

# NEIGHBORHOOD INVESTMENT PROGRAM

## CONTRACT

This document is provided to assist you in understanding the major points of the Neighborhood Investment Program Act (NIPA). It in no way supersedes, changes, replaces, or eliminates any provision of the Act.

### ADMINISTRATIVE RESPONSIBILITIES

1. Submit an electronically signed copy of the contract with your NIP application.
2. Maintain a NIP file (*electronic or paper*) for each year your organization participates.
  - a. The file is subject to audit by the WVCAD or the Tax Department.
  - b. The file should be maintained for a period of five (5) years.
  - c. The file should contain the following:
    - i. Copy of your submitted application
    - ii. Copy of each voucher given to your donors
    - iii. Copy of the receipt which you provide to each donor
    - iv. Copy of the donations processing form(s)
    - v. Copy of your mid-term and final reports
3. Upon certification of your NIP project, track and manage your NIP credits assuring that 70% of your awarded amount is issued by the March 15<sup>th</sup> deadline and 100% is issued by the June 30<sup>th</sup> deadline.
4. Submit all donation processing forms to the WVCAD in a timely manner. (within 30 days of receipt of the donation)
5. You must use the funds that you solicit with the tax credit incentives for the project you described in your organization's application.
6. This project is subject to monitoring by the WVCAD and the State Tax Department. This monitoring may include onsite visits, questionnaires, telephone interviews, audits, or any other means determined necessary.

### RULES FOR DISTRIBUTING TAX CREDITS

1. NO NIP credit may be issued for donations received prior to your project being certified by the WVCAD.
2. Upon certification of your organization's NIP project, you will receive ONLY one (1) voucher which you must copy for use with each NIP donation.
3. Credits cannot be awarded to a contributor until the contribution is actually received.

# NEIGHBORHOOD INVESTMENT PROGRAM

4. No credit may be given for cumulative donations.
5. No donations for NIP credit may be dated March 16-31.
6. If the contribution is cash, you can give the contributor tax credits worth no more than 50 percent of their contribution.
7. If the contribution is personal property, you must obtain verification of the fair market value of the property. You may give tax credits worth no more than 50 percent of that value.
8. If the contribution is real property, you must obtain verification of the assessed value of the property (with the exception of farms receiving farm use valuation and managed timberland). NIP law requires that we use the fair market value of real property, as it is determined for property tax purposes. The exception categories are valued at the property's current market value. Keep a copy of the deed in your files. You may give tax credits worth no more than 50 percent of the value.
9. If the contribution is for professional services, you must determine the fair market value of that service. Professional services are limited to those provided by Lawyers, Accountants, Architects, Doctors, and, other state licensed medical professionals.
  - a. The fair market value for legal, accounting or architectural services is the reimbursement rate for attorneys in state appointed criminal cases (in-court rate).
  - b. The fair market value for medical services is the PEIA reimbursement rate (call PEIA at 888-440-7342 for the cost of the donated service).
  - c. Only 75 percent of the fair market value of the donated service is eligible for tax credit.
  - d. In-kind services cannot exceed 25 percent of the total donations made by an individual donor and In-kind services cannot exceed 25 percent of the total donations received by an organization. (Call the office [304/957-2056] for a detailed formula to calculate services.)
  - e. Donors who wish to receive tax credit for their in-kind donations must also contribute cash, personal/real property, or stock.
  - f. You may give tax credits worth no more than 50 percent of the TOTAL value (in-kind services value + cash, personal/real property, or stock value).
10. If the contribution is stock, it must be publicly traded common or preferred stock representing ownership in a corporation valued at the average price between the highest and lowest quoted selling prices on the date of transfer. Any common or preferred stock contributed must be sold by the project transferee within 180 days of its receipt. You may give tax credits worth no more than 50 percent of the value on the date of transfer.
11. The maximum tax credit allowed to be issued to any one donor in any one year is \$100,000.
12. Tax credits cannot be applied to contributions of less than \$500.
13. If your organization has issued less than 70 percent of your tax credit by March 15, all credits not awarded or committed will be recaptured. Recaptured credit will be distributed to other projects.

# NEIGHBORHOOD INVESTMENT PROGRAM

14. Commitment letters will no longer be accepted.
15. If your organization has issued 100 percent of your tax credit by March 15, you may be eligible for supplemental credit; not to exceed the amount of credit requested in your NIP application.
16. Tax credits must be distributed to contributors on or before June 30 of the fiscal year. All unused credits will be forfeited at that time.
17. Certification fee overpayments at the end of the fiscal year cannot be carried over into the next fiscal year. Your organization may either request a refund of any certification fee overpayments or forfeit the funds. This must be done before July 31.
18. Organizations serving areas outside of West Virginia may not use NIP-eligible contributions for projects outside the state. Contributions for which tax credits have been awarded must be used for projects within the State of West Virginia for the benefit of state residents.

## **SIGNATURE**

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***ORGANIZATION NAME***

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***SIGNATURE OF REPRESENTATIVE***

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***DATE***