
Rules of Department of Economic Development

Division 85—Division of Community and Economic Development

Chapter 2—Neighborhood Assistance Program

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**Title 4—DEPARTMENT OF
ECONOMIC DEVELOPMENT
Division 85—Division of Community and
Economic Development
Chapter 2—Neighborhood Assistance
Program**

**4 CSR 85-2.010 Neighborhood Assistance
Program**

PURPOSE: The Department of Economic Development has the responsibility to approve or disapprove proposals for Neighborhood Assistance Programs. This rule establishes guidelines to assist business firms and neighborhood organizations in the implementation of Neighborhood Assistance Programs.

Editor's Note: The secretary of state has determined that the publication of this rule in its entirety would be unduly cumbersome or expensive. The entire text of the material referenced has been filed with the secretary of state. This material may be found at the Office of the Secretary of State or at the headquarters of the agency and is available to any interested person at a cost established by state law.

(1) Neighborhood Assistance Programs (NAPs) are those programs designed to give assistance to endangered neighborhoods and their residents in the improvement of the quality of life. Assistance can be granted if the neighborhood does not have the ability within its own resources to deal with the factors which are endangering its existence as a viable and stable neighborhood. An NAP is any type of community development project which improves the neighborhood by community services, crime prevention, education, job training, physical revitalization or economic development, as named in section 32.105, RSMo.

(2) The Department of Economic Development shall administer the NAP with the cooperation of the Department of Revenue. The department shall provide necessary assistance to neighborhood organizations and business firms wishing to take advantage of the Neighborhood Assistance Act.

(3) As used in the implementation of the Neighborhood Assistance Act, the following terms mean:

(A) Community services may include, but are not limited to: individual, group and family counseling; mental health services; primary care and community medical health centers; child day care services; senior citizen service centers; recreation programs;

nutrition programs; emergency shelters for persons suffering from physical abuse or rape; services for the handicapped; sheltered workshops, vocational counseling; substance abuse counseling; and referral services;

(B) Crime prevention programs include activities such as services to ex-offenders, local civilian organizations to help prevent crime or aid to victims of crime, or both, mediation services aimed at resolving disputes and conflicts before they become criminal incidents or services to juveniles who have had contact with the court or police;

(C) Education programs include literacy programs, adult basic education and General Educational Development (GED) certificate programs and training for physically or mentally challenged; and education for person(s) disenfranchised by public primary or secondary school systems;

(D) Job training may include those activities which provide specific vocational skills including special apprenticeship or on-the-job training programs not otherwise available;

(E) Physical revitalization programs are those aimed at the physical improvement of any part or all of a neighborhood area. These activities may include such programs as commercial area revitalization; housing construction or rehabilitation; improvements to, acquisition or construction of facilities used by nonprofit organizations for community purposes or related planning and promotional activities designed to aid in those programs;

(F) Business firm, person, firm, a partner in a firm, corporation or a shareholder in an S corporation doing business in Missouri and subject to the state income tax imposed by the provisions of Chapter 143, RSMo, or a corporation subject to the annual corporation franchise tax imposed by the provisions of Chapter 147, RSMo, or an insurance company paying an annual tax on its gross premium receipts in this state, or other financial institution paying taxes to Missouri, or any political subdivision of this state under the provisions of Chapter 148, RSMo, or an express company which pays an annual tax on its gross receipts in this state;

(G) Neighborhood organization, any organization incorporated as a not-for-profit corporation under the provisions of Chapter 355, RSMo; designated as a community development corporation under the provisions of Title VII of the Economic Opportunity Act of 1964; or holding a ruling from the Internal Revenue Service of the United States Department of Treasury that the organization is exempt from federal income tax. Rulings which shall be considered as appropriate are sections 501(c)3, 4 and 6 of the *Internal*

Revenue Code of 1954, except that for all projects other than the Economic Development category, only the 501(c)3 ruling will qualify beginning with FY96 proposals.

(H) Contribution may consist of cash, material or supplies, real estate, labor, professional services, technical assistance or equipment. Financial institutions and insurance companies are prohibited from earning tax credits for investments which are part of their normal course of business;

(I) Neighborhood, a specific geographic area certified by the Division of Community and Economic Development of the Department of Economic Development which has a readily identifiable residential population. Ordinarily in urban and suburban areas and cities with over ten thousand (10,000) in population, a neighborhood is smaller than a city. Small cities with under ten thousand (10,000) in population and regions within a rural area have many of the characteristics of urban neighborhoods. Whenever the word neighborhood is used, it should be read as applying to these areas as well. Some of the factors which could be demonstrated in defining a neighborhood include:

1. A sense of belonging or identity that ties residents to a given area;

2. Social, cultural, political or economic activities around which people organize themselves;

3. The existence of cohesive organizations formed by residents; and

4. A history of acting or being treated as a distinct or cohesive unit;

(J) Problems endangering the area's existence as a viable and stable neighborhood, a neighborhood will be considered to have these problems when some or all of the following factors, or similar factors, are present: declining population, high percentage of people dependent on public assistance, persistent or substantial unemployment or underemployment, lower than average family incomes, financial disinvestment, insurance and financial redlining, general weakened market conditions on the neighborhood commercial strip as indicated by declining rents or vacant stores, excessive abandonment, a significant percentage of neighborhood residents on fixed incomes, unsanitary or inadequate housing, overcrowding, property speculation, high rates of crime and delinquency, high degrees of drug or alcohol abuse, increasing cases of mental health problems, significant numbers of single parent households, high degree of infant mortality and disease, disabilities, general unsanitary conditions in the area, or poor city and public utility services;

(K) Doing business, among other methods of doing business in Missouri, individuals operating a sole proprietorship or having rental, royalty or farm income, as well as a partner in a firm or a shareholder in an S corporation if this firm or S corporation is doing business in Missouri; and

(L) S corporation, a corporation described in Section 1361(a)(1) of the *United States Internal Revenue Code* and not subject to the taxes imposed by section 143.071, RSMo, by reason of section 143.471, RSMo.

