Colorado Homeless Contribution Income Tax Credit Frequently Asked Questions & Definitions

Below are responses to inquiries received by the Colorado Division of Housing (DOH) regarding the new Colorado Homeless Contribution Income Tax Credit (HCTC). Please also review the program DOH HCTC webpage and the Colorado Revised Statutes Section 39-22-630 for additional information.

Table of Contents

General Administration, Policies, and Eligibility Criteria

General Administration

1. **Who administers the HCTC program?**
   - All qualifying projects are administered by DOH. Organizations will interact directly with DOH, and much of the work is web-based to accommodate statewide nonprofit partners.

2. **Has DOH issued any marketing rules or guidance for the HCTC program?**
   - DOH anticipates that organizations will use the HCTC to support the good work of qualifying activities. Marketing should indicate the specific homeless-related projects that are eligible and provide sensible guidance to donors, including that donors must pay taxes in Colorado, must not have received goods or services for the donations, etc. See the donor communication tools on the division's HCTC website.

3. **What counties are considered underserved rural counties?**
   - DOH is using the USDA definition of rural as "nonmetro," which takes into account open countryside, rural towns, and urban areas with populations ranging from 2,500-48,000 that are not part of larger labor market, or metropolitan, areas. Typically, a county is considered rural when it has a population of 50,000 or less.

4. **Do nonprofit organizations need to maintain a file of the last four digits of donors' SSN or CO tax IDs or can they distribute the certificates and leave it to the donor to provide this sensitive information to the state when completing their taxes?**
   - According to statute, the certificate must include the last four digits of the Social Security Number (SSN) or the full Federal Employer Identification Number (FEIN). The Individual Tax Identification Number (ITIN) may be used for individual taxpayers without an SSN. DOLA will take security measures, such as encryption, to keep data as safe as possible. Personally Identifiable Information (PII) should be encrypted in transit and at rest, and nonprofits should follow the Colorado Privacy Act and other laws as they apply.

- DOH encourages nonprofits to establish the best practice of maintaining a file of HCTC donor's tax IDs only in a secure, encrypted location.

5. **If the donor does not share the SSN, do we need to share the gift with DOLA?**
   - **Beginning August 6, 2024:** Colorado statute (C.R.S. 39-22-548) has been amended to allow for the **last four digits** of the taxpayer's Social Security Number (SSN) or Individual Taxation Identification Number (ITIN) to be included on the HCTC certificate. For businesses, the taxpayer's full Federal Employer Identification Number (FEIN) is still required.
   - If an individual donor would prefer not to share the last four digits of their SSN or ITIN, that gift would be ineligible to be certified for a tax credit.

6. **I have been locked out of the state's email encryption system and can't access the encrypted emails from HCTC staff. What should I do?**
   - Contact HCTC staff (dola_hctc@state.co.us) in an un-encrypted email as soon as possible! DOH will need to submit an IT ticket for you to change your password and regain access.

7. **If a new organization is approved for eligibility midyear, can contributions be submitted retroactively for that tax year?**
   - The date an organization or project is deemed eligible and the nonprofit staff receives an approval email is the date that contributions begin to be eligible. Contributions submitted prior to the organization's eligibility approval would not qualify for a tax credit. If an application is approved after January 1st, then the organization is eligible from that date moving forward.

8. **What is the difference between a tax deduction and a tax credit?**
   - Tax credits directly reduce the amount of state income taxes you owe, giving you a dollar-for-dollar reduction of your tax liability. Tax deductions reduce how much of your income is subject to taxes. Deductions lower your taxable income by the percentage of your highest federal income tax bracket.

Project Eligibility and Organization

1. **What type of Project Activities are considered eligible for the HCTC?**
   - Project Activities, also known as Qualifying Activities, fall into two categories: Operational Services & Capital Campaigns.

- **Operational Service** means a service with the primary focus on assisting individuals or families experiencing homelessness or, in the case of prevention, individuals or families facing imminent risk of homelessness.
- **Capital Campaign** means a campaign that encourages public and private partnerships and is focused on raising funds for a specific capital project.
- Please refer to the definitions in the last pages of this document as well as in HB 22-1083 (page 2-3 for "Capital Campaign" and page 4 for "Operational Service"). For further descriptions of all project types, please refer to the Project Type Descriptions document provided by DOH.

2. **If we have both an Operational Services project and a Capital Campaign project, is the $750,000 cap for both of those combined, or for each one?**
   - If the nonprofit "administers one or more approved projects, in addition to providing a qualifying service," then the nonprofit can issue "tax credit certificates for allowable contributions to one or more approved projects" up to "an additional" $750,000. § 39-22-548(3)(c).
   - This $750,000 cap is on top of the $750,000 cap that the nonprofit is subject to just for being an approved nonprofit. In other words, an approved nonprofit that administers one or more approved projects is subject to a total cap of $1.5 million in certificates: $750,000 to the nonprofit for one qualifying project and $750,000 for contributions to additional approved project(s). The second $750,000 is for all additional approved projects collectively, regardless of whether it is one project or several projects.

