



# COMMUNITY DEVELOPMENT FINANCE AUTHORITY

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TAX CREDIT 101

# AGENDA

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Introduction

How the Tax Credit Works

Tax Credit Pledge Process

Marketing and Raising Tax Credits

Grant Administration

**Congratulations!**

The word "Congratulations!" is rendered in a bold, white, 3D sans-serif font. It is surrounded by a dense cloud of small, multi-colored rectangular confetti pieces in shades of red, yellow, blue, and magenta. The text and confetti are centered horizontally and have a soft drop shadow beneath them, giving the impression of floating above a white surface.



# ENGAGEMENT

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CDFA staff will:

- Guide you through the use of tax credits
- Connect you to training, additional funds at CDFA and other funders
- Introduce you to your peers working with similar opportunities or challenges

Hello!  
my name is

**Name**  
**Organization**

# HOW THE TAX CREDIT WORKS

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Tax Credit Allocation

Funds for Projects

Tax Credit Letter

Donation

**YOUR ORGANIZATION**

Pledges Secured

**BUSINESS**

# TAX CREDIT BASICS

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Businesses receive a tax credit equal to 75% of the donation made to an approved project

Applied against New Hampshire business taxes

- Business profits tax
- Business enterprise tax
- Insurance premium tax

Donation is eligible as state and federal charitable contribution

May carry forward the credit for up to five years





# DONOR CONTRIBUTIONS

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Banks

Insurance companies

Manufacturers

Small, local businesses

Automobile dealers



# EASY TO CLAIM



SCHEDULE OF CREDITS

DO NOT COMPLETE FORM DP-160 IF THE ONLY CREDIT AVAILABLE IS THE BET CREDIT

Business Organization Name

Taxpayer Identification Number  For the CALENDAR year **2020** MMDDYYYY or other taxable period beginning:  and ending:

APPLICATION OF CREDITS TO BET AND BPT

A. BET Summary of Credits

Round to the nearest whole dollar

**E. CDFA - New Investment Tax Credit (ITC)**

Round to the nearest whole dollar

1. ITC Credit Available	1	<input type="text"/>
2. Carryover credit from a prior year, use earliest year first	2	<input type="text"/>
3. Amount used for BPT	3	<input type="text"/>
4. Amount used for BET	4	<input type="text"/>
5. Amount used for Insurance Premium Tax	5	<input type="text"/>
6. Total credit used this year (Sum Lines 3, 4 and 5)	6	<input type="text"/>
7. ITC available for carry forward (Sum Lines 1 and 2, less Line 6)	7	<input type="text"/>

Round to the nearest whole dollar

# TAX SAVINGS FOR BUSINESSES

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<b>Contribution from Donor</b>	<b>\$10,000</b>
NH State Tax Credit Savings	\$7,500
NH BPT Savings	\$770
<b>Total State Tax Savings</b>	<b>\$8,270</b>
<b>Net Percentage Cost to Donor</b>	<b>17.3%</b>

Business may be eligible for Federal tax savings on the net contribution.

**A business can make a \$10,000 impact for a net cost of less than \$1,730.**

***CDFA's Tax Credit Calculator***

*<https://nhcdfa.org/investing-in-nh-communities/tax-credit-program/tax-credit-calculator/>*

# KEY TAKEAWAYS FOR DONORS

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Tax Credit resources to evaluate donation opportunities on CDFA's website

- Tax credit calculator to estimate donation and ROI
- CDFA handles the paperwork
- Easy to claim on tax forms

# PLEDGE PROCESS

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# ALLOCATIONS

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## FUNDRAISING TIMELINE

### SFY 2024

Pledges: March 31, 2024

Donations: June 30, 2024

### SFY 2025

Pledges: March 31, 2025

Donations: June 30, 2025

# TAX CREDIT BRIDGE LOANS

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Two-year loan to let you access tax-credit funds quickly

Available to:

- Organizations with a tax credit award of >\$50K gross/\$40K net
- Strong demonstrated need to access funds soon
- All other (non-CDFR) funds committed/available to spend
- Underwriting confirms organization's capacity for
  - Securing pledges
  - Debt service

Interested? Contact your CDFR Project Manager.

# CURRENT PROJECTS



SCHEDULE A MEETING

APPLY / GRANTS MANAGEMENT

MAKE A PLEDGE

RESOURCE WEB SITE

HOME

WHO WE ARE

HOW WE HELP

INVESTING IN NH COMMUNITIES

COVID-19 RESOURCES

## CURRENT TAX CREDIT PROJECTS

CDFA's Tax Credit Program offers New Hampshire businesses the unique opportunity

Projects supported through the Tax Credit Program are leading collaborative, community-based projects to address critical needs in the Granite State that bring together public and private resources to solve local challenges.

