Leveraging the CDFA Tax Credit to Benefit Your Business

Sponsored by New Hampshire Businesses for Social Responsibility
Welcome

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CDFA

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Community Development Finance Authority
CDFA Programs

NH BetterBuildings
CDFA Programs

NEIGHBORHOOD STABILIZATION PROGRAM
The NH Tax Credit Program

NOT an entitlement

CONDITIONS

NOT CASH

FLEXIBLE
"...public benefit and for a public purpose..."

"...increased or maintained primary employment and improved standard of living, shall primarily accrue to a target area or target population."
“...shall determine that its participation is necessary to the successful completion...”
"...number of development projects...where primary employment is threatened..."
NONPROFIT

Pledges Secured

BUSINESS
Project Focus Areas

- Job creation/retention/access
- Affordable housing
- Development and revitalization
Specific Outcomes

JOBS

ECONOMIC IMPACTS

AFFORDABLE HOUSING

REDUCED RELIANCE

INCREASED TAX BASE

INCREASED VALUE
Economic Development Projects

- NH Innovation Commercialization Center - Portsmouth
- Monadnock Community Market - Keene
- Enterprise Center at Plymouth - Plymouth
- Northern Forest Center - Northern New Hampshire

Elliot at River’s Edge – Manchester
Housing Projects

- Harriman Hill Workforce Housing – Wolfeboro
- Monadnock Township Foreclosure Mitigation – Cheshire/Sullivan Counties
- Laurel Keys Veterans Supportive Housing – Manchester
- Cotton Mill Square – Nashua
Community Development Projects

- Cheshire County Courthouse – Keene
- Portsmouth Music and Arts Center – Portsmouth
- Lamprey Health Care Expansion – Nashua
- LRCS Facility Relocation - Laconia
Tax Credit Availability

2013 available: $5,000,000

Requests: $15,000,000

Difference: -$10,000,000
The Tax Credit

- 75% tax credit against contribution
- Used to pay NH business taxes
  - Business Profits Tax (RSA 77-A)
  - Insurance Premium Tax (RSA 400-A)
  - Business Enterprise Tax (RSA 77-E)
- Use credit after donation
- Use within 5 years of donation
Easy to claim
Types of Donations for Tax Credit Projects

cash or securities  property
How would your tax credit purchase affect your bottom line?

$10,000 Donation

-$7,500 Tax Credit ($10,000 x 75%)

$2,500 Additional Tax Benefits*
### NH Business Profit Tax Benefit

<table>
<thead>
<tr>
<th></th>
<th>Without Contribution</th>
<th>With Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net NH Taxable Income</strong></td>
<td>$100,000</td>
<td>$90,000</td>
</tr>
<tr>
<td><strong>NH Business Profit Tax Rate</strong></td>
<td>8.5%</td>
<td>8.5%</td>
</tr>
<tr>
<td><strong>Total NH BPT Liability</strong></td>
<td>$8,500</td>
<td>$7,650</td>
</tr>
</tbody>
</table>

**BPT Savings = $850**
# Federal Income Tax Benefit

<table>
<thead>
<tr>
<th>Description</th>
<th>Without Contribution</th>
<th>With Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable Income before Contribution</td>
<td>$100,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>less: Contribution to CDFA</td>
<td>$0</td>
<td>- $10,000</td>
</tr>
<tr>
<td>less: NH BPT Net of Tax Credit</td>
<td>-$8,500</td>
<td>-$150</td>
</tr>
<tr>
<td>Adjustments to Taxable Income</td>
<td>-$8,500</td>
<td>-$10,150</td>
</tr>
<tr>
<td>Net Federal Taxable Income</td>
<td>$91,500</td>
<td>$89,850</td>
</tr>
<tr>
<td>Federal Income Tax Rate</td>
<td>34%</td>
<td>34%</td>
</tr>
<tr>
<td>Net Federal Income Tax</td>
<td>$31,110</td>
<td>$30,549</td>
</tr>
</tbody>
</table>

**Federal income tax savings = $561**
Net Tax Savings

Tax Credits Received: $7,500
NH BPT Savings: $850
Federal Income Tax Savings: $561

Net Tax Savings: $8,911

Your original contribution: $10,000
Net Cost to You: $1,089
Net Percentage Cost to You: 10.9%
$10,000 + TAX CREDITS $1,089

$50,000 + TAX CREDITS $5,445

$95,000 + TAX CREDITS $10,345
Current Projects

Information for businesses interested in tax credits

CDFA is pleased to offer New Hampshire businesses the unique opportunity to invest their tax dollars into community development projects throughout the state in exchange for a 75% state tax credit through the Tax Credit Program.

