NAP TAX CREDIT
2021 APPLICATION WEBINAR

April 29, 2021

https://form.jotform.com/IHCDA/2021-nap-application

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AGENDA

NAP Summary

Application Overview

Updates to Manual

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NEIGHBORHOOD ASSISTANCE PROGRAM SUMMARY

The Neighborhood Assistance Program is a program of the State of Indiana that provides $2.5 million tax credits annually to non-profit organizations for distribution as a fundraising tool for neighborhood projects.

NAP is created by Indiana Code 6-3.1-9.

NAP credits are worth 50% of the value of a contribution. This means that a $200 donation nets a $100 tax credit.

NAP is administered by the Indiana Housing and Community Development Authority (IHCDA).

Donations are reported to the Indiana Department of Revenue and a credit is given to the donor's state tax liability.

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NAP PROGRAM CYCLE

1. Apply, get approved, and sign award agreement with IHCDA
2. Distribute at least 60% of awarded tax credits by December 31, 2021
3. Report on donations by January 19, 2022
   a. IHCDA will use this report and last round's second donor report to send information to IDOR
   b. IDOR will use report information to honor 2021 tax credits submitted by donors
4. Distribute remaining credits by March 31, 2022
5. Report on remaining credits by April 20, 2022
6. Use funds to complete project or provide service outlined in application
7. Report on use of funds by September 26, 2022

TAX CREDIT BASICS

What is the difference between a Tax *Credit,* and a Tax *Deduction?*

A **tax deduction** reduces a taxpayer's taxable income.

A **tax credit** counts as if it were taxes already paid and reduces the taxpayer's total tax liability.

Example:
Taxpayer income: $40,000
Tax rate: 25%
Tax Liability: (40,000 x .25) = $10,000

- A $1,000 tax **deduction** would reduce the taxpayer's taxable income to $39,000.
  40,000 – 1,000 = 39,000
  39,000 x .25 = $9,750

- A $1,000 tax **credit** would reduce the taxpayer's tax liability to $9,000.
  40,000 x .25 = 10,000
  10,000 – 1,000 = $9,000

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NAP APPLICATION TIMELINE

- Release Date: April 19

- Webinar: April 29

- **Due Date: May 17**

- Awards Announced by: June 21

- Contracts Issues by: June 25

- Signed Contracts due: July 1

- Credits Can be Distributed Starting: July 1

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Questions?

NAP APPLICATION - ELIGIBILITY

Organization Information
- Name, address, staff contacts, etc.
- **NEW**: not asking for mission this year

Organization Eligibility
- EIN and prior IHCDA grant information
  - Prior grant information is necessary for our reporting system, not for eligibility determination
- Confirmation of IRS 501(c)3 designation – **document upload**
- Confirmation of Non-profit Domestic Corporation in Indiana
- Confirmation of good standing with Indiana Secretary of State – **document upload**

Program/Project/Service Eligibility

NAP APPLICATION – ELIGIBLE SERVICES

Eligible services in a designated economically disadvantaged area

- Neighborhood assistance

- Job training

- Education

- Counseling and advice

- Emergency assistance

- Medical care

- Recreational facilities

- Housing facilities

- Economic development assistance

- Crime prevention

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NAP APPLICATION – ELIGIBLE SERVICES

Eligible services for designated economically disadvantaged populations

- Job training

- Crime prevention

Other eligible services:

- Neighborhood assistance that promotes higher employment in any Indiana neighborhood

- Services for ex-offenders

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NAP APPLICATION – DESIGNATED AREAS

What is an "economically disadvantaged area?"

- IC 6-3.1-9-1 (e): enterprise zone, or any other **federally or locally designated** economically disadvantaged area in Indiana. The certification shall be **made on the basis of current indices of social and economic conditions**, which shall include but not be limited to the median per capita income of the area in relation to the median per capita income of the state or standard metropolitan statistical area in which the area is located.