i.
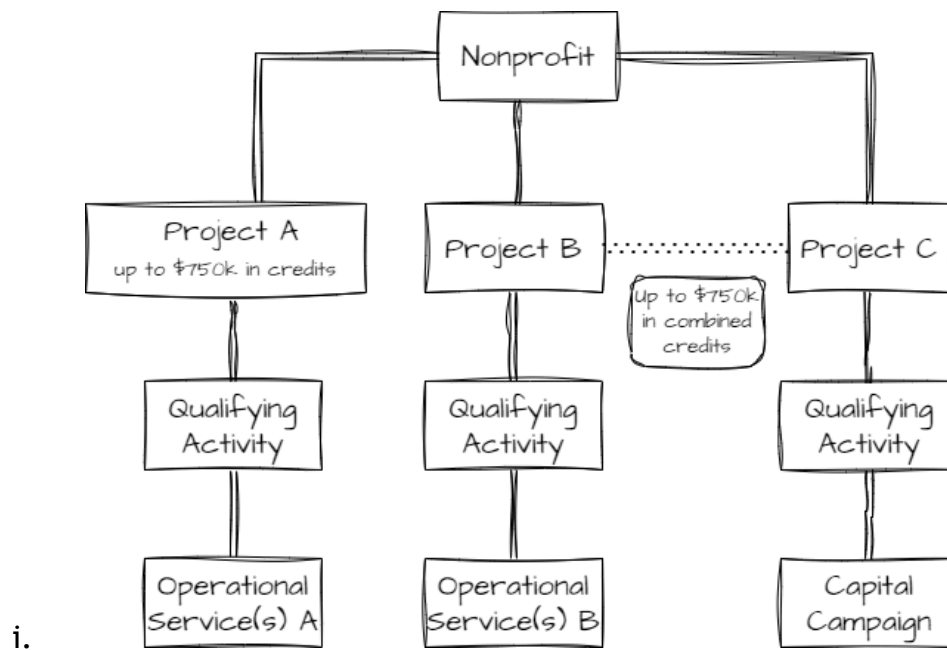
- ○ **Note:** This diagram is only an example of how an organization may choose to structure their projects. Each organization varies on the numbers and types of projects that may be approved for HCTC.

3. **If we have an Operational Services project and three Capital Campaign projects, is the $750,000 cap for each Capital Campaign or all of them combined?**
   - ○ The $750,000 maximum of tax credit-eligible donations would be for all three Capital Campaigns combined.

4. **The intention of the bill is to make it easier for more entities to leverage the tax credit. Is there any concern that agencies not currently focusing their services on homelessness will begin to shift their services to homelessness just enough to qualify for the tax credit, therefore (a) risking a reduction in the quality of those services, and (b) potentially reducing the novelty of the HCTC?**
   - ○ Qualifying activities are those that meet the HCTC programmatic criteria. In particular, they will need to demonstrate that they are primarily focused on assisting people experiencing homelessness or people at imminent risk of homelessness. An organization must be able to demonstrate that at least the majority of those they serve meet the intended population. Services to those at imminent risk of homelessness must be prevention services.

Reporting and Monitoring

1. **If each entity is administering tax credits, will this create any special auditing requirements?**
   - Organizations will need to be able to provide evidence that HCTC contributions were allocated to eligible services. DOH reserves the right to audit organizations to ensure financial compliance, per statute.
     - C.R.S. § 39-22-548 (d): "Once approved, the nonprofit organization shall maintain an accounting system and appropriate records to track contributions received by taxpayers for which a tax credit was allowed under this section and to accurately associate the use of the contributions with qualifying activities, an approved project, or both."
     - C.R.S. § 39-22-548 (e): "The division... can request from the nonprofit organization an audit or financial report in a form that is acceptable to the division."
2. **What is included in the annual review of qualifying activities?**
   - Every January, an annual review will be conducted with each nonprofit to verify information for each qualifying activity and is accurate. It will also be a time to review how the activities are addressing current and emerging needs of individuals and families experiencing homelessness, the project's objectives and outcomes.
   - If the organization uses HMIS, much of the data needed will be accessible through HMIS. For those who do not use HMIS, a separate form will be available to complete to collect on the project's outcomes and outputs. Please contact HCTC staff for more information on the data collected during this annual review.

Contribution Eligibility and Process

Administration & Deadlines

1. **When will certificates be administered?**

- ○ Nonprofits will select the preferred cadence of issuing the certificate for all donors. The cadence options are immediate, quarterly, or annual. DOH preference is for certificates to be issued annually, once per taxpayer per tax year, but the organization ultimately selects the frequency that is best for them. The certificate frequency is the same for all donors at an organization, and the frequency is locked in based on the initial HCTC application. According to C.R.S.§ 22-1083(3)(c), nonprofits must follow the following obligations: "The approved nonprofit organization that receives the allowable contribution shall issue a tax credit certificate to each taxpayer that makes an allowable contribution," and "Tax credit certificates shall be issued in the order of received allowable contributions" § 22-1083(3)(c).

2. **When do contributions need to be submitted? Does this deadline apply to donor entries also?**
   - ○ Donations must be entered, at minimum, on a quarterly basis, so long as they meet the organization's contribution minimum amount. Contributions must be entered quarterly, even if there is only one certificate issued at the end of the year. Donations can be entered on a more frequent basis than quarterly if preferred. If using the donor-facing contribution form, donors are subject to the same contribution submission expectations as nonprofits are.