This program enables businesses to invest cash, securities, or property into the community development projects in return for this 75% tax credit which can be applied against any or all of the business profits, business enterprise, or insurance premium taxes. This is a great way for a business to impact a community by leveraging their tax dollars. For more on how CDFA tax credits can affect your tax liability, check out our CDFA tax credit calculator.

Want to know more about CDFA and the Tax Credit Program? Contact Chris Conlin, Community Development Operations Manager at 803-717-9111 or email here.

Cotton Mill Square

Nashua

Sponsor: Southern New Hampshire Services
Address: 40 Pine Street
Manchester, NH 03103
Website: www.snhs.org

Description:
The Front Street area along the Nashua River has been a challenging redevelopment project in the past, but the city of Nashua and Southern New Hampshire Services is determined to inspire change and make this site into a residential community that will spark further redeveloping initiatives. Cotton Mill Square will be a 109-unit mixed-use residential complex, repurposing an abandoned factory building and providing much-needed affordable housing in the city. With your tax credit purchase, you can provide a dramatic improvement for the residents, as well as landscape and infrastructure, in this area.

$250,000 is available in CDFA State Fiscal Year 2013 Tax Credits (Period of July 1, 2012 to June 30, 2013) and $750,000 is available in CDFA State Fiscal Year 2014 Tax Credits (Period of July 1, 2013 to June 30, 2014).

Contact: John Stable
President
jstable@stablecompanies.com
803-889-0318
Pledge to a Project

Pledge online

CDFA News
CDFA Awards $266k for Buy-Out of Irene-Ravaged Neighborhood
2012-10-22
Money will fund Conways plan to acquire homes in Transvale Acres damaged by Tropical Storm
Read Full Story

CDFA Events
CDBG Planning Grant Application Submission Deadline
2012-10-31
The deadline for the second round of CDBG Planning Grants
Pledge to a Project

Your Company Name, LLC

Chief Financial Officer

100 Main Street
Nashua 03060

(603) 889-5000
(603) 889-5005
jsmythe@yourcompany.com

CDFA Events
CDBG Planning Grant Application Submission Deadline
2012-10-31

Electronic Pledge

Project Name

FastRoads II

Contributor Information

Company Name

Authorized Representative Name

Representative Title

Address

City

State

Zip Code

Phone

Fax

Email

Tax Credit Letter will go to different departments

Department Name

Department Address

Contact Person

Project Contact Name

Project Contact Title
Pledge to a Project

Pledge Details:
- $10,000 due December 30
- $4,000 due December 15, 2013
- $6,000 due September 15, 2013
PLEDGE AGREEMENT

PLEDGE AGREEMENT, made this 1st day of November 2012, by and among the undersigned contributor (the “Contributor”), the undersigned recipient of the funds to be donated (the “Recipient”), and New Hampshire Community Development Finance Authority, a body corporate and politic created and existing pursuant to New Hampshire RSA 162-L, having an address of 14 Dixon Avenue, Suite 102, Concord, New Hampshire 03301 (“CDFA”).

WITNESSETH

WHEREAS, Contributor pledges to donate the amounts set forth on Schedule A at the times set forth therein (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 affordable housing, job creation and retention, and economic development pursuant to New Hampshire RSA 162-L;

WHEREAS, 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-I, 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;

WHEREAS, CDFA wishes to accept the Cash and, in order to fulfill its statutory duty to provide assistance to qualified recipient organizations, to convey a portion of the accepted Cash to Recipient to pay a portion of the costs related to Recipient’s project, as further set forth on Schedule A;

WHEREAS, in reliance upon Contributor’s pledge to donate the Cash, CDFA and Recipient will be incurring certain expenses, doing certain work and seeking additional donations from other Contributors; and

WHEREAS, Contributor will benefit from the goodwill, publicity and community development occasioned by such pledge, as well as the tax credit to be received.

NOW THEREFORE, in consideration of the mutual covenants and benefits set forth herein, the parties hereto, intending to be legally bound, and recognizing the mutual interdependency of the covenants and obligations of the parties, agree as follows:

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 Schedule A. Either CDFA or Recipient, or both, shall have the right to enforce this Pledge 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 Schedule A in accordance with the
Social Media at CDFA
Final Thoughts

CDFA provides businesses a 75% tax credit against its donation (plus more!)

Making pledges, taking credits are very easy

Businesses can leverage their legacy, providing more to their favorite nonprofits

THE END IS NEAR
Thanks for attending this webinar

new hampshire businesses for social responsibility

Community Development Finance Authority
Strengthening New Hampshire's Communities