IHCDA recognizes CURRENT enterprise zones, opportunity zones and qualified census tracts – **other types can be accepted but need prior approval**

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NAP APPLICATION – DESIGNATED AREAS

If seeking approval for another type of area, you must email NAP@ihcda.in.gov the following information:
- The name/type of area
- Who made the designation
- If you have it: when the designation was made and the data it was based on

For the question that asks you to identify your specific area, you **can only identify up to five areas**
- IHCDA is no longer accepting "we serve the entire NW Indiana region, which includes the following 20 designated economically disadvantaged areas:…"
- You must commit to spending raised funds in specific economically disadvantaged areas only.
- If that's an issue, email NAP@ihcda.in.gov

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NAP APPLICATION – DESIGNATED AREAS

Opportunity Zones Examples:
- Opportunity Zone Census Tract 18034000600
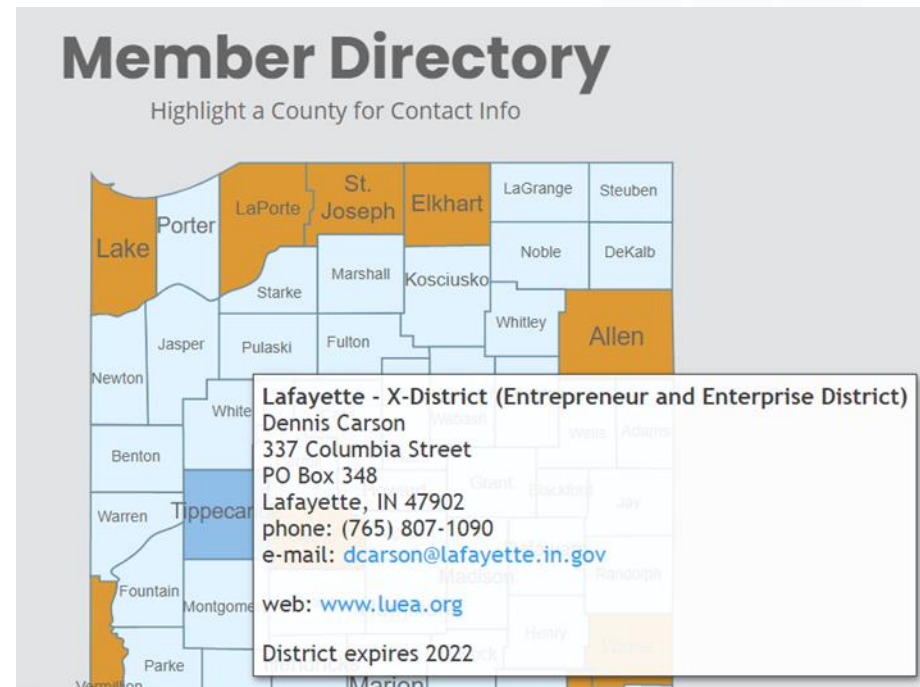- OZ CT 18039000100 Elkhart

NAP APPLICATION – DESIGNATED AREAS

Enterprise Zone Examples:
- LaPorte UAE
- Vermillion Rise Mega Park Enterprise Zone

No longer appears to have a central map of all Enterprise Zones – will need to look on individual zone websites for maps

Start with Association of Indiana Enterprise Zones: https://www.aiez.org/#mem

Member Directory
Highlight a County for Contact Info

Lafayette - X-District (Entrepreneur and Enterprise District)
Dennis Carson
337 Columbia Street
PO Box 348
Lafayette, IN 47902
phone: (765) 807-1090
e-mail: dcarson@lafayette.in.gov

web: www.luea.org

District expires 2022

NAP APPLICATION – DESIGNATED AREAS

Qualified Census Tract example: QCT 18003004400

Search state and county, make sure to use 2021 QCTs, then double-click where your service is located

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NAP APPLICATION – DESIGNATED HOUSEHOLDS

What is an "economically disadvantaged household?"
- IC 6-3.1-9-1 (f): means a household with an annual income that is at or below eighty percent (80%) of the area median income or any other federally designated target population.

Other types of federally-approved income qualifications can be accepted, but will need to be identified in the application

Describe how your organization checks for income

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NAP APPLICATION – PROJECT DESCRIPTION

Describe your NAP project/program/service

- **NEW**: Refer to manual pages 9-12 for directions on what to include in the description!!!

