# Community Investment Tax Credit (CITC)

**Frequently Asked Questions**

**>> FY25 CITC application round is expected to open on Wednesday, May 22, 2024 and closes on Wednesday June 26, 2024, at 5 PM <<**

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## GENERAL INFORMATION

**Where and how do I get the CITC application form?**

The application is available to complete and submit in the Department's IGX Project Portal. Only online submissions will be accepted.

If you and your organization are already registered in the Project Portal, the application will be available in the "Announcements" section of your "Dashboard" page.

If you and your organization are NOT already registered users in the IGX Project Portal, submit a "New User" request by logging into the site: DHCD-NR Project Portal .

You will click the "**New User? Register Here**." link found below the "Log In" button and be certain to indicate that you are interested in applying to the FY25 CITC application round. See "Submitting an Application" (page 4) for further information on completing organization registration. Organization records **must** be completed before creating an application.

**What amount and type of funding is available through the Community Investment Tax Credit (CITC) program?**

The annual Fiscal Year application round will award a total of $1.75M in Maryland income tax credits to successful applicants. The CITC program is not a grant. It is an award of Maryland state income tax credits to incentivize donations. The maximum request for an award of tax credits is $50,000.

**If a CITC award is not a grant, how does an award benefit our organization and awarded project?**

This income tax credit is a strong incentive to attract donors. Awardees use these available tax credits to generate support for their approved project. The CITC program permits awardees to return one half of the donor's eligible gift in the form of a state income tax credit. This credit is used as a payment towards Maryland income taxes for the year the gift is made. After receiving the donor's gift, awardees will electronically submit gift documentation to permit issuance of tax credits in the donor's name equaling 50% of eligible gifts above $500.

**How much money does our organization need to raise and how long do we have to raise it?**

The amount of money raised depends on the amount of tax credits requested. Awardees will need to raise double the amount of tax credits requested/awarded. If your application requests $50,000 in tax credits, you will need to raise $100,000. If you request $10,000 in credits, your organization must be able to generate $20,000 in donations.

All CITC award contracts have a 24-month life. For an FY25 award, the contract period begins on January 1, 2025, and ends on December 31, 2026. The awarded credits must be used during that two-year interval.

If we have a current award (either FY23 or FY24) may we apply for an FY25 award?

Yes, you may apply for an FY25 project if you have an active award from a prior year. The new application must be for either a new and previously unfunded project OR a new phase of a previously funded project. Please consider your internal administrative capacity to ensure accurate and timely submissions of tax credit certification requests, reports, records maintenance, etc.

## AVAILABLE FUNDING

**How much can I request from the Community Investment Tax Credit (CITC) program with my FY25 application?**

The maximum request for an award of tax credits is $50,000. Awards are typically at least $10,000 to permit measurable project and program impact. You should consider the best strategic use of the CITC-generated funds for the budget items and amounts that you include in your application.

**What are the opening and closing dates for the FY25 CITC application round?**

The round opens on Wednesday May 22, 2024, and closes on Wednesday June 26, 2024, at 5 pm.

To apply, you must be a registered user and a registered organization in the Department's IGX Project Portal.

## ELIGIBLE APPLICANTS and USE OF FUNDS

**What makes our organization eligible to apply for a CITC award?**

To apply the CITC program, your organization must meet the following criteria:

- Be a 501(c) 3 nonprofit and provide a copy of your Internal Revenue Service (IRS) letter
- Be in good standing with the Maryland Department of Assessments and Taxation (SDAT) https://egov.maryland.gov/BusinessExpress/EntitySearch
- Must be a registered charity with the Office of the Secretary of State https://sos.maryland.gov/Charity/Pages/Registering-Charity.aspx
- Be located in and/or serve residents of a Priority Funding Area (PFA) https://portal.dhcd.state.md.us/GIS/revitalize/index.html

**If my organization is either an affiliate of a larger umbrella organization and/or has a religious exemption from annual charitable registration, may I still apply?**

Your organization may apply using the parent organization's federal tax identification number as long as you provide documentation that the IRS recognizes/lists your organization under the umbrella organization's tax identification number. You must still document that your organization is in good standing with the Maryland Department of Assessments and Taxation (SDAT).