AUTHORITY: section 32.110, RSMo Supp. 1990. Original rule filed Jan. 10, 1978, effective April 13, 1978. Rescinded and readopted: Filed Sept. 7, 1980, effective Feb. 10, 1981. Amended: Filed Sept. 14, 1982, effective Dec. 11, 1982. Amended: Filed Jan. 3, 1992, effective Aug. 6, 1992. Amended: Filed Dec. 10, 1993, effective July 10, 1994.*

**Original authority: 32.110, RSMo 1977, amended 1980, 1989, 1990.*

4 CSR 85-2.015 Economic Development

PURPOSE: This rule defines terms and establishes guidelines for the implementation of an economic development project category, as created under section 32.105, RSMo.

(1) As used in the implementation of the Neighborhood Assistance Act, the following terms shall mean:

(A) Economic development—acquisition, renovation, improvement or the furnishing or equipping of existing buildings and real estate in distressed or blighted areas of the state when this acquisition, renovation, improvement or the furnishing or equipping of the existing buildings and real estate will result in the creation or retention of jobs within the state; and

(B) Distressed or blighted—areas of the state that either—

1. Have already been designated by the state as an enterprise zone under section 135.200, RSMo or that meet the eligibility criteria and qualify to be designated as an enterprise zone;

2. Are designated as urban redevelopment areas under Chapter 353, RSMo or that qualify to be designated; or

3. Are designated as blighted or conservation areas under the Real Property Tax Increment Allocation Redevelopment Law, section 99.805(1) and (2), RSMo or that qualify to be designated.

(2) Applications will be accepted from any locally based not-for-profit organization

wishing to conduct an economic development project.

(3) Applicants may not administer more than one (1) Neighborhood Assistance Economic Development Project at a time. A project may include more than one (1) building provided that the proposal meets all other eligibility requirements as set forth in this rule.

(4) Applications will be accepted by the Department of Economic Development at any time of the year and will be approved on an individual case-by-case basis as all the necessary requirements are met and as credits become available.

(5) A maximum authorization of five hundred thousand dollars (\$500,000) in tax credits will be permitted per project and no more than five percent (5%) of the credits authorized for the project will normally be allowed for administrative and operating expenses. In unusual circumstances, a higher percentage may be allowed at the discretion of the Department of Economic Development.

(6) Applicants must obtain a nonbinding commitment from a prospective business(es) willing to locate to the facility and demonstrate that at least one (1) job will be created or retained for every ten thousand dollars (\$10,000) in credits requested. Eligible types of businesses/jobs include retail, commercial and service as well as manufacturing.

(7) Applicants must agree to retain ownership of all properties acquired under this provision of the Neighborhood Assistance Act for a minimum of five (5) years and agree to contractual conditions with the Department of Economic Development governing the use or eventual disposition, or both, of those properties. Contract conditions will include, but not be limited to, lease terms and arrangements for the first five (5) years, and a clause stipulating that the eventual purchase price will be no less than seventy-five percent (75%) of the fair market value of the facility, excluding the value of lease-hold improvements.

(8) Eligible donations may include cash, real estate, materials, equipment, supplies, technical assistance or labor and will be valued and documented according to existing Neighborhood Assistance rules contained in 4 CSR 85-2.030 and 4 CSR 85-2.040.

(9) No more than two (2) million dollars in credits may be approved for economic development projects in any one (1) fiscal year.

AUTHORITY: section 32.110, RSMo Supp. 1990. Original rule filed Nov. 15, 1989, effective March 11, 1990. Amended: Filed Jan. 3, 1992, effective Aug. 6, 1992. Amended: Filed Dec. 10, 1993, effective July 10, 1994.*

**Original authority: 32.110, RSMo 1977, amended 1980, 1989, 1990.*

4 CSR 85-2.020 Preparation of Application for the Neighborhood Assistance Program

PURPOSE: A neighborhood organization, as named in section 32.105, RSMo, may submit a proposal for a neighborhood project. Any business entity authorized to do business in Missouri is eligible to submit a proposal. This rule establishes the procedures for submitting proposals and the criteria and priorities for the approval or disapproval of those proposals.

(1) A proposal is defined as an act of putting forward a proposed program by a business firm, or neighborhood organization, or both, for carrying out a specific project consistent with the Neighborhood Assistance Act.

(2) All proposals shall be made on the forms supplied by the Department of Economic Development. The department may request any additional information it determines necessary to evaluate a proposal or plan.

(3) Neighborhood assistance projects may be approved for a period of up to three (3) years at the discretion of the director of the Department of Economic Development.

(4) An annual application deadline will be determined by the Department of Economic Development and application materials will be distributed upon request no less than sixty (60) days prior to the actual application deadline. Proposals submitted under the economic development project category can be submitted at any time.

(5) Facsimile copies of applications will not be accepted.

(6) All proposals are to be submitted to the central Neighborhood Assistance Program office located in Jefferson City.

(7) The director of the department shall reply promptly with acknowledgement of receipt of the proposal submitted.

(8) All proposals must address at least one (1) of the following priorities in order to qualify for approval:

(A) The project substantially contributes to self-help efforts by residents of the neighborhood to be served in addressing locally defined objectives;

(B) The project will result in the provision of essential services to low and moderate income persons which would not otherwise be provided in the affected neighborhood and for which there are no other resources available; or

(C) The project tangibly contributes to the development of lasting cooperation and partnership efforts of neighborhood organizations and businesses.