3. **What if a capital campaign project is canceled or unable to commence within three years of project approval? How would this impact the tax credits already issued?**
   - ○ In this situation, the capital campaign would be immediately unable to accept additional HCTC contributions. In addition, past contributions should be reallocated to eligible operational services instead. Documentation of this reallocation should be provided to the division.

4. **If a project is approved, can contributions be submitted for a tax credit if the contribution date occurred prior to approval date?**
   - ○ Contributions submitted prior to the organization's eligibility approval would not qualify for a tax credit. Tax credits cannot be issued to the donor until the project is reviewed and deemed eligible by DOLA.

5. **What date do we submit when entering an aggregate amount for recurring donations?**
    ○ Include the date of the last submission for recurring donations. Recurring donations are required to be submitted at least twice a year as long as they total $100 or more.

6. **What are the ramifications if a contribution doesn't get entered by the deadline?**
    ○ There are no immediate consequences for late entries at this time. However, this may affect the eligibility of the contribution for the credit depending on how late the entry is. If the organization or individual has met their tax credit limit, then DOLA could not issue a credit for that donation.

7. **Can nonprofits be selective about which contributions receive the tax credit?**
    ○ No, the tax credit must be universally offered as an option for all donations to an eligible HCTC project that falls above the minimum donation thresholds for your organization. Minimum donation thresholds cannot be changed throughout the tax year.

8. **Does the nonprofit get an email notification if a donor submits a contribution for review?**
    ○ No, a confirmation email will not be sent to nonprofit contacts after a donor submits a contribution.

9. **Do you have guidance on a check received with two (married) SSNs and they file together? Do I split the check amount or is there a different way to record that?**
    ○ Contact the couple and ask who's name they would like on the certificate. Since they file jointly, it is preferred that they use one person's name and SSN. However, if they would prefer to split the check in half so that they both receive the tax credit, this is a possibility and should just be documented.

10. **If a donor puts in an online donation at 10:30 PM on 12/31/23 our system is going to timestamp it for 12:30 AM 1/1/24. Is this going to disqualify the gift?**
    ○ These contributions would be allowed as long as the actual time of donation can be verified. The gift was still, technically, received by the organization in 2023, making it eligible to submit for the 2023 tax year.

11. **Can a check dated December 31st but received by the organization in January still qualify for the previous tax year?**

○ See the question below, "How is the donation date determined?" for determining the date of delivery as the date of donation.

12. **If a new organization is approved for eligibility midyear, can contributions be submitted retroactively for that tax year?**

○ The date an organization or project is deemed eligible and the nonprofit staff receives an approval email is the date that contributions begin to be eligible. Contributions submitted prior to the organization's eligibility approval would not qualify for a tax credit. If an application is approved after January 1st, then the organization is eligible from that date moving forward.

Minimum Donation Guidelines and Donation Accruals

1. **For some entities, the minimum $100 donation may be beneficial, and for others, it may not be as helpful due to the extra cost of administration. Can each organization set its own minimum donation threshold?**

○ Per the statute, yes. As participating organizations set that minimum level, it is important to take into consideration that part of the intent of this new program is to elevate civic engagement. Raising the minimum may exclude some donors.

2. **Can we provide tax credits to donors who give a total $100 per year across multiple donations, or is the HCTC strictly limited to individual donations of at least $100?**

○ A tax credit can be provided for a cumulative donation. Cumulative donations should be submitted at least biannually as long as they meet the $100 minimum. When entering a cumulative donation into Salesforce, set the "Contribution Date" as the date of the most recent/last donation.

3. **If someone gives $100 and receives a certificate for that donation and then later gives an amount less than $100, will they receive a certificate for that amount?**

○ Salesforce will not accept any donations smaller than the $100 minimum. However, because the total donation is still above $100, the second smaller qualifying gift would still qualify for a tax credit. DOH can administratively accommodate special circumstances if a donor, by the end of the tax year,

contributes less than $100 after already receiving a certificate for more than $100 previously.

4. **Do in-kind donations receive the same tax credit percentage as monetary donations (25% for urban counties; 30% for underserved, rural counties)?**
   ○ Yes.

Contribution Eligibility

1. **How is the donation date determined?**
   ○ Essentially, the date of donation is attributed to the "the time of its unconditional delivery," according to the IRS's Publication 526 (2023). See "When To Deduct" on page 14 of Publication 526 for specific ways of indicating the time of unconditional delivery.
2. **Are employee-donated vacation time funds eligible for the credit?**
   ○ Yes, so long as there is documentation from the employer stating the dollar equivalent of the vacation time and follows IRS Publication 15. The vacation leave payout is treated as wages owed to the employee, who has directed the employer to contribute that amount of their wages to the qualifying organization. This type of contribution should be designated as a cash donation.
   ○ **Note:** If an employer matches the donated vacation time to your organization, the employee would **not** be eligible to submit those matched vacation hours.
3. **If I elect to donate to the Homeless Prevention Activities Program on my Colorado tax return, can this contribution be eligible for HCTC?**
   ○ The Homeless Prevention Activities Program (HPAP) and Homeless Contribution Tax Credit Program (HCTC) are two separate programs that do not share the same funding source. An HPAP selection when filing your taxes does not qualify for HCTC, even though some organizations may participate in both programs. The main difference is that HPAP is a grant program awarded to nonprofits from DOLA, while HCTC is a fundraising incentive that nonprofit organizations can offer their donors who contribute eligible donations.
      ■ The HPAP program provides funding to nonprofits and local governments throughout Colorado to prevent at-risk households from experiencing