You must provide documentation from the Maryland Secretary of State showing that your organization is individually exempt as a religious entity. Alternatively, if your religious exemption is as a listed affiliate of a larger charitable registration-exempt religious organization, provide documentation identifying your entity as a listed affiliate for the registration exemption. You must still document that your organization is in good standing with the Maryland Department of Assessments and Taxation (SDAT).

**What program expenses/project costs are eligible for funding through a CITC award?**

You may seek funding for either a capital project, an operating project, or a project that includes both capital and operating costs. Individual project budget line items may include, but are not limited to staff costs, rent, utilities, program supplies, training, travel, construction "soft costs" such as planning, design, engineering, permitting as well as direct construction expenses. Budgets should accurately describe what is being funded to execute the project.

If you are seeking a capital award, your project MUST be in a Priority Funding Area (PFA). You MUST document that your organization has site control by providing a deed for the property, an executed lease with the owner's permission to alter the property, evidence of real estate settlement and title, etc.

## SUBMITTING AN APPLICATION

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**When will the FY25 application round open and when are applications due?**

The FY25 CITC application round opens on May 22, 2024, and applications must be submitted by June 26, 2024, at 5 p.m.

**How and where do I reach a CITC application?**

Your CITC application must be created, completed, and submitted on-line through the Department's IGX Project Portal. You and your organization must be registered users in the Project Portal to apply. Organization records and legal document uploads **must** be complete before creating an application. Only fully completed applications with all required legal documents will be reviewed after submission.

- If you are already registered in the Department's IGX Project Portal, the application will be available in the "Announcements" section of your "Dashboard" page. Prior to creating your application, visit your organization profile information and your uploaded, on-file documents to ensure that all are current and correct. DO NOT initiate a NEW application until your organization information is updated. This ensures that all required documents will be automatically connected to your new application form.

- If you and your organization are NOT already registered in the Department's IGX Project Portal, you must submit a "New User" request in the Project Portal by logging into the site: https://projectportal.dhcd.state.md.us . You will click "**New User? Register Here**." link found below the login box and be certain to indicate that you are interested in applying to the FY25 CITC application round.

- Once approved, you will receive email confirmation of your registration. After approval, visit your "Organization Information" page to complete your organization profile information AND to upload copies of your required legal documents. DO NOT create an application prior to completing these steps. This ensures that all required documents will be automatically connected to your new application form. After completing your organization information and document uploads, the application will be available in the "Announcements" section of your "Dashboard" page.

**What should be included in the tasks and timeline table?**

Your task and timeline table must cover the entire 24-month life of the award. The included tasks should parallel your project description as well as the sequence for project activities. Your tasks and timeline also need to correspond with your budget line items and the described expenses.

Every project task and timeline table must include the date(s) you will begin each step/task needed to complete your project work and with the date(s) that each of these activities will end. If your organization is completing preparatory steps for your project, you must define a clear breakpoint between pre-award work and work performed during the award period in your project description. Your timeline should include a realistic window for each task item as well as an allowance for contingencies/delays such as weather impacts, needed permits, training/certifications, etc.

Your first line in this table must be "Project Commencement" with corresponding date. Your last line must be "Project Conclusion" with corresponding date. Your project work included on this table may not begin before January 1st of the first year of the award. All project work must conclude by December 31st of the second year of the award.

**What should be included in the budget table and budget narrative?**

Your budget table must cover the entire 24-month life of the award. Be certain that your budget line items, and narrative clearly describe the relationship between the funded item and the tasks or activities included in the project task and timeline table. Your budget line items should also be consistent with the scale and scope of your project description and outcomes.

Applications budgets with vague line items, with an overly broad scope, or with items unrelated to the project while seeking a maximum award should be avoided. Budgets should accurately describe what is being funded to execute the project.