(9) Approval or disapproval of proposals shall be based on the following criteria:

(A) The director of the Division of Community and Economic Development must certify an area as experiencing problems endangering its existence as a viable and stable neighborhood to be eligible for assistance;

(B) The business or neighborhood organization submitting the proposal must demonstrate its capacity to adequately administer the project;

(C) There must be a demonstrated need for the program in the neighborhood area within which the project is to be carried out;

(D) The proposal must demonstrate that residents of the affected neighborhood area have been involved in the planning of the proposed project and describe the extent to which they will be involved in its implementation;

(E) The proposal must be consistent with all locally-approved community or neighborhood development plans for the area; and

(F) Proposals submitted subsequent to the first year will be evaluated on performance of the first year project, other resources developed, continued need and potential for eventual self-sufficiency.

(10) In no case shall a project be approved that does not have a written endorsement of the local public authority.

(11) The maximum amount of credits allowed per project is five hundred thousand dollars (\$500,000).

(12) Applicants who have a complaint concerning the disposition of their proposal shall make their complaint to the director according to the following procedure:

(A) The complaint must be filed within ten (10) days after receipt of notice by mail to the applicant of the disposition of the director;

(B) The complaint shall state the name of the applicant, the disposition of the director of which the applicant complains and a brief statement of the facts and reasons upon which the complaint is based;

(C) The complaint shall be signed by the chief administrative officer of the complaining applicant;

(D) If a complaint is filed requesting a hearing, the department will set a date for an informal hearing and notify the applicant of the date at least ten (10) days before the hearing. The department shall begin the hearing not more than thirty (30) days after the last day for requesting a hearing;

(E) The hearing will be informal but conducted with dignity and decorum. The hearing shall begin with a statement by the department of the basis of the director's determination of which complaint has been made. After that, the applicant shall state the complaint and present to the department facts and arguments as are relevant to the complaint; and

(F) Within ten (10) days after the completion of the hearing, the director shall notify the applicant of the determination, setting forth in writing the particular facts and conclusions upon which the determination is premised. If, as a result of any hearing, the director finds the original determination incorrect, the director shall correct the determination and notify the applicant immediately following determination of the complaint.

AUTHORITY: section 32.110, RSMo Supp. 1990. Original rule filed Jan. 10, 1978, effective April 13, 1978. Rescinded and readopted: Filed Sept. 7, 1980, effective Feb. 10, 1981. Amended: Filed Sept. 14, 1982, effective Dec. 11, 1982. Amended: Filed Dec. 5, 1988, effective Feb. 24, 1989. Amended: Filed Jan. 3, 1992, effective Aug. 6, 1992. Amended: Filed Dec. 10, 1993, effective July 10, 1994.*

**Original authority: 32.110, RSMo 1977, amended 1980, 1989, 1990.*



MISSOURI NEIGHBORHOOD ASSISTANCE PROGRAM

PROJECT APPLICATION FOR FY92-ROUND 2

Instructions: Please type in the spaces below. This application form is to be placed at the very top of your proposal.

I. APPLICANT SECTION

1) What is the official name and mailing address of your organization?

Street or P.O. Box	City	State	Zip
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2) What city is this located in, if different than the address indicates:

3) What is the telephone number at this address?

(____) _____
Telephone

4) Who can be reached at the above location and when is normally the best time to call?

5) Is there a FAX number where you can be reached? (____) _____

6) Who is the Executive Director? Please give home address and telephone number. (Include business phone if different from above)

Name	(____) _____ Work Phone	(____) _____ Home Phone	
Street or P.O. Box	City	State	Zip

7) If someone other than the Executive Director is to be the primary NAP contact, please complete the following:

Name	(____) _____ Work Phone	(____) _____ Home Phone	
Street or P.O. Box	City	State	Zip

8) What is their title or position with the organization?

9) Who is the President or Chairman of the Board of Directors?

Name	(____) _____ Work Phone	(____) _____ Home Phone	
Street or P.O. Box	City	State	Zip



- 10) Is your organization: (Please check one only)
 - a) Incorporated in the State of Missouri as a domestic not-for-profit corporation under Chapter 355 RSMo. or
 - b) Incorporated under the laws of another state and allowed to operate in Missouri as a foreign not-for-profit corporation under Chapter 355 RSMo. or
 - c) Not incorporated separately but operating as a local chapter, branch or division of a larger organization.

Name of Parent Organization			
Street or P.O. Box	City	State	Zip
		()	
Contact Person/Title		Office Phone	

- 11) Is your organization presently exempt from paying federal income tax?

<input type="checkbox"/> yes	<input type="checkbox"/> no	If so, which IRS ruling do you hold?	
<input type="checkbox"/> 501(c)3	<input type="checkbox"/> 501(c)4	<input type="checkbox"/> 501(c)6	<input type="checkbox"/> other
- 12) Is your organization in the process of applying to the IRS for federal tax-exempt status? yes no
- 13) Has your organization filed a report with the Missouri Attorney General's Office in compliance with the "Charitable Organizations and Solicitations Law"? (Chapter 407.450 RSMo. effective 5-1-86) yes no
 (NOTE: Organizations holding IRS ruling 501(c)3 are exempt from this requirement. All others should contact Cathy Westergaard at P.O. Box 899, Supreme Court Building, Jefferson City, MO 65102; Phone (314) 751-4471 for forms and instructions)
- 14) When was your last Annual Report filed with the Missouri Secretary of State's Office? _____
- 15) Has your organization ever administered a Neighborhood Assistance project in the past? yes no When? _____

II. PROJECT SECTION

- 1) What is the title of your proposed project? (Not the name of your agency)

- 2) Where will the project activity take place? (City and Population)

- 3) Is this a consolidated proposal being submitted on behalf of other non-profit organizations in your community? _____
- 4) Briefly identify the major needs your proposal addresses, and who will benefit by this project, both directly and indirectly:



5) Using the district map (Appendix E) please identify which legislative district you are located in. If you need assistance, please call your local election board.

Senatorial District #: _____
Representative District #: _____

6) Does this proposal request approval for continuation of a previous NAP project, or does this proposal represent a new project? _____

7) Please indicate the project period this application is requesting approval for: ___ Single year ___ Two Year ___ Three Year

8) Why do you feel NAP support is necessary for this project to be successful?