homelessness through a Colorado Tax Check Off Program. All funding that comes through taxpayers "checking off" this optional contribution goes directly to the HPAP program and is distributed to Colorado nonprofits that have approved grant funding through the program. These approved organizations submit their application into an annual competitive selection process and must follow the HPAP program guidelines for prevention activities.

- HCTC is a fundraising incentive provided directly from approved nonprofit organizations that participate in the program. If you were to make an eligible donation directly to an [approved HCTC organization and project](), you would then receive a tax credit certificate from the organization that can be used towards your Colorado income tax. An organization's eligibility requirements may vary, so we encourage you to contact an organization directly if you would like to learn more!

In-Kind Contributions

1. **Do stocks qualify as cash donations?**
   - No, according to statute, stock donations are a type of in-kind donation. They would be subject to the $5,000 minimum donation. Stock donation amount for the credit is evaluated based on the value on the date of donation.
2. **Under HCTC, will organizations have to be able to accept (and liquidate) gifts of stock on their own? Can another organization liquidate the stock and give a check to our organization?**
   - Organizations may use a nonprofit intermediary organization to liquidate gifts of stock. A financial broker may also liquidate the stock as a paid service to the final recipient nonprofit. The date of donation is the date that the stock was transferred from the donor to the third party. If an organization receives the donated stock through a third party, that would be considered an in-kind gift and would need to be valued at **over** $5,000 on the date of donation. Another option would be for the donor to liquidate the stock and donate the cash amount, which would not be subject to the $5,000 minimum.

3. **For in-kind gifts, such as a vehicle or jewelry, would we need to have it appraised and be in conversation with the state administrator before issuing a tax credit?**
   - Yes, items donation as in-kind must be appraised. Written documentation of an independent third-party valuation is required. Please see IRS Publication 561, [Determining the Value of Donated Property](#) for additional information.

4. **What if a donor sends multiple types of stock on one day where they all add up to a value of over $5,000, but each by themselves is $5,000 or less?**
   - Yes, this would qualify. The statute does say stocks (and not stock) count as an in-kind gift. So, as long as all of the included donations add up to $5,000 and include valuation documentation for each individual stock, this will be accepted.

5. **Can stock gifts sent on different days be added together to over $5,000 in value cumulatively for the year and get the 25% credit for all of it?**
   - Yes. Seeing as we allow cash gifts to qualify if they add up to equal $100 or more throughout the year, the same goes for stock contributions. So long as the contribution dates are within the same year and include valuation documentation for each individual gift, this will be accepted. The date on the certificate would be the date of the last gift of the multiple stock donations.

6. **Can volunteer hours count as an in-kind donation?**
   - Yes, as long as the volunteer hours occurred during the tax year and are valued at over $5,000. Volunteer hours must represent professional services donated and not general volunteer hours. Documentation supporting the service hours calculated at fair market value is required.

7. **Can car donations that are processed through a different nonprofit organization (Ex. Vehicles for Charity) qualify for HCTC?**
   - Yes, but the car must have an appraised fair market value of $5,001 or more on the date of donation. The fee amount from the intermediary nonprofit organization should not be deducted from the donor's contribution amount.

8. **How are stocks valued? Is it by the organization or the taxpayer?**
   - Each organization can establish their internal best practice processes for getting stocks evaluated. There are options to value the outright gifts of publicly traded securities following IRS regulations and using the fair market

value for the contribution. The fair market value is the average price between the highest and lowest quoted selling prices on the date the securities were received by the organization (gift date). There are third party options available in many search engines.

9. **I know that we need to value the stock on the day it was received but which value, i.e. the high price, the opening price, the closing price, or an average price?**
   ○ Always use the Fair Market Price, which is the average price between the highest and lowest price of that day.

Intermediary Organizations/Donation Processing Software/Donor-Advised Funds (DAF)/IRA/QCD, etc. Information and Eligibility

1. **Will gifts made directly from an IRA and other similar retirement accounts be qualified HCTC gifts**, so long as the gift is made to the nonprofit organization?
   ○ Yes, it would qualify. The gift would be considered a monetary donation.
2. **Is a contribution to a Donor-Advised Fund (DAF) eligible for HCTC?**
   ○ A contribution through a Donor-Advised Fund (DAF) is not eligible for HCTC. DAF contributions do not meet the definition of a qualified eligible intermediary organization according to C.R.S. § 39-22-630 (2)(b) "'Qualified intermediary' means an organization that has attained tax exempt status under section 501(c)(3) of the internal revenue code if the organization is obligated, except when exercising variance power as required or authorized by law or federal regulations, to disburse contributions received from a taxpayer to a recipient organization as directed by the taxpayer."
3. **Is a contribution through Colorado Gives or another intermediary organization eligible for HCTC?**
   ○ **October 2023 Update:** As of October 2023, the Department of Local Affairs has agreed, on a limited basis, to accept HCTC contributions made through intermediary nonprofit organizations. This accommodation is only for the 2023 holiday season and requires that these organizations obtain legislative clarification in order for these contributions to be accepted in the future.