Grants made to organizations are in the form of tax equity. New Hampshire businesses support the selected projects by purchasing the tax credits, resulting in the nonprofit receiving a donation and the company receiving a 75 percent New Hampshire state tax credit against that contribution. The credit can be applied against the Business Profits Tax, Business Enterprise Tax or Insurance Premium.

For additional information on how the program works, visit [Tax Credit Program](#). To help evaluate the donation opportunity, businesses can reference CDFA's [Tax Credit Calculator](#).

Below is a list of projects that have CDFA tax credits available.

NH Nonprofit Response Fund

Tax Credit Program

Community Development Fund for New Hampshire

Tax Credit Calculator

Current Projects

Electronic Pledge



# MAKING A PLEDGE

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1. Click “Make a Pledge” on [NHCDFFA.org](http://NHCDFFA.org)
2. Select a project
3. Enter donation amount, invoice dates and amounts
4. Input Donor Information
  - Company name
  - Contact information
  - Tax credit letter information
5. Click Submit!

# DONOR PLEDGE AGREEMENT

Pledges are binding legal documents

No modifications to the pledge agreement

Donor letters sent once donation complete



## New Hampshire Tax Credit Program PLEDGE AGREEMENT

### CDFA TAX CREDIT PROGRAM PLEDGE AGREEMENT

WHEREAS, the Contributor pledges to donate (individually, the "Annual Donations" and collectively, the "Cash") to CDFA for further disbursement of a portion of the Cash to Recipient in an effort to assist CDFA in providing for community development such as affordable housing, job creation and retention, and economic development pursuant to New Hampshire RSA 162-L;

AND in so donating the Cash, the Contributor wishes to gain an investment tax credit against taxes imposed by New Hampshire RSA 77-A, RSA 77-E, and/or RSA 400-A, or other similar taxes as authorized or to be authorized in the future by New Hampshire RSA 162-L:10;

NOW, THEREFORE, in consideration of the covenants and benefits set forth herein, and as a condition of making a pledge to donate pursuant to New Hampshire RSA 162-L:10, the Contributor agrees as follows for any such donation:

1. Subject to Section 2 below, Contributor's pledge to donate the Cash is a legally enforceable, valid and binding commitment to contribute the Cash as and when set forth on the CDFA Pledge to Donate. Either CDFA or Recipient, or both, shall have the right to enforce this Agreement and their rights at law or in equity, by bringing a legal action in court, including without implied limitation actions for specific performance or money damages.
2. Contributor pledges to donate and CDFA accepts the Contributor's pledge to donate in cash the aggregate amount set forth on the CDFA Pledge to Donate in accordance with the schedule set forth thereon. Contributor and CDFA agree that Contributor will receive an investment tax credit in the amount of 75% of the amount of each Annual Donation pursuant to RSA 162-L:10 (the "Credit"). Contributor's obligation to make Annual Donations shall be subject to the existence of statutory authority for the Credit.
3. CDFA shall award tax credits in exchange for Annual Donations as described in Section 2 above and shall provide all documentation necessary for the Contributor to claim such tax credits in each state fiscal year upon a first-come first-served basis. CDFA reserves the right, in its sole discretion, to accept Annual Donations in any state fiscal year in an amount that exceeds the limit set forth in New Hampshire RSA 162-L:10, IV(b). Any Annual Donation received that is not eligible for a tax credit in a given state fiscal year due to the timing of its receipt shall be carried forward to the next succeeding state fiscal year or years and shall be given priority in determining the total contributions received by CDFA that are eligible for credit in such state fiscal year pursuant to RSA 162-L:10.
4. Contributor's pledge to make the Annual Donations is made for the purposes expressed herein, and CDFA's ability to accept the Annual Donations, CDFA's subsequent use or conveyance of the Cash, and the Contributor's ability to obtain a tax credit for each Annual Donation shall at all times comply with and be limited by New Hampshire RSA 162-L, as revised from time to time.
5. Contributor agrees that it shall not enter into any agreements or arrangements with any individual, entity, or organization including, without limitation, the recipient of the Annual Donations for projects approved by CDFA, for the purpose of being reimbursed or recouping any Annual Donations that do not qualify for investment tax credits.
6. This Agreement shall supersede all prior agreements as to the subject matter hereof, shall be binding upon the successors of the parties hereto, may not be assigned or modified without the agreement, in writing, of CDFA, and shall be governed by New Hampshire law.
7. The parties shall execute such further documents and do all things necessary to carry out the terms of this Agreement.
8. Contributor shall be solely responsible for examining the state and federal tax laws with respect to this donation. CDFA has made no representations with respect to the tax effects of this donation other than those made in this Agreement. Contributor has relied on its own accountants and tax counsel in analyzing the tax effects of this donation.
9. The prevailing party in any legal action to enforce this Agreement and collect the Annual Donations shall be entitled to reasonable attorney's fees and costs.