9) How prepared do you feel your organization is to make good use of the Neighborhood Assistance Program and are there any letters of firm business support included in the proposal? _____

10) What kinds of donations are you interested in besides cash? Are these items part of your NAP Budget request? _____

11) Complete the following budget summary from figures shown on the Budget Form.

Projected sources of funding:

- a) NAP business donations (either cash or in-kind) \$ _____
- Other non-NAP (please specify):
- b) _____ \$ _____
- c) _____ \$ _____
- d) _____ \$ _____
- e) _____ \$ _____
- f) _____ \$ _____
- g) _____ \$ _____

Total Project Cost: \$ _____

12) Under which project category is this application being submitted?
(If more than one, check area of predominant emphasis)

- (1) ___ Community Services
- (2) ___ Crime Prevention
- (3) ___ Education
- (4) ___ Job Training
- (5) ___ Physical Revitalization
- (6) ___ Economic Development

13) Please check the items that are attached to this application:
(See Guidelines for instructions on items and number of copies required)

- ___ Narrative
- ___ Budget
- ___ Budget Justification
- ___ Articles of Incorporation
- ___ By-Laws
- ___ Local Government Endorsement
- ___ Pledge Letters of Financial Support
- ___ Audit Report
- ___ Map of Service Area
- ___ Job Descriptions
- ___ Minutes of Board Meeting Approving This Application

III: CERTIFICATION

I hereby certify that the Board of Directors has reviewed this application and authorized me to submit this application to the Neighborhood Assistance Program.

Executive Director (signature)

Date



Signature _____

Date _____



DEPARTMENT OF ECONOMIC DEVELOPMENT
ECONOMIC DEVELOPMENT PROGRAMS
N.A.P. BUDGET

Important:

Please indicate the project period that corresponds to this budget.

One year Two years Three years

Applicant: _____

Please round all figures to the nearest dollar.			Other Funding Sources (Specify)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Line Items	Total Project	Business Support				
A Total Project Budget	\$	\$	\$	\$	\$	\$
		%	%	%	%	%
B Total Salaries and Wages						
C Total Fringe Benefits						
D Total Consultant/Contract Services						
E Total Travel Costs						
Local						
Out-of-Town						
F Total Equipment (Lease or Purchase)						
G Total Building and Space Costs						
H Total Consumable Supplies						
I Total Other Costs						

(Rev. 2-91) 1021-1/101T



Budget Instructions

The following instructions are designed to assist you in preparing your budget. A project budget is a coordinated plan of financial action to reach your objectives. Its purpose is to aid you in holding to the plan of action developed to obtain your proposed program results. The adoption of your budget by the Board of Directors and its acceptance by the funding source is an expression of satisfaction with your project if executed as planned. This budget is applicable to this project only.

- BUDGET COLUMNS** - The project budget is broken down into a series of columns (1 through 7) designed to give D.E.D. a total view of the resources available to the proposed project.
- Column 1: Line Items**—The Line Items column lists the various expenses to be charged against the project individually and sub-totaled by category. The basis for estimating these costs should be included in Budget Justification.
- Column 2: Total Project**—In this column total all expenses charged to the project in this budget including all financial support other than this request. This is done by adding for each line item the totals of columns 3 through 7.
- Column 3: Business Support**—In this column indicate the total support by line item sought from businesses. Also, indicate what percent of the total budget this represents.
- Column 4-7: Other Funding Sources**—In these columns indicate by line item the total support available to the project. Please specify the type and source of support and attach all appropriate letters of commitment.
- Line A: Total Project Budget**—On this line indicate the total dollar support by source and percentage of project.
- Line B-I: Total Costs by Categories**—On these lines indicate the total costs by categories to be paid through the project when applicable. Under these totals, list each specific item. The basis for these costs should be included in the Budget Justification.

BUDGET JUSTIFICATION - Explain by line item the basis for budget costs and attach to budget form.

PERSONNEL-SALARIES AND WAGES - List all full and part-time staff. The following is the suggested layout:

No. of Persons	Title	Monthly Salary	% of Time on Project	No. Mos. on Project	Total Program	NAP Cost
(1)	Director	\$1,000.00	100%	12	\$12,000.00	None
(1)	Counselor	\$ 666.66	50%	12	\$ 8,000.00	\$4,000.00

- (a) Salaries should be established at the prevailing rates for similar agencies in your community.
- (b) If this is a new project, provide enough flexibility to allow you to hire staff within the salary range established for a position insuring that the salary will average out to the amount you have requested.
- (c) If this is a renewal project insure that you have allowed for any increments established by your personnel policies and procedures and that the salary averages out to the amount you have requested.
- (d) Job descriptions and salary comparability data, if available, are requested to accompany this proposal.

FRINGE BENEFITS - List all fringe benefits your employees will be receiving, their percentage and dollar value. The following is an example:

FICA	Total Program/NAP
FICA 6.65% x \$16,000.00	\$1,064.00/\$266.00

Some fringe benefits may be paid on an absolute dollar amount. Example: Health Insurance \$10.00 per month x 2 employees x 12 months = \$240.00/or \$60.00.

- (a) The Department does not allow profit sharing plans as a fringe benefit item.
- (b) The Department will not allow the dollar value of accumulated annual leave or compensatory time as a fringe benefit item for carry over. Leave time (vacation) must be taken within the period of the project.

CONSULTANT AND CONTRACT SERVICES -

Contract Services: This item will be used for paid services which are not compatible with the hiring of a full-time staff person.
 Example: Bookkeeping services \$75 per month x 12 months

	<u>Total Program/NAP</u>
	\$900.00/\$900.00

Consultant: This item will be used for services that provide needed reports or other end results. Example: 15 training days to conduct staff training project at \$100.00 a day.
 Give a reasonable estimate.