- **June 2024 Update:** An amendment to Colorado Revised Statutes (C.R.S. 39-22-548) passed in 2024 to allow for contributions through intermediary organizations to be eligible for the Homeless Contribution Income Tax Credit (HCTC) beginning January 1, 2024.
- Contributions through intermediary organizations were not eligible for the HCTC prior to the accommodations and legislative changes stated above based on legislative precedent and advice from the Department of Revenue.

4. **Are funds donated through giving software platforms eligible for HCTC?**
- Yes, these are eligible if the payment processor is not actually a Donor-Advised Fund. If the contribution is made by the taxpayer to the qualifying organization, the fact that the payment is handled through a payment processor or donation software platform used by the qualifying organization does not disqualify it for the credit. **It is recommended that nonprofits check that a platform is not a Donor-Advised Fund before submitting contributions through such websites.**

5. **Are funds donated through Benevity eligible for HCTC?**
- Benevity manages a Donor-Advised Fund for its workplace giving platform. Therefore, gifts through Benevity would not be eligible for HCTC.

6. **Are Qualified Charitable Distributions from a Retirement Account eligible for HCTC credit? / What about Family Estates or Bequests?**
- If the contribution is directed by the taxpayer to the contribution project, then it can earn the homeless contribution credit. The contribution can come from a variety of types of accounts over which the taxpayer has control. The Department of Revenue does not want to list the variety/types of accounts from which contributions could be made as there are many and new types are always evolving. As always, we recommend donors consult a tax professional with specific questions unique to their situation.
- A bequest or estate may be eligible for HCTC. Verify that the entity has a Colorado income tax liability for the year the donation was made. A family trust may also be eligible to receive a tax credit. Again, verify if there was a Colorado income tax liability for the year the gift was made. If there is no tax liability, there is no way to utilize the credit, and it is not applicable.

7. **Should gifts from intermediary organizations be entered for HCTC when the confirmation of contribution is received? Or should we wait until the funds are deposited (which could take up to 30 days)?**
   ○ It's been our practice to accept all email confirmations/reports received by the organization **prior** to the organization receiving the campaign funds. The confirmations are proof of the original contribution made and approved through the campaign, and donors are not then waiting on a tax form due to the organization having to wait for its campaign funds to be received from CO Gives/Community First Foundation.

8. **Gifts through intermediary orgs were ineligible in 2023, why are they eligible in 2024?**
   ○ Contributions through intermediary organizations were not previously eligible for the HCTC based on legislative precedent and advice from the Department of Revenue. In May 2024, SB24-016 was passed to now explicitly state that gifts given through qualified intermediary organizations as of January 1, 2024 are eligible for the HCTC.

9. **What dates are gifts through intermediary organizations eligible for HCTC?**
   ○ Colorado Statute, C.R.S. 39-22-630, states that "for income tax years commencing on or after **January 1, 2024**, a taxpayer may claim a credit for making a contribution to a qualified intermediary." However, with the 2023 holiday season accommodation for HCTC to allow for gifts through intermediary organizations, gifts through intermediary organizations beginning October 2023 are eligible for HCTC.

10. **Can my gift through an intermediary org be submitted retroactively?**
    ○ Yes. Since the Salesforce database will not be equipped to accept gifts through intermediary organizations until August 8, 2024, eligible gifts that were contributed on or after January 1, 2024 may be submitted at that time.

Documentation & Fees

1. **Often our donors will opt to pay for the credit card processing fees. Are these fees eligible for the HCTC? (For example, a donor wants to give $50, but their donation will be for $51.43 to cover the processing.)**

○ No, the processing fee would not be eligible for a tax credit. If a donor agrees to cover the credit card transaction fee, do **not** include this in the contribution you submit for approval. For example, if a donor gives $200 and agrees to pay a $3 credit card transaction fee, you will only submit $200 and not $203.

○ If donors elect to cover credit card processing fees for their contribution, this additional fee amount is not eligible to earn a tax credit. Only the **intended** contribution amount is eligible to earn a tax credit.

2. **What contribution amount should be submitted for HCTC if fees are removed from a donor's contribution through an intermediary organization?**

   ○ A donor's **intended** contribution to the HCTC project should be honored even if the nonprofit organization received a lesser amount because fees were removed prior to the payment transfer to the nonprofit. For example, if a donor gives $200 to an HCTC project through an intermediary organization and opts not to cover fees and $5 in fees are withheld by the intermediary organization, the nonprofit receives $195. However, the donor intended to donate $200, and $200 should be submitted for the HCTC.

3. **Is proof of donation required for each contribution?**

   ○ Documentation of a contribution is required for all donations of $5,000 and above, both in-kind and cash.