By my signature below, I hereby agree to be bound by the terms of the Pledge Agreement. Contributor agrees to these terms as of the date of receipt of any pledge to donate to CDFA.

# KEY TAKEAWAYS FOR PLEDGING

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Tax Credit Pledge is a legal and binding document

Use the online pledge form

Donor may select more than one pledge payment date

Pledge payment dates should be concurrent with the year(s) allocated

CDFA sends a tax credit letter after the pledge is fulfilled

# Pause



# **MARKETING AND RAISING YOUR TAX CREDITS**

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# CAMPAIGN ELEMENTS

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Preparing Your Campaign

Campaign Role and Structure

Donor Motivations

Know Your Audience

Planning Resources

# DONOR INSIGHT

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Pledge amounts ranged from \$500 to \$155,000

- 59% of pledges received were under \$20,000
- 35% of pledges received were between \$20,000 to \$65,000
- Less than 6% of pledges were over \$75,000

# PREPARING YOUR CAMPAIGN

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Finalizing your case for support

- Define who you are
- Describe what you do and who you serve
- Explain your project and what makes it significant to your community
- State your ask, next steps

**Equip staff and Board with the right information to serve as ambassadors for your project.**



# MEET THE PANEL

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**Linda Lorden**

President

Merrimack County Savings Bank

**John Eller**

JEller Consulting LLC

Manchester

**Karen Prior**

Development Director

HAVEN

**Randy Brown**

President, Board of Trustees

Family Promise of Southern NH

# ROLE AND STRUCTURE

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Roles of staff, board members, a volunteer committee and consultants

What skill sets do you need?

What should each of the groups above plan to do?

# DONOR MOTIVATIONS

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What are the various reasons a company might have to donate?

How do you understand their motivations?

How do different motivations impact your approach?

# KNOW YOUR AUDIENCE

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What should you know about a business before calling or meeting with them?

How do you go about better understanding your audience?

What resources do you use to learn about them?

# PLANNING RESOURCES



What key resources should projects plan for?



What materials do donors want or need?

# **GRANT ADMINISTRATION**

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# INVESTING IN NEW HAMPSHIRE COMMUNITIES

RESOURCES AVAILABLE

HOW TO INVEST



SCHEDULE A MEETING

APPLY / GRANTS MANAGEMENT

MAKE A PLEDGE

MAIN WEB SITE

HOME PROGRAMS ▾ WORKING WITH CDFFA ▾ Search... →

HOME → PROGRAMS → TAX CREDIT PROGRAM

### Pre-application

- Program Overview & Objectives
- Key Dates
- Workshop Materials

### Application

- Program Overview & Objectives
- Eligibility
- Guidelines
- How to Apply
- Evaluation

### Implementation

- Grant Administration
- Accessing Funds
- Reporting Requirements

## Tax Credit Program

CDFFA's Tax Credit Program is a competitive community and economic development investment program that awards approximately \$5 million in tax credits annually. The program aims to support organizations that are engaged in community economic development initiatives that show a high degree of community support, build partnerships and leverage other resources.

Grants made to eligible projects are in the form of tax credit equity and serve as a powerful fundraising tool. Businesses with New Hampshire tax liability support awarded projects by purchasing the credits resulting in the nonprofit receiving a donation and the company receiving a 75 percent New Hampshire state tax credit against that contribution. The credit can be applied against the Business Profits Tax, Business Enterprise Tax or Insurance Premium Tax. The donation may also be eligible for treatment as a state and federal charitable contribution.

The Tax Credit Program is a proven example of how to achieve local priorities by leveraging public-private partnerships.