	<u>Total Program/NAP</u>
	\$1,500.00/\$750.00

TRAVEL - This item should be divided into local and out-of-town travel. Each department should be itemized by individual and cost. Example:

	<u>Total Program/NAP</u>
	\$120.00/\$120.00

- 1. Local Travel - (2) Community Development Directors 100/mi./mo. x 10/mi. x 12 mo.
 - 2. Out-of-Town Travel - (1) Fiscal Training Seminar 7/1-7/5/91, Round Trip Airfare to Atlanta \$140.00, \$33.00 a day per diem for 5 days = \$165.00
- | | |
|--|--------------------------|
| | <u>Total Program/NAP</u> |
| | \$306.00/\$152.50 |

RENTAL LEASE PURCHASE OF EQUIPMENT - List all equipment purchased that will be used in the proposed project.

Example			<u>Total Program/NAP</u>
	(1) Desk and Chair @ \$100.00		\$100.00/None
	(1) File Cabinet @ \$50.00		\$ 50.00/None
	(1) Adding Machine @ \$125.00		\$125.00/None
	(1) Spirit Duplicator @ \$15.00/mo. x 12 mo.		\$180.00/\$45.00
	Total:		<u>\$455.00/\$45.00</u>

Use reasonable, current costs for such items (e.g. from a catalogue) to determine the price.

BUILDING AND SPACE COSTS - List all facilities you will be using. The rent you pay should be comparable to the prevailing rents in the geographic area in which you are located. Also, include the costs of utilities, maintenance and/or renovations if they are essential to your program. Example:

	<u>Total Program/NAP</u>
2,000 sq. ft. 30/ft./mo. x 12 mo.	\$7,200.00/\$1,800.00
Maintenance \$75.00/mo. x 12 mo.	\$900.00/\$225.00
Utilities \$50.00/mo. x 12 mo.	\$600.00/\$150.00
Total Space Cost:	<u>\$8,700.00/\$2,175.00</u>

CONSUMABLE SUPPLIES - List in this item all expendable supplies that will be used during the proposed project. Supplies such as paper clips, paper, pens, etc. should be calculated at a reasonable use cost per year. Example:

			<u>Total Program/NAP</u>
	Supplies for 2 staff @ \$50.00 per year		\$100.00/\$25.00
A separate figure should be used for unusual supply needs. Example:	Arts and crafts @ \$25.00/mo. x 12 mo.		<u>\$300.00/\$75.00</u>
	Total:		<u>\$400.00/\$100.00</u>

OTHER COSTS - Include in this category such things as telephones, vehicle maintenance, insurance, dues and subscriptions, postage, mailing, etc. These are items that do not logically fit elsewhere. These costs must be itemized and estimated as close as possible. Example:

			<u>Total Program/NAP</u>
	(2) Telephone @ \$20.00/mo. x 12 mo.		\$240.00/\$60.00
	Long distance calls @ \$50.00/mo. x 12 mo.		\$600.00/\$150.00
	Total:		<u>\$840.00/\$210.00</u>

Total Project Budget: \$30,396.00/\$8,759.00

**4 CSR 85-2.030 Approval and Notification for Tax Credits to Business Firms**

PURPOSE: The Department of Economic Development shall approve or disapprove applications for tax credit to business firms which have invested in approved neighborhood assistance projects. The director of the Department of Economic Development, upon approval of an application, shall notify the director of the Department of Revenue and the governor of those business firms entitled to a tax credit. This rule establishes procedures and identifies requirements for filing a Tax Credit Application.

(1) Business firms wanting to donate to a particular neighborhood assistance project, but first wishing to verify the eligibility of their donation for a tax credit, may submit a Tax Credit Eligibility Confirmation form to the department. The department will confirm in writing whether or not the donation qualifies for credit and how the value of the credit will be determined. This confirmation will not constitute credit approval, however, the projects themselves may reserve credits for specific donors if they wish.

(2) In order to qualify for credit, donations must occur during the approved project period (with the exception of donated audit services, which may occur anytime during the six (6)-month period following the project period) and must be directly related to the approved project.

(3) Business firms wishing to apply for credit must complete a Neighborhood Assistance Tax Credit Application.

(4) Tax credit applications are to be signed by the neighborhood organization and submitted directly to the respective Neighborhood Assistance Program (NAP) field office of the department no later than one (1) year following the date of donation.

(5) The order in which completed credit applications are received by the department will determine the order in which credits are approved. Facsimile copies will not be considered complete applications.

(6) Every transmittal of tax credit applications to the department must be accompanied by a project report, prepared by the neighborhood organization.

(7) The department shall examine all submitted applications and determine whether the donation meets the eligibility criteria.

(8) A tax credit not to exceed fifty percent (50%) of the total amount contributed during the business firm's taxable year may be allowed by the department, with the exception of up to a seventy percent (70%) tax credit for special programs as referred to in subsection (3)(A), or a seventy percent (70%) credit for projects located in any rural community as referred to in subsection (8)(B).

(A) A special credit of up to seventy percent (70%) may be allowed for donations to programs where activities fall within the scope of special programs or priorities as defined by regulations promulgated by the director of the department and approved by the governor.

(B) A special credit of up to seventy percent (70%) may be allowed for projects located in rural communities defined as follows:

1. Any city, town or village having a population of fewer than fifteen thousand (15,000) inhabitants located in a county—

A. That is not part of a standard metropolitan statistical area (SMSA) as defined by the United States Department of Commerce or its successor agency;

B. Designated as part of an SMSA, but having a substantial number of persons in that county who derive their income from agriculture; or

C. Designated as part of an SMSA with only one (1) city in that county having a population of more than fifteen thousand (15,000) inhabitants; and

2. These tax credits equal to seventy percent (70%) of donations to projects in rural communities shall not exceed two (2) million dollars in any fiscal year.