4. **What documentation attachments are eligible for upload?**

   ○ For in-kind donations, the attachment must be an appraisal of the value of the donation. For monetary donations, the attachment must include proof of donation. Backup documentation for monetary contributions may include a credit card document that includes the approval code number for the purchase, an aggregate report from an employer's payroll for payroll deductions, or a receipt for cash or check donations. Other forms may be accepted if they include donor name, donation amount, donation date, nonprofit name, and check number (if applicable).

5. **Often our donors will have the check sent directly from the custodian – is there any danger of these being marked ineligible because they are not drawn from the donor's bank, but from their custodian's? For example, when looking at a check from Ameriprise Financial, it's impossible to determine the source of the funds.**

However, when reading the check attachment, it clearly states "Normal Ret Plan Distrib" as this satisfies their RMD for the year. How are these viewed by the legislation?

- ○ IRA distributions are considered donations directly from the taxpayer's account and would be considered eligible for HCTC. In this case, the check attachment would suffice as documentation for the payment.

6. **What type of records will you be requesting from the nonprofit to show that a donation was directed towards a specific project?**

- ○ At this time, the only guidance for records is that records must show that donations went toward an account for expenses for an eligible project. If you have specific questions about your organization's financial records, feel free to contact HCTC staff.

Taxpayer Eligibility Information

1. **What information will be required for contributions?**

- ○ All contributions will be submitted through Salesforce. This will include the donor's name, Tax ID information (the last four digits of an SSN or ITIN, or the full FEIN), contribution amount and date, and selecting the approved project they have contributed to. Contributions can be submitted on the same day the donation was received or less frequently on a minimum quarterly basis.

2. **What if a business owner donates as a single-member LLC. Would this donor also be able to contribute separately as an individual?**

- ○ The taxpayer's contributions as an LLC and as an individual would be tied to the same taxpayer ID (Social Security Number), and any contributions as either entity would accrue toward the $100,000 maximum tax credit amount.

3. **Can an ITIN be used in place of a Social Security Number (SSN)?**

- ○ Yes, an ITIN is distributed to taxpayers who are ineligible for a SSN.

4. **Can someone receive HCTC who does not reside in Colorado?**

- ○ Yes, there are some cases in which a donor may have an address outside of Colorado. For example, the taxpayer may have two homes, may have moved within the tax year, or may own a business. The tax credit is only for those who are liable for Colorado state taxes. The question that organizations need to

ask is whether the donor (individual or business) has a Colorado income tax liability and will file a state return. If so, their donation can be submitted for tax credit. If they do not, it should not be submitted as there is no way for the donor to realize the value of the credit. It is the nonprofit organization's responsibility to ensure that all donors with contributions submitted to HCTC have a Colorado income tax liability.

5. **If a taxpayer lives out of state but operates business in Colorado, would they need to contribute through their in-state business to be eligible for the tax credit?**
   - An individual partner or S corporation shareholder claiming their distributive or pro-rata share of a homeless contribution credit allowed to a partnership or S corporation need not be a resident individual. The definition of "taxpayer" in section 39-22-548(2)(j), C.R.S., includes partnerships, S corporations, and other similar pass-through entities that make a contribution as an entity. Likewise, the definition includes their partners, members, and shareholders without qualifying that those partners, members, and shareholders must be residents. By comparison, a similar definition of "taxpayer" was used for the conservation easement credit in section 39-22-522(1)(a), C.R.S., for tax years prior to 2021. The related Department rule ([1 CCR 201-2](), Rule 39-22-522) clarified that the taxpayers qualified to claim the credit included "partners, shareholders or members of a pass-through entity donor who receive the credit from such entity, regardless of whether such individuals are Colorado residents." (See paragraph (1)(a) and (d) of the rule.)
   - One thing for the donor entity to keep in mind is that if the amount of the credit exceeds the partner's or the shareholder's Colorado tax liability, the excess may be carried forward for a period not to exceed five years. Any credit remaining after that time is forfeited.

6. **Are donors required to file their taxes electronically?**
   - Yes, donors are required to file electronically.

7. **Can a contribution from a business donor that has an FEIN tied to a charitable organization qualify for a tax credit?**
   - The Department of Revenue may accept tax credits that are passed through different affiliated companies. Businesses that wish to donate and pass the

credit to an affiliated company should consult a tax professional to determine if their organization's structure would qualify to pass the credit.

8. **If a married couple files their taxes jointly, but both submit contributions under their individual name, Social Security Number, and information, can they both receive tax credit certificates?**
   ○ Yes. Both individuals in a couple who file their taxes together can receive tax credit certificates individually and submit all when they go to file their taxes. The donor should always consult with a tax professional to ensure that they file correctly in order to receive both spouses' credits.

9. **I have a check with a deceased spouse living trust and the living spouse as the trustee i.e. both names are on the check and it's signed by the trustee. I just want to be sure how to enter the contribution. Do I enter the trust or the trustee name as the donor and tax name?**
   ○ In this case, the trustee has assumed responsibility of the funds with the passing of their spouse, so the contribution should be filed under their name and Tax ID. If they would like further information or guidance on this, it is recommended they consult a tax professional for additional assistance. As for entering the trust or the trustees name, contact the donor and gather further information. Sometimes a trust is under one spouse's SSN or an individual EIN. For whatever Tax ID they have provided, ensure that the donor's name matches the Tax ID. If they've provided the trust's EIN, the contribution should go under the trust's name. If the living spouse has provided their SSN, then it will go under their name.

