



# BEAVER STATION

A Project of the Beaver Area Heritage Foundation

P.O. Box 479 Beaver, Pennsylvania 15009

[www.beaverstation.org](http://www.beaverstation.org)

## BEAVER STATION QUALIFIES FOR THE PENNSYLVANIA NEIGHBORHOOD ASSISTANCE PROGRAM (NAP)

We are very pleased our important Beaver Station community enhancement project has qualified for the Pennsylvania Neighborhood Assistance Program (NAP). This tax incentive program provides 55% state tax credits for business donations of \$1,000 or more. These are direct credits against Pennsylvania tax obligations and are over and above the normal federal charitable deduction. This essentially allows businesses to invest 55% of their state taxes in the local community.

Please make the appropriate people in your organization aware of this unique tax savings opportunity to enhance the quality of life in Beaver County and create community goodwill and name recognition for your business. All we need is a letter of financial commitment conditioned on NAP approval. (Sample shown below) After NAP approval, the donation is made and then a tax credit document is issued to the business donor. Credits may be carried forward up to five years, transferred or sold. This year's deadline for NAP tax credit requests is July 31.

We offer permanent recognition for our contributing partners both on donor plaques and commemorative features. Elsewhere on [www.beaverstation.org](http://www.beaverstation.org) you will find a link to our illustrated case statement that includes a listing of our giving levels and commemorative opportunities. We are pleased to report Beaver Station has already received several hundred thousand dollars in NAP approved commitments.

Beaver Area Heritage Foundation is a 47 year old nonprofit community organization that has previously restored the Fort McIntosh site and an 1802 log house and renovated the former P&LE freight station (adjacent to Beaver Station) into an award winning museum.

Contributions of any size from families and firms are welcomed and tax deductible. Only Beaver Station commitments of \$1,000 or more from business entities also qualify for 55% state NAP tax credits.

To start the process:

1. Provide an NAP commitment letter on the your company's letterhead, addressed and sent to **Secretary Davin at The Department of Community and Economic Development, Commonwealth Keystone Building, 400 North Street, Harrisburg, Pa 17120**. A sample letter is shown below.

*We at Donor Company wish to utilize the Neighborhood Assistance Program (NAP) state tax credits by committing \$X,000 in total of which \$X,000 will be paid in fiscal 2016 (ending 6/30/16) to the Beaver Area Heritage Foundation (BAHF) in support of its Beaver Station project. This donation is contingent on BAHF continuing to be an approved agency for the NAP initiative and the confirmed eligibility of Donor Company's tax credits.*

*We are pleased to support the preservation and repurposing of this 1897 P&LE station as Beaver Station, a Multi-use Cultural and Event Center. If additional information is required, please contact \_\_\_\_\_ at \_\_\_\_\_.*

2. Then send a copy to BAHF at the above address. We will forward a copy of your letter to Harrisburg with the balance of the tax credit application.

The following pages from the Pennsylvania Department of Community and Economic Development describe the qualifications and mechanics of these NAP tax credits.

## Section IV Neighborhood Assistance Programs – Contributor Information

### A. Introduction

The Neighborhood Assistance Programs offer ways to assist nonprofits meet the challenges of funding by the generosity of businesses. Tax credits are applied for by the nonprofit and, if approved, the contributing businesses would receive state tax credits for their contribution. This is also to assist the businesses to reach beyond their usual generosity, and community giving. Examples of how these credits may work for your business is included in this section (Exhibit B).

Contributions include: cash contribution, equipment and/or supplies contribution, job training, real estate contribution, or technical assistance. Credits may be used the year of the contribution and for four years after or a total of 5 consecutive years.

Contributions may be made anywhere within the Commonwealth of Pennsylvania, relating to the low income population.

The process is uncomplicated for the businesses. First you agree with the project and write the commitment letter. Second, you make the contribution once the approval is received by the nonprofit from DCED. Third, you complete the tax credit application, and finally, don't forget to use the credits.

Your participation in the project is welcome, especially in long term commitments.

### B. Programs

There are four programs under the Neighborhood Assistance Act that apply to nonprofits:

1. **Neighborhood Assistance (NAP)** One year commitment to a project, up to 55% tax credit
2. **Charitable Food Program (CFP)** Supports local food bank distribution center, one year, up to 55% tax credit
3. **Special Program Priorities** One year, one project meeting the special program requirements up to 75% tax credit
4. **Neighborhood Partnership Program (NPP)** This is a multi year commitment to a nonprofit working on a strategic plan that will improve the quality of life for the residents. Up to 75% tax credit for a 5 year commitment and up to 80% credit for a 6 year or longer commitment. Participation in the project is recommended, based on availability.

### C. Eligible Contributors

A business firm is a business entity authorized to conduct business in Pennsylvania and subject to taxes imposed under:

- Corporate Net Income Tax
- Capital Stock-Franchise Tax
- Bank & Trust Company Shares Tax
- Title Insurance Company Shares Tax
- Insurance Premiums Tax
- Mutual Thrift Institutions Tax

The Department of Revenue will grant a tax credit against any of the above taxes due by the contributing business firm. Additionally, Pennsylvania S corporations, limited liability companies, partnerships, joint ventures and business trusts may pass through tax credits. (See below, Passing through tax credits.)