(C) The following method will be used to determine the value on donations of real or personal property:

1. Outright gifts of real or personal property shall be equal to the lowest of at least two (2) qualified independent appraisals, with the following exceptions: commercial property whose value is less than fifty thousand dollars (\$50,000) and vacant or residential property which value is less than twenty-five thousand dollars (\$25,000) will only require one (1) appraisal. When the tax credit application is submitted, the actual cost of the appraisals may be included as part of the donation on which a tax credit is requested, provided that documentation of the costs is included in the application; and

2. When businesses do not transfer full title to real or personal property, but merely offer the use of real or personal property, the amount of the donation shall equal either the comparable market value of the rental, or the actual rental value, whichever is less.

(D) The following method will be used to determine the value of other forms of in-kind contributions:

1. Outright gifts of equipment, materials, supplies or other goods shall equal either the cost to the donor or the fair market value, whichever is less. Fair market value and cost to the donor shall be determined by the department and may be based on the applicant's support of the amounts by documentation either from the applicant itself or from an independent appraiser. If an appraisal by an independent appraiser is submitted by the applicant and adopted by the department, the actual costs of the appraisal may be included as part of the contribution. Cost to the donor may include reasonable overhead expenses incurred in making the contribution;

2. When businesses contribute the use of items, the amount of the donation shall equal the actual cost of the item's use to the contributor, but not more than the fair market value of that use. Cost and fair market value shall be determined in the same fashion as in the case of outright gifts;

3. Contributions of food items will be eligible to receive credit, but will be limited to organizations involved primarily in food redistribution.

A. The value of the contribution shall equal the cost to the donor or the fair market value of the items, whichever is less. Fair market value and cost to the donor shall be determined by the department and may be based on the applicant's support of those amounts. In certain cases, a simple factor for spoilage may be applied against the donor's cost to arrive at fair market value. Cost to the donor may include reasonable overhead expenses incurred in making the contribution.

B. Required documentation shall be determined by the department and shall include, in every case, a copy of the receipt signed by the project director of the recipient organization or his/her designee.

C. The total amount of credits to be allowed under this provision shall be limited to two (2) million dollars in any one (1) state fiscal year.

D. This provision of the Neighborhood Assistance Act will be reviewed and evaluated one (1) year from the date of its adoption; and

4. Effective for all projects approved in Fiscal Year 1993 or later, credit will be allowed on the donation of stock, bonds, or both, as follows:

A. Market value on the actual date of donation will determine the value that the credit will be based on; and

B. Credit will only be approved once the stock, bonds, or both, have been sold, however, the amount of sale proceeds received by the organization will have no effect on the value of the donation for NAP purposes.

(E) Business firms lending personnel to render expertise and assistance to a neighborhood organization are eligible for tax credit. Personnel time must be prorated based on the employee's hourly wage from the firm. The exact amount of time spent on the project must be verified, in writing, by the project director.

(F) Contributions of professional services are also eligible for tax credits. At the discretion of the department, individuals may be required to document similar payment for similar work during the six (6)-month period prior to the date of contribution, whether to the same organization or not.

AUTHORITY: section 32.115, RSMo Supp. 1990. Original rule filed Jan. 10, 1978, effective April 13, 1978. Rescinded and readopted: Filed Sept. 7, 1980, effective Feb. 10, 1981. Rescinded and readopted: Filed Sept. 14, 1982, effective Dec. 11, 1982. Amended: Filed March 14, 1984, effective Sept. 15, 1984. Amended: Filed Jan. 3, 1992, effective Aug. 6, 1992. Amended: Filed Dec. 10, 1993, effective July 10, 1994.*

**Original authority: 32.115, RSMo 1977, amended 1980, 1989, 1990.*



State of Missouri Department of Economic Development Neighborhood Assistance TAX CREDIT APPLICATION (Chapter 32, RSMo Supp. 1984) <i>See Instructions on Reverse Side</i> <input type="checkbox"/> Check here if this is your first NAP tax credit application.	Department Use Only Log No. _____ Project No. _____ Qualifying Contribution: _____ Approved Tax Credit: _____ Reviewed By: _____ Date: _____ Allowable Period This credit may be claimed against taxes due for any taxable periods between _____ and _____ Approved by: _____
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Part I: Business Eligibility Please complete the section below that describes your business *at the time the contribution was made*:

1. A corporation filing Federal Form 1120 and Missouri Form 20.
Corporation name: _____
2. A sole proprietorship filing Federal Form 1040 Schedule C and Missouri Form 40.
Business name and owner: _____ SSN: _____
3. A farm operation filing Federal Form 1040 Schedule F and Missouri Form 40.
Proprietor name: _____ SSN: _____
4. An individual reporting income from rental property or royalties on Federal Form 1040 Schedule E and filing Missouri Form 40.
Individual name: _____ SSN: _____
5. A small business corporation (S Corp.) filing Federal Form 1120S and Missouri Form 20S. (Attach a complete list of shareholders, social security numbers, and percent ownership of each.)
Business name: _____
6. A partnership filing Federal Form 1065 and Missouri Form 65. (Attach a complete list of partners, social security numbers and percent ownership of each.)
Partnership name: _____
7. A bank, credit institution, savings and loan association, credit union, farmer's cooperative credit association, or building and loan association filing a Missouri financial institution tax return.
Business name: _____
8. An insurance company filing a Missouri Insurance Tax return with the Division of Insurance.
Company name: _____

Part II: Business Identification

10. Business mailing address: _____
11. Contact person: _____ Daytime phone No. (_____) _____
12. Taxes are paid by: Calendar year Fiscal year from _____ to _____
13. Federal Employer ID Number: _____ 14. Missouri Charter Number: _____
15. Missouri Employer Withholding Number: _____ 16. Missouri Sales Tax Number: _____
17. Circle the taxes you intend primarily to take this credit against: corporate income tax, franchise, financial institution, gross premium receipts, gross receipts, individual income tax.