Social Security Number Requirement Change 2024

1. **A full Social Security Number was required for 2023 certificates, why is it no longer required in 2024?**
   ○ Previously, Colorado statute (C.R.S. 39-22-548) stated that an individual taxpayer's **full** nine-digit Social Security Number and other personal identifying information to be included on the tax credit certificate.
   ○ In May 2024, [Senate Bill 24-016](#) was passed to include an amendment to reduce the requirement to the **last four digits** of the taxpayer's Social Security Number

(SSN) or Individual Taxation Identification Number (ITIN) to be included on the HCTC certificate.

2. **Will my full SSN still be stored in the HCTC Salesforce system? Will the full SSN still be accessible by HCTC or nonprofit staff?**
   - As of June 2024, HCTC staff will be working with the Salesforce team to adjust the system according to changes from SB24-016. This plan includes removing the first five digits from previously created donor contact records. The deadline for changes in Salesforce to be made regarding the SSN changes is August 6, 2024.
   - Once this information is removed from Salesforce, HCTC and nonprofit staff will not be able to find this information within the system.

Certificate Guidance

Certificate Distribution Processes and Timeline

1. **When are tax credit certificates distributed to donors?**
   - Tax credit certificates are issued immediately, quarterly, or annually according to nonprofit preference. Each organization will select the frequency they prefer, and the selection will apply to all donors to that organization.
2. **Who sends the certificate?**
   - Per statute, the nonprofit issues the certificate. This is done by selecting "Send" to email a link to the certificate via Salesforce or via postal mail. Certificates **are not** sent automatically after a contribution is approved.
3. **When will the certificates be sent out?**
   - It is up to your organization to hit the "Send" button in Salesforce to issue the certificates. Based on your organization's selected certificate frequency, certificates will be either available immediately for your organization to send (immediate frequency), after the quarterly deadlines (quarterly frequency), or on February 1st of the following tax year (annual frequency).
4. **When will certificates be available if our organization is quarterly or annual frequency?**
   - Certificates are available after the quarterly deadline (May 1, August 1, November 1, and February 1) for nonprofits with quarterly frequency. Certificates are available after February 1st of the following tax year for nonprofits with annual frequency.
5. **Do we have to get our outgoing emails encrypted with these certificates?**
   - If you are emailing the certificates directly from Salesforce, the certificate will automatically be sent to the donor via email with a secure link. So, an additional email directly from your organization is not necessary.
6. **When are certificates issued for previous year contributions?**
   - Nonprofits are required to issue all certificates by February 15th for the previous year. The deadline for nonprofits to enter previous-year contributions is January 31st. Any requests for previous-year contributions that come in after this date will be reviewed on a case-by-case basis.

7. **Does HCTC issue any kind of annual end of year tax summary certificate?**
   ○ In January of each year, HCTC staff will send contribution lists for organizations to compare with their Salesforce and donation records. If your organization would like a report with contribution at different times throughout the year, contact HCTC staff at dola_hctc@state.co.us to request the report.
8. **Is there any guidance for securely mailing the certificate via postal mail?**
   ○ If a donor does not have an email address, then the nonprofit will need to issue the certificate via postal mail. There is no specific guidance on doing so, but DOH encourages nonprofits to verify the accuracy of the address before mailing the certificate that includes the donor's personal information, including the last four digits of their SSN.

Immediate Frequency

1. **For organizations with immediate tax credit certificate frequency, do we issue tax certificates each time or do we ask our donors their preference?**
   ○ It is up to you on whether or not you submit an aggregate amount that would be included on the certificate. For example, a donor may give $100 for each month in a quarter. You could choose to submit that donor's gifts three different times for three different $100 certificates, or you could submit it as an aggregate amount of $300 at the end of the quarter for one certificate. This depends on your internal processes, and you could certainly ask your donor's preference in this scenario.

Quarterly and Annual Frequency

1. **For quarterly or annual certificates, do the certificates include each individual contribution submitted?**
   ○ The certificate will include a total amount for that period of time with the date being the date of the last donation.

Taxpayer Filing

1. **How do donors submit their tax credit when filing their taxes?**

- Taxpayers must file an annual income tax return along with the associated credit schedule in order to claim the credit. **It is required that taxpayers file electronically. If a taxpayer files by paper forms and has multiple tax credit certificates, the Colorado Department of Revenue (DOR) may deny part or all of the credit** due to the paper form having limited space to submit multiple tax credit certificate numbers. If a taxpayer is denied a tax credit that was filed through paper forms, the tax credit denial could be appealed in this case.
- Taxpayers must submit with their return a copy of the completed Homeless Contribution Tax Credit Certificate obtained from the donee organization certifying the contribution. For electronically filed returns, a copy of the Tax Credit Certificate can be submitted either via e-file or by using the E-Filer Attachment function of [Revenue Online](#).

2. **Is a tax credit transferable between related organizations? For example, if a foundation makes a grant but is unable to use the credit, can the credit be transferred to a related corporation.**
   - The homeless contribution tax credit is not transferable.