<https://resources.nhcdfa.org/programs/tax-credit-program/implementation/>

## Pre-application

- Program Overview & Objectives
- Key Dates
- Workshop Materials

## Application

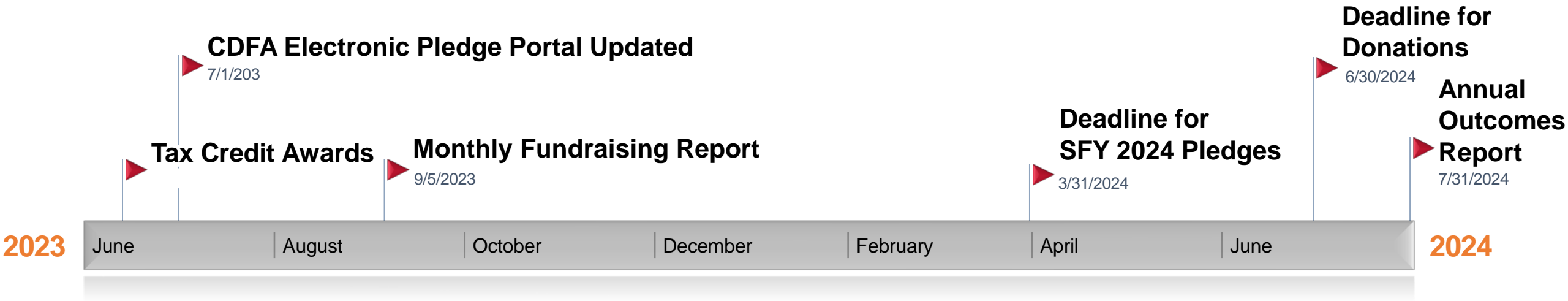
- Program Overview & Objectives
- Eligibility
- Guidelines
- How to Apply
- Evaluation

## Implementation

- Grant Administration
- Accessing Funds
- Reporting Requirements



# GRANT TIMELINE



**Fundraising**

**Contract Sent via GMS**

**Disbursements  
(as available)**

# GRANT ADMINISTRATION

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CORRESPONDENCE & GRANT DOCUMENTS



DONOR MANAGEMENT



CLAIMS



STATUS REPORTS

# CORRESPONDENCE & GRANT DOCUMENTS

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## Award letter

- Allocation breakdown

## Contract

- Allocation
- Fundraising timeline
- Reporting requirements
- Security
- Outcome measures

## Other communication

# AWARD LETTER

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## Award letter

- Allocation breakdown
- Authorized Official
- [www.nhcdfagrants.org](http://www.nhcdfagrants.org)

# DONOR MANAGEMENT

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## Donor Management Information:

- Donor
- State Fiscal Year
- Pledge Amount
- Pledge Date and Due Date(s)
- Amount Received and Date(s)
- Total Amount Received
- Balance Due on Pledge
- Donor Tax Credit Deduction
- Signed Pledge Agreement

# CLAIMS

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Signed by the Authorized Representative

Include all applicable invoices

Dates are consistent between the claim, invoices  
and reporting period

Summary of payment request for eligible expenses  
in relation to your project



# STATUS REPORTS

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Annual Report due July 31 each year grant is active and includes:

- Summary of progress towards outcome measures and timeline for meeting goals
- Data input of proposed outcomes vs. actual outcomes achieved to-date
- Annual Report for your organization
- Most recent audited financial statements for your organization
- Monthly Fundraising Reports and Amendment Requests are also accessed here

# New Features and Functionality

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## Contracts

- Award Letter and contracts sent to the grantee electronically
- After reviewing both documents, they will be electronically signed by the Authorized Official

## Encumbrances

- CDFA will place encumbrances on each grant holding payment for- UCC, Insurance, Liens
- Grantee will not be able to submit request for payment until these documents are submitted

## Document Scheduler

- Status reports will be automatically scheduled in GMS
- Grantee will see all status reports for the entirety of the grant in editing status



# ONLINE RESOURCES

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CDFA's Resource Hub: [resources.nhcdfa.org](https://resources.nhcdfa.org)

## Donor materials

- Overview of the Tax Credit Program
- FAQs
- Tax Credit Calculator
- Sample Pledge Agreement

## Grantee materials

- Administration information
- How to access funds
- Reporting requirements
- How to use the Grants Management System
- Today's PowerPoint

# NEXT STEPS

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Email from CDFA including links to:

- Today's presentation and recording
- Tax Credit / Community Economic Development Capacity Building Implementation sections on the Resource Hub
- Guides on how to use CDFA's Grants Management System

Notification and instructions for your award letter



**Community Development Finance Authority**  
[www.nhcdfa.org](http://www.nhcdfa.org)