Part III: Description of Contribution

18. Name of project or organization: _____
19. Total amount of this contribution: _____ Date(s): _____
20. Brief description (if other than cash): _____
21. Proof attached: Check Invoice Appraisal Affidavit

Part IV: Notarized Statement (to be completed by the business in the presence of notary)

State of Missouri)
) ss
 County of _____)

22. _____, being first duly sworn on his/her oath
 (Person requesting this credit) (Title)
 states: that he/she has examined the above application and attachments and that all matters stated therein are, to the best of his/her knowledge, information and belief, true, correct and complete.

 Signature

23. Subscribed and sworn to before me on this _____ day of _____, 19 _____

My Commission expires _____

 Notary Public Signature

Part V: Statement of Receipt (To be completed by the Project Director)

24. I have examined this application (including all attachments) in its entirety and believe it to be an accurate description of the contribution actually received by our organization for the purpose of carrying out Neighborhood Assistance Project # _____ approved by the Department of Economic Development.

Date: _____

 Project Director's Signature

Neighborhood Assistance Tax Credit Application*(For Businesses That Have Contributed to Approved Neighborhood Assistance Projects in Missouri.)***General Instructions**

1. Please type or neatly print all requested information on the application. If a particular question is not applicable, indicate "NA".
2. All questions pertain to your business at the time the contribution was made. Information furnished will also be used by the Department of Revenue.
3. Do not write in the section labeled "**Department Use Only.**"
4. Attach proof of contribution and send the original completed application to the agency that received your NAP contribution. The Department will notify you of approval or disapproval. (In unusual circumstances, this application may be submitted directly to the Department of Economic Development.)
5. **Do not claim this credit on your Missouri Tax Return until you have received an approved copy of this application from the Department of Economic Development. The amount of approved credit will be indicated in the upper right-hand box.**
6. Please allow the Department of Economic Development 4 to 6 weeks for processing.
7. Any portion of the credit not claimed on the taxable periods allowed will automatically be forfeited. The credit is not refundable.
8. If future taxable periods are modified, the allowable period during which this credit may be claimed will be adjusted accordingly by the Department of Revenue.

Line-By-Line Instructions**Lines**

- 1-9 Check the box that describes your business at the time the contribution was made, and enter the exact information requested for that box only. Partnerships and S-Corporations are required to attach a complete list of partners or shareholders, along with the percent ownership of each, and appropriate social security or Federal I.D. numbers. (NOTE: The percent of profit distribution is not always the same as percent of ownership.) If any of the partners or shareholders are trusts, include both the Federal I.D. number for the trust and social security number for the beneficiary.
- 10 Indicate the complete address to which all correspondence concerning this application may be sent.
- 11 Indicate the person who may be contacted for more information concerning this application, and their daytime telephone number.
- 12 Indicate whether your tax is paid by calendar year or fiscal year. If fiscal year, enter the period.
- 13-16 Indicate appropriate numbers, where applicable.
- 17 Indicate the specific taxes you intend primarily to take the credit against, either corporate income, franchise, financial institution, gross premium receipts, gross receipts, or individual income tax. NOTE: You are not required to claim the credit in this manner. Your response on this line simply allows the Department of Revenue to make necessary computer entries establishing the amount of credit available to you.
- 18 Indicate the name of the organization or project that received your contribution.
- 19 Indicate the date and amount of each contribution included in this application. (Refer to official NAP rules for instructions on how to establish the value of contributions other than cash.) NOTE: Contributions made to the same project within the same taxable year may be combined on a single credit application. (Example: If your taxable year runs from October 1 to September 30, and you made three contributions to the same NAP project during that time, you may combine them on the same application.)
- 20 Briefly describe what your contribution consisted of. (e.g. technical assistance, building materials, real estate, office supplies, vehicles, manpower, etc.) If you contributed an item that was subsequently sold in order to generate operating capital, it is considered a cash contribution, normally equal to the amount of cash actually generated.
- 21 Check the box(es) indicating the forms of documentation attached. (Refer to official NAP rules for instructions on required documentation. If you wrote a check, simply attach a photocopy of the front and back of the cancelled check.)
- 22 The person completing this form on behalf of the business is to sign this section in the presence of a notary.
- 23 The notary public is to sign here and affix the notary seal.
- 24 Once your application has been submitted to the agency that received your contribution, this section will be signed by the agency representative designated as the Neighborhood Assistance Project Director. It will then be forwarded to the Department of Economic Development for processing.

If you have any questions concerning this application, please contact:

Department of Economic Development
Neighborhood Assistance Program
P.O. Box 118
Jefferson City, MO 65102
(314) 751-4849
ATTN: Tax Benefits Section



Tax Credit Eligibility Confirmation
Neighborhood Assistance Program

Instructions: This form is to be used only if you desire written confirmation from the State that your contribution to a particular project will qualify for credit under Missouri's Neighborhood Assistance Program. This form does not constitute actual tax credit approval.

1. Check the appropriate box and complete the section below that describes your business. You must be in business in Missouri at the time the contribution is made.

- a. A corporation filing Federal Form 1120 and Missouri Form 20.
b. A small business corporation (S-corporation) filing Federal Form 1120S and Missouri Form 20S.
c. A sole proprietorship filing Federal Form 1040 Schedule C and Missouri Form 40.
d. A farm operation filing Federal Form 1040 Schedule F and Missouri Form 40.
e. An individual reporting income from rental property or royalties on Federal Form 1040 Schedule E and filing Missouri Form 40.
f. A partnership filing Federal Form 1065 and Missouri Form 65.
g. A bank, credit institution, savings and loan association, credit union, farmer's cooperative credit association, or building and loan association filing a Missouri financial institution tax return.
h. An insurance company filing a Missouri Insurance Tax return with the Division of Insurance.
i. An express company filing an annual report on gross receipts in Missouri.

2. Business Mailing Address:
3. Day Phone Number: ()
4. Name of Recipient Organization:
5. Briefly describe the nature of your contribution:
6. Amount of anticipated contribution:
7. Anticipated date(s) of contribution: *

8. Name Title
Signature Date

Send completed form to the NAP organization you wish to donate to. They will complete the following portion and forward it to the Department of Economic Development for processing.