- Ex service: Crime prevention or reduction activities.

- Ex prompt: In your application's project description, explain the activities NAP funds will be used for and how they reduce crime in your area.

- Tip: use the same phrasing from the service type and prompt. Ex: "Our NAP-funded program reduces crime in our target service area by [activity description]…"

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NAP APPLICATION – PROJECT DESCRIPTION

NEW(ish): Description must be explicitly tied to the NAP-eligible service you selected. See manual pages 8-9 for more information.

- Ex: if your project is to fund swim lessons in your facility's pool, don't label the program "Education;" "Recreational Facility" would be more appropriate.

NEW: For services that must be provided in a specific area, describe how you will provide services in that area

- Are services provided from your office in that area?
- Do you provide services at a partner agency in that area?

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NAP APPLICATION – CREDIT REQUEST

NEW: Credit request based on past two years
- Up to $15,000 if your agency has received NAP credits in last two years and met relevant program reporting requirements
- Up to $5,000 if your agency is new to NAP or missed reporting requirements in past two years

Notes on credits:
- Credits are what IHCDA awards you, outlined in award agreement
- Funds are what you raise when you distribute credits to donors
- IHCDA will ask about both:
  - How many credits did you distribute?
  - How much funding did you raise and spend on your project?

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NAP APPLICATION

Recognition of Reporting Requirements
- Must hit benchmarks and submit benchmark reports on time in order to keep full eligibility for 2022 credits
- Must submit Closeout Report on time in order to keep eligibility for 2023 credits

Confirmation of all information within application and that funds will not be used for religious purposes

Submitting your application:
- MUST hit "Submit"
- Should receive email confirmation – if not, email nap@ihcda.in.gov
- Link in confirmation email allows you to make corrections to application

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AWARD PROCESS

The formula below is used to determine the value of an applicant's NAP award. Elements such as the total available credits and the requested credit amount by approved applicants are taken into account.

This means that the amount of credits you receive is based on the total amount that has been requested, rather than IHCDA's discretion

$$\left(\frac{\text{Total Available Credits (\$2.5 million in 2016)}}{\text{Total Requested Credits}} \right) = \text{Allocation Percentage} \times \text{Applicant Requested Credits} = \text{Award Amount}$$

2021-2022 Program Timeline

Awards Announced	June 21, 2021
Agreement Issued by	June 25, 2021
Agreements Returned	July 1, 2021
Start Distributing Credits	July 1, 2021
60% Benchmark	December 31, 2021
Mid-Year Donor Report Due	January 19, 2022
100% Benchmark	March 31, 2022
End of Year Donor Report Due	April 20, 2022
Close-Out Report Due	September 26, 2022

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CHANGES TO MANUAL

- If a reporting requirement is missed, organization can still apply next round, but only as a new organization

- Additional information provided about funds raised from distributing credits needing to be spent based on application submission, specifically around service-type and either location or population served

- Sections on eligible services split based on area/population/other, and information provided on what to include in the application description

- Maximum amount a returning organization can apply for lowered to $15,000

- "New Organization" definition based on two years, rather than three

- Information on donations from 401ks added; information on IRA contributions updated

- Link to 2021 closeout report already provided

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CONTACTING IHCDA

If you have a **program question**, first review your agreement and the documents provided on IHCDA's website:
https://www.in.gov/ihcda/program-partners/neighborhood-assistance-program-nap/
- NAP Manual
- NAP FAQ
- NAP Reporting Instructions

If you can't find your answer in those resources, or if you find conflicting information, please email us at nap@ihcda.in.gov.
- Include your organization, your contract/agreement/award number (2021-NP-xxx), and the exact report if it's a reporting-related question

NEW: email nap@ihcda.in.gov about issues with IHCDAOnline
- Most common issues include an organization failing to register in the system, or an individual is using someone else's log-in, which is **NOT ALLOWED**

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Thank you for participating in this webinar.

If you have any unanswered questions, please contact us at NAP@ihcda.in.gov

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