## **Section IV Neighborhood Assistance Programs – Contributor Information**

Business under the Neighborhood Assistance Programs are not eligible to submit project applications, but are eligible to make contributions to neighborhood organizations and, if the nonprofit application is approved by the Department, the business will receive tax credits upon submission of a separate application (Exhibit C) to the Department after the contribution is made.

### **D. Caps on Contributors**

#### **1. Businesses contributing to 3 or less projects:**

The maximum tax credit amount a business firm may receive annually for contributions for 3 or less projects is \$500,000. This maximum applies to the total of NAP tax credits awarded under all programs.

#### **2. Businesses contributing to 4 or more projects:**

The maximum tax credit amount a business firm may receive annually for contributions to 4 or more projects is \$1,250,000. This maximum applies to the total of NAP tax credits awarded under all programs. There are no limits on how many projects a business may contribute to.

### **E. Contribution Period**

The contribution period coincides with the State fiscal year, starting July 1 and ending on June 30 of the following year. All contributions from a business contributor must be received by the organization by June 30. The business contributor has until December 31 - 18 months after the start of the state fiscal year - to submit the tax credit form, Application for Tax Credit under the Neighborhood Assistance Act (Exhibit C) with proof of contribution to DCED. Directions are included with the form.

### **F. Commitment Letter**

A commitment letter is part of the application process for the nonprofit. This letter (Exhibit E) is an agreement to make the contribution if the tax credits are approved. For one year projects, a simple letter is recommended. For a long term commitment, such as the Neighborhood Partnership Program (NPP) a letter is required every year and a Memorandum of Understanding (MOU) is also required (Exhibit H). The MOU is drafted by the nonprofit, and is the agreement for the long term commitment. A new application is submitted each year by the nonprofit. Approval for the first year does not guarantee the approval of subsequent years. Some reasons an application may be denied are: poor progress of applicant, unavailable tax credits or incomplete application.

### **G. How to Use the Tax credits**

The business firm awarded tax credit has three options: retain and use, sell or assign or pass through to another eligible entity. All tax liabilities have to be satisfied before the business can sell or assign the credits or pass through to another entity. The Department of Revenue makes the final determination concerning selling or assigning the tax credits or passing them through to another business. If the business firm has tax liabilities, the Department of Revenue will require the business to settle the liabilities before approving a sale, assignment or pass through.

#### **1. Business Firm Retaining and Using Tax Credits** If the business firm decides to retain and use the tax credits:

- a. Complete and submit the application form Application for Tax Credit under the Neighborhood Assistance Act (Exhibit C) with proof of contribution to DCED.
- b. The form must be submitted to DCED by December 31 which is 180 days (6 months) after the contribution period ends.
- c. DCED first approves and then forwards the form to the Department of Revenue for processing.
- d. The Department of Revenue notifies the business firm when the tax credits are approved and applied.

## Section IV Neighborhood Assistance Programs – Contributor Information

### 2. Business firm Selling or Assigning Tax Credits

If the business firm decides to sell or assign the tax credits the business firm must submit the following two forms to the Department:

- a. Application For Tax Credit Under the Neighborhood Assistance Act (Exhibit C) to DCED for approval; and
- b. Application To Sell or Assign Tax Credits under the Neighborhood Assistance Act (Exhibit D). This application may only be made after the business firm has held the approved NAP tax credits for one year.
- c. Upon receipt of the Application To Sell or Assign Tax Credits Under the Neighborhood Assistance Act (Exhibit D) DCED will review and forward the form to The Department of Revenue recommending the sale. The Department of Revenue will review and determine if there are enough tax credits available for the sale. If approved, the Department of Revenue notifies DCED. The business firm will then be notified, by DCED, with an approval memo and an approved Application to Sell or Assign Tax Credits under the Neighborhood Assistance Act.

### 3. Business Firm Passing Through Tax Credits

If the business firm requests to pass through the tax credits, the business firm's tax liabilities must first be satisfied. Only Pennsylvania S corporations, limited liability companies, partnerships, joint ventures, and business trusts may pass through tax credits. The business firm must do the following in order to pass through tax credits:

- a. Submit the Application for Tax Credit under the Neighborhood Assistance Act (Exhibit C) to DCED for approval.
- b. After DCED approves the NAP tax credits, the business must send a letter to The Department of Revenue requesting to pass through the credits.

The request must include a list of shareholders, members or partners, and the amount of credit to be passed through to each shareholder/member/partner on the business letterhead, signed by an authorized representative.

The Department of Revenue approves or disapproves all pass through requests.

The request for pass through tax credits must be submitted to the following address:

**Commonwealth of Pennsylvania**  
**Department of Revenue**  
**Bureau of Corporation Tax - Dept 280701**  
**Harrisburg, PA 17128-0701**

Complete 48 page NAP Guidelines at:

[http://www.newpa.com/sites/default/files/uploads/NAP\\_Guidelines\\_2013F.pdf](http://www.newpa.com/sites/default/files/uploads/NAP_Guidelines_2013F.pdf)