Total NAP tax credits currently authorized for this project is \$. A total of \$
in tax credits has already either been approved or obligated, leaving a balance available of \$. We hereby
obligate \$ in tax credits for this donor contingent upon actual receipt of the donation and credit
application no later than .

Project Director Signature Date

State Use Only

Based on the above information, the Department of Economic Development confirms that the proposed contribution will qualify for
tax credit equal to % of the value of the contribution. The contribution will be valued as follows:

Name Title
Signature Date



4 CSR 85-2.040 Issuing of the Tax Credit

PURPOSE: In those situations where an application for tax credits has been approved, the Department of Revenue shall grant a tax credit against any tax which may be due as stipulated in section 32.115, RSMo. This rule establishes the total amounts of tax credits, computation of tax credits and proof of contribution. This rule implements sections 32.110, 32.115, 32.117 and 32.120, RSMo.

(1) Qualifying individuals are allowed credit for donations of cash or any goods, materials and services for which they normally receive payment.

(2) The total tax credit approved for a business firm shall not exceed two hundred fifty thousand dollars (\$250,000) annually, except that the credit may exceed two hundred fifty thousand dollars (\$250,000) annually and shall not be limited if community services, crime prevention, education, job training or neighborhood assistance as defined by section 32.105, RSMo is rendered in an area defined by federal or state law as an impoverished, economically distressed or blighted area or as a neighborhood experiencing problems endangering its existence as a viable and stable neighborhood, or if the community services, crime prevention, education, job training or neighborhood assistance is limited to impoverished persons.

(3) No tax credit shall be approved for any bank, bank and trust company, insurance company, trust company, national bank, savings association or building and loan association for activities that are part of its normal course of business.

(4) Any portion of the tax credit not claimed by the business firm in the period the donation was made may be carried over for the next five (5) succeeding calendar or fiscal years or until the full credit has been issued, whichever occurs first.

(5) Required documentation for the tax credit depends on the form of the donation. Evidence of donation must be attached to the credit application and may include, but not necessarily be limited to, one (1) of the following:

(A) Cash donations shall require a copy of the cancelled endorsed check(s), both sides, automatic deposit, bank statements or any other form of documentation acceptable to the department. When a program is sponsored by an organization that conducts many

varied programs, a donation in the form of a check under an approved project name must be made payable to the organization and specifically noted for that project. The organization must endorse the checks in the name of the specific program and, in certain instances, open a separate bank account in the program's name;

(B) Real estate donations shall have a copy of the deed and the required number of appraiser's reports. All appraisals must be performed by state-licensed or certified appraisers;

(C) Equipment or supplies shall have a copy of the invoice or other documentation showing the cost to the donor or current fair market value, whichever is less;

(D) Donations of labor and technical assistance shall include a statement signed by the employee and employer itemizing time spent on the project and the employee's regular hourly wage; or

(E) Donation of professional services shall require an invoice detailing the nature and dates of services rendered, indicating standard billing amount, less any payment received.

(6) In the event that a tax credit was improperly approved, the department will notify the business firm of the reason for the adjustment and notify the Department of Revenue that the tax credit has been adjusted and the reason for the adjustment.

(7) The director of the Department of Economic Development will transmit in writing to the director of the Department of Revenue the necessary information on the amount of tax credit allowable to the business firms.

(8) If the business firm making an investment is a partnership, the approved tax credits shall be apportioned to the partners in direct proportion to their share(s) of ownership of the partnership.

(9) If the business firm making an investment is a corporation described in section 143.471, RSMo, the tax credit shall be apportioned to each of the shareholders in direct proportion to their share of ownership of the business.

AUTHORITY: section 32.115, RSMo Supp. 1990.* Original rule filed Jan. 10, 1978, effective April 13, 1978. Rescinded and readopted: Filed Sept. 7, 1980, effective Feb. 10, 1981. Rescinded and readopted: Filed Sept. 14, 1982, effective Dec. 11, 1982. Amended: Filed Jan. 3, 1992, effective Aug. 6, 1992.

*Original authority: 32.115, RSMo 1977, amended 1980, 1982, 1985, 1986, 1989, 1990, 1993, 1995, 1996, 1998, 1999.

4 CSR 85-2.050 Special Program Priority

PURPOSE: This rule establishes guide lines and criteria to assist businesses and neighborhood organizations to participate in special programs. A tax credit of up to seventy percent will be allowed for investments in programs where activities fall within the scope of special priorities established with the approval of the governor.

(1) Contribution to a Neighborhood Assistance Program as named in section 32.105, RSMo which has been approved by the director of the Department of Economic Development and which is carried out in a specific impoverished urban neighborhood by an organization controlled by residents of that area will qualify for a tax credit of seventy percent (70%) of the total amount contributed by the business firm as provided in section 32.115, RSMo.

(2) For the purpose of this special program priority, the following terms shall mean:

(A) Impoverished urban neighborhood, a specific geographic area within a standard metropolitan statistical area (SMSA) where the median income is eighty percent (80%) or less than the median income of the entire SMSA; and

(B) Controlled by residents, having a board of directors of which at least fifty-one percent (51%) of its members are residents of the specific neighborhood where the project is to be carried out who are selected through a democratic process open to all residents of the neighborhood.

(3) Application for approval of proposals for this special program priorities shall be made according to the provisions of 4 CSR 85-2.020.

(4) Approval and granting of tax credits shall be done according to the provisions of 4 CSR 85-2.030 and 4 CSR 85-2.040 respectively.

AUTHORITY: section 32.115, RSMo Supp. 1990.* Original rule filed Aug. 28, 1980, effective Feb. 10, 1981. Amended: Filed Jan. 3, 1992, effective Aug. 6, 1992.

*Original authority: 32.115, RSMo 1977, amended 1980, 1982, 1985, 1986, 1989, 1990, 1993, 1995, 1996, 1998, 1999.