**What documents and attachments are required to submit my CITC application?**

To submit your CITC award application you must provide current and complete copies of the following documents. All uploaded files must be provided in a .PDF file format:

- Articles of Incorporation – To be saved to your “Organization Uploads” page.
- Bylaws – To be saved to your “Organization Uploads” page.
- IRS 501 (c) (3) Determination Letter – To be saved to your “Organization Uploads” page.
- List of Current Board of Directors & Officers – To be saved to your “Organization Uploads” page.
- Current Charitable Registration Letter from Maryland Secretary of State – or Exemption Letter from the Secretary of State – To be saved to your “Organization Uploads” page.
- Current-dated “screenshot” capture of your Maryland Department of Assessment & Taxation (SDAT) “Good Standing” status. Links and instructions as well as the upload field will be found on the “Required Attachments and Authorization” page. DO NOT purchase an official Good Standing certificate to submit your application.
- Executed Corporate Resolution/Authorized Officers – This document is included as a Word template in the application form. It will be found on and then uploaded to the “Required Attachments and Authorization” page.
- A Priority Funding Area (PFA) map for every address where project work will occur or where project services will be delivered. You will find further information on the needed PFA map(s) and a link to the map tool to create these maps on the “Project/Program Description & Location” page of the application.
- If your request will seek any amount of funding for capital improvements, you must include evidence of site control in the form of a deed, title/real estate settlement documents, lease copy and lessor’s permission for needed construction, or similar evidence. After selecting that the project will provide support for any type of capital improvements on the “Application Details” page, you will provide information and documentation of site control on the “Project/Program Description & Location” page of the application.

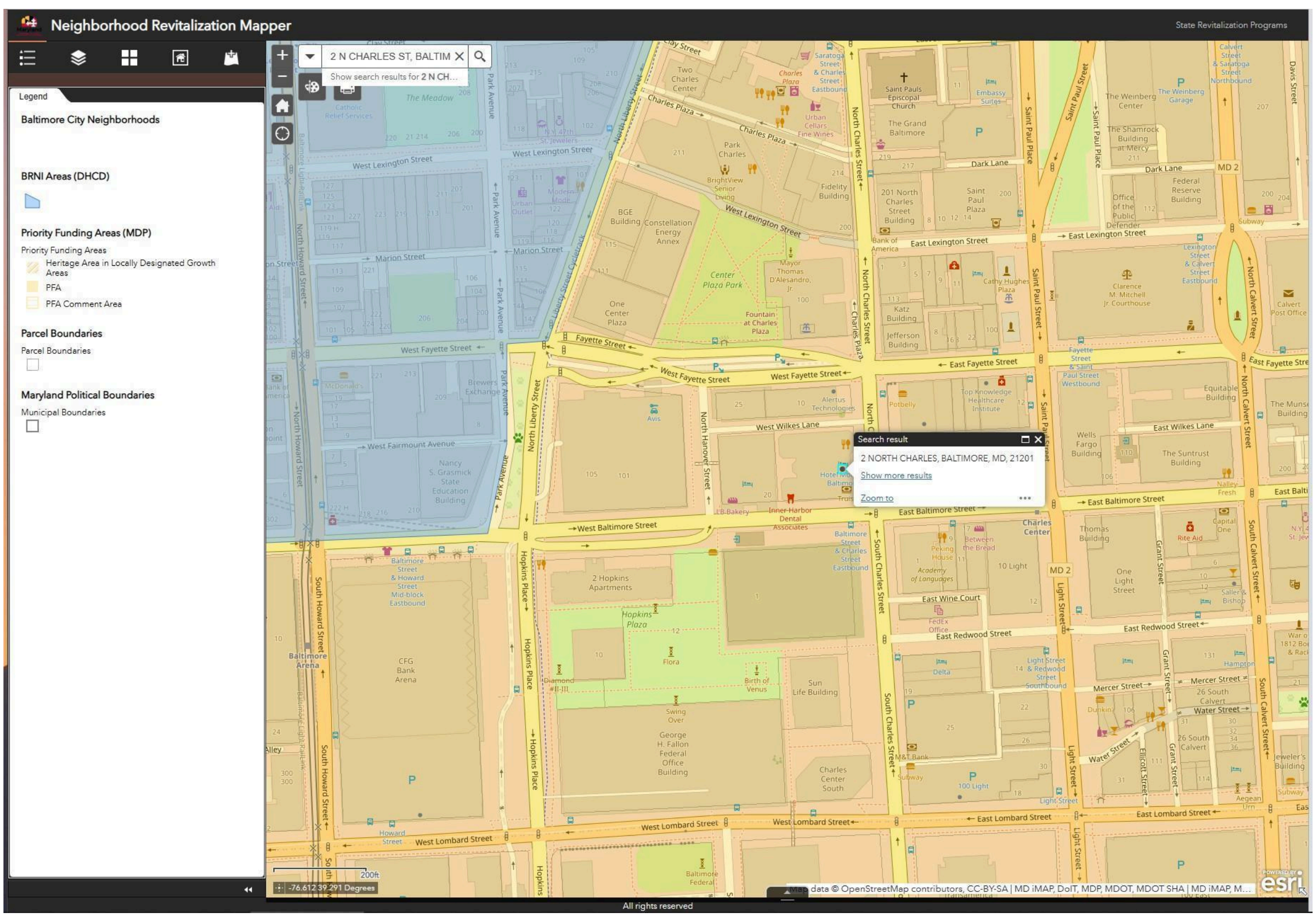
Please be certain that all uploaded copies are saved and uploaded as a .PDF format file. DO NOT upload document format files, spreadsheet format files, etc. into the Project Portal. Be certain that all uploaded files are complete, including signatures and dates where indicated. Be certain that articles of incorporation and bylaws include all amendments or updates and are current/in force at the time of upload.

