Delaware
State Housing Authority

Neighborhood Assistance Act Program

Today's Agenda

- Overview of Delaware State Housing Authority's (DSHA) Neighborhood Assistance Act (NAA) Program
- Questions and Discussion

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What is the Neighborhood Assistance Act Program?

The NAA encourages business, firms and individuals paying Delaware income tax, either personal or corporate, to invest in programs serving impoverished neighborhoods and communities or that assist low- and moderate-income families.

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NAA Benefit?

Delaware taxpayers that contribute to an approved qualified non-profit are eligible to receive up to a 50% credit (of the contribution) to use on their Delaware tax liability.

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NAA Limits

- Annual State Tax allocation:
  - $500,000 – July 1
- Minimum **Corporate** Contribution:
  - $10,000
- Minimum **Individual** Contribution:
  - $2,500
- $50,000 – Maximum annual tax credit
- $100,000 NAA Credits – Tax payer limit - over a <u>three year</u> period

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NAA Set-Asides

- **$75,000 in credits** for businesses contributing to approved NAA nonprofit organizations.
- **$75,000 in credits** for individuals making a contribution of at least $2,500 but less than $5,000 to an approved NAA nonprofit organization.
- **$100,000 in credits** for qualifying donations to approved NAA nonprofit organizations with less than $1 million in gross receipts as evidenced by their most recent IRS Form 990.
- **$250,000 in credits** for qualifying donations of any size to any approved NAA nonprofit organizations.

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How Does It Work?

- The NAA tax credit equals 50% of the qualified investment or contribution up to a maximum eligible annual contribution of $100,000 ($50,000 in annual tax credit per taxpayer).
- The tax credit may be utilized over a period of five years.

Example(s):

- **$100,000** contribution **=$50,000** in Delaware State Tax Credits
- **$10,000** contribution **=$5,000** in Delaware State Tax Credits

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What Non-Profits Qualify to Participate in the Neighborhood Assistance Act Program?

- Non-Profits who administer any of the following types of programs for the low- and moderate-income population of Delaware are eligible to participate:
  - ✓ **Community Services**
  - ✓ **Crime Prevention**
  - ✓ **Economic Development**
  - ✓ **Education**
  - ✓ **Affordable Housing**
  - ✓ **Job Training**

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How Does a Non-Profit Organization Apply ?

- Applications for Non-Profit approval for the NAA Tax Credit program will be taken at any time during the year.
- Application forms are available on DSHA's website:

  www.DeStateHousing.com

  Listed under:

  Other Programs/NAA

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Threshold Requirements

- **Qualified Taxpayer**
  must make a contribution to a
- **Qualified Non-Profit Organization**
  for a
- **Qualified Purpose.**

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Who are Qualified Taxpayers?

- Individuals and Businesses that have an income tax liability to the State of Delaware.

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Qualified Non-Profit Organizations?

- What non-profits are currently approved?
- A list of approved NAA non-profits and programs are posted on DSHA's website www.DeStateHousing.com under Other Programs/NAA.

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Qualified NAA Purpose?

- Non-profit programs must meet the objectives of the NAA:
  - ✓**Community Services**
  - ✓**Crime Prevention**
  - ✓**Economic Development**
  - ✓**Education**
  - ✓**Affordable Housing**
  - ✓**Job Training**

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How does a Delaware Taxpayer apply?

1. Verify non-profit's NAA eligibility.
2. Contact non-profit to discuss donation and NAA credit.
3. Access application on DSHA's website.
4. Submit application to DSHA with all required verification/documentation.
5. NAA Tax Credit applications will be reviewed by DSHA staff by date received.
6. DSHA will approve tax credit and notify taxpayer, non-profit, and Division of Revenue (when credits are available).

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Communities Win with NAA

Benefits to Businesses

- Reduction in tax liability
- Choice in how funds are used
- Improved public relations and community image
- Improved community for business

Benefits to Non-profits

- Increased funding for community activities
- Possibility of long-term partnerships
- Increased business interest in non-profit mission
- Opportunity for educating taxpayers

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The NAA Tax Credit Program

Neighbors Helping Neighbors
That's What The NAA Is All About!

For More Information
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