Manpower training - Documentation should include name, address, social security number, wages paid to each trainee and any approved costs incurred;

008.02F Stock contribution - Stock contributions must be converted into cash before the community betterment organization receives the donation. Stock is to be sold and value derived on the amount received minus commission and tax. Consideration will not be given on the average stock cost;

008.02G Purchase of Stock Shares - Purchases of shares must be verified by a letter from the chairman of the board of directors for the business development corporation defined above, documenting the face value of the amount of shares purchased.

008.02H The priority and issuance of tax credits to business firms, whose contributions to the BDC defined above, will be based on the date the Department receives their application, Form CDAA 1.

009 Non-discrimination

In order to participate in the CDAA program, the business firm or the community betterment organization shall comply with the following requirements:

009.01 They will not discriminate against any employee or applicant for employment because of race, sex, creed, color, age, or national origin.

009.02 They will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, age, sex, creed, color, or national origin. Such action shall include, but not be limited to, employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training including apprenticeship.

009.03 They will agree to post in conspicuous places available to employees and applicants for employment, notices setting forth provisions of this section.

009.04 In all solicitations or advertisements for employees placed by or on behalf of the business firm, it shall be stated that all qualified applicants will receive consideration for employment without regard to race, sex, creed, color, or national origin.

009.05 They will send to each labor union or representative of workers with which he or she has a collective bargaining agreement or other contract of understanding a notice advising such labor union or worker's representative of the business firm's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

009.06 In the event of the business firm's or the community betterment organizations noncompliance with the provisions of this section or any of the rules, regulations or orders relating to this section, the project may be canceled, terminated or suspended in whole or in part and the business firm may be declared ineligible for tax credit.