**What information needs to be included on my submitted Priority Funding Area (PFA) maps?**

You must search for the address of each site where you will regularly operate your program or perform your capital construction work. The application's "Project/Program Description & Location" page includes a direct link and instructions for a simple-to-use mapping tool located on the Department's website.

After opening the map tool, enter each address to be searched in the field at the top of the white side bar and click search. The address will appear in the search window and white sidebar. The map location of the address will be indicated by a red pin. The sidebar will list all designations which apply to this address.

By clicking on the PFA category in the white sidebar, it expands the field to show the searched address is in a designated PFA area. With the PFA information expanded, create a screen capture of the entire map, header, and white side sidebar.  Be certain that your map includes the searched address, PFA status and the red address location pin. Maps without these required elements, handwritten addresses or PFA information, or missing the system- generated address location pin do not meet mapping requirements for your application submission:



**What if we are and/or our project is not located in a PFA?**

If your primary and project addresses are not included within a PFA area, you will not be eligible to apply for a capital project award. You may be eligible to request an operating award if you can document that the clients you will be serving are residents of a PFA.

You will need to provide documentation of the PFA status for your client's places of residence. You may verify the PFA status for each client's address and provide a summary of the total numbers and percentage of clients residing in designated PFA area(s). If your clients come from specific service areas/communities, you may follow a similar process for communities where clients reside. In all cases, you will need to document the total numbers of clients and percentage of PFA-residing clients you will be serving with the project. Also, be certain to retain your records prior to application and if awarded, for the award period and the seven-year required retention period after your award.

## AWARD NOTIFICATION AND AWARD PERIOD

**When will award decisions be announced?**

Award announcements will be made in Fall 2024.

**When may we begin offering tax credits to donors or accept donations towards our project?**

The FY25 award agreement contract period will begin on January 1, 2025 and will end on December 31, 2026.

You may not accept any donations prior to January 1, 2025 OR prior to your award agreement being fully executed, whichever occurs last.

After being notified of an FY25 CITC award, you may announce that tax credits will be available to donors starting in January 2025. You may reserve awarded credits for donors pledging to make eligible donations during calendar year 2025.

**What reporting and administration requirements are required for a CITC award?**

You will be required to submit an electronic request, along with required documents, to verify each eligible donation for tax credit certification. This submission must be made within 30 days of receiving the donation through the Project Portal.

You will be required to submit a total of four Semi-Annual Reports during the two-year life of the award. The reports are due on the 10$^{th}$ of July and the 10$^{th}$ of January throughout the award period. You must submit your last semi-annual report as your Final Report on January 10$^{th}$ following the December 31$^{st}$ end of the award in the prior calendar year.

Your organization will be required to maintain your annual charitable registration with the Secretary of State and maintain its good standing status with Maryland Department of Assessments and

Taxation during the award period.

You must maintain your organization's uploaded records for amendments to bylaws and articles of incorporation and current lists of your board of directors throughout the award period.

Your organization must maintain records related to your CITC award and supporting donors, donations, application records, etc. for a period of 7 years.

## CITC CONTACT

For general information and assistance, please contact Barbara Kearney, CITC Program Manager, at citc.nr@maryland.gov.

To schedule a meeting with Barbara, please use this link: https://calendly.com/barbara-kearney-citc.