3. **If a donor has already filed their taxes, but the organization finds a correction that needs to be made so they revoke and create a new certificate for them, what does the donor need to do?**
   - The donor will need to file an amended return with the new certificate.

4. **I have 3 certificates from 2024, but my tax software allows entry for just one tax certificate number. How should I proceed?**
   - Simply enter one of the certificate numbers in the field in the tax software. We do recommend they attach all certificates to their electronic return or to utilize [other methods](#) to remit documentation to DOR.

5. **What should I do if my tax credit was denied by the Department of Revenue?**
   - See the Department of Revenue section of the [HCTC Taxpayer Handbook](#).

6. **I've already filed my taxes, but my certificate was not submitted with my filing previously. What can I do?**
   - You can [file an amended return](#) with the Department of Revenue to add your eligible HCTC tax credit for the previous tax year.

7. **I received a letter from the Department of Revenue requesting additional documentation for my tax credit. Why did I receive this and what should I do?**
   ○ If you received this letter from DOR, they are requesting you submit a copy of your HCTC certificate to them, as they likely did not receive it with your filing. This letter should include instructions on where to submit your eligible certificate to DOR so that they can complete your tax review.
   ○ If you claimed an HCTC with your taxes, but did not receive a certificate, please contact the eligible organizations you have donated to so that they review your contribution to their organization and send you a certificate as soon as possible, if eligible.

Eligibility Verification Form Process for Nonprofit Organizations

General Eligibility Form Processes and Information

1. **How does an organization participate in the HCTC program?**
   ○ Nonprofit organizations who are implementing homelessness-related projects within Colorado may be eligible to participate in the HCTC program. Each nonprofit organization must complete and submit a single Eligibility Verification Form to DOH for approval in order to have donations eligible for the tax credit. The Eligibility Verification Form was released by DOH on October 14, 2022. This Form was updated by DOH and accessible via Salesforce in July 2023.
   ○ DOH staff will review eligibility verification requests and communicate approval or denial. This is not an application and is not a competitive process. DOH will determine if and which projects and activities are in alignment with the statute. Nonprofit staff will be required to attend a virtual orientation with HCTC staff during the approval process. Once an organization is an "approved nonprofit" with DOH (an organization with one or more projects already with the HCTC program), the organization may submit additional project eligibility verification requests for other projects they would like to be included in the HCTC program. Nonprofit organizations will also be able to submit new or updated Eligibility Verification Forms anytime throughout the year and will be reviewed by DOH staff on a rolling basis.

Initial Project Eligibility

1. **If an organization has multiple projects, would the organization submit an Eligibility Verification Form for each project?**
   - Each nonprofit 501c3 organization should complete a single Eligibility Verification Form, even if the organization has multiple projects, services, and/or locations. The single Eligibility Verification Form should include all of the organization's eligible Project Activities, including Operational Services and Capital Campaigns. Salesforce is set up so that the organization may list multiple locations per activity or select the activity multiple times should the organization wish to complete each location separately.

2. **What if an organization has both rural and non-rural services?**
   - The organization, as defined below in the Definitions section, must submit a single Eligibility Verification Form for all services provided, regardless of location. Organizations are identified by their unique FEIN.
   - The taxpayer can qualify for a 30% tax credit, rather than a 25% tax credit, if the taxpayer makes a contribution "to an approved nonprofit organization, or to an approved project administered by an approved nonprofit organization, in an underserved, rural county as defined by the Division." §39-22-548(3)(b). The 30% tax credit is available for any **project** located in an underserved rural county, even if the nonprofit organization is not located in the rural county.
   - Therefore, an organization can have projects in rural and non-rural areas. The percentage of tax credit will be based on the location of the project that the donation supported.
   - If an organization has an approved project that serves the entire state, rural and non-rural counties, taxpayers will receive the 25% tax credit. It is the organization's responsibility to communicate this with their donors.

Operational Services

1. **What if a temporary shelter also provides case management services (two different Project Activity types)? Would we complete an Eligibility Verification**

Form for each type of service and be required to track/report on each service type separately?

- ○ Like a general operations grant for an array of services, a qualifying donation to an eligible organization can be applied to all eligible Operational Services, and then, like a grant, the outcomes of those services will be reported in a single report. If a donor provides an organization with an "undesignated" check, it can be used for any eligible Operational Service. If the donation is designated for a particular service, the donation needs to be applied to and tracked into that service.

2. **Would direct assistance payments for rent or utilities be considered an Operational Service that falls under the HCTC program?**

- ○ Yes, provided that the client benefitting from the rent or utility assistance is at "imminent risk of homelessness" as defined by DOH. The nonprofit's project should include Homelessness Prevention if this activity is being conducted.

Capital Campaign

Recertification

1. **Does the Eligibility Verification Form need to be completed each year for initial approval and recertification?**

- ○ According to the statute, organizations will need to submit a recertification form every four years.

2. **When will an organization's approval expire?**

- ○ 2023 will be considered year 1 of 4 for all organizations currently approved. All organizations approved in 2023 will be eligible through December 31, 2026. DOH will conduct a review every fall to ensure our information is accurate, and, during the summer of year 4, a reapplication will be required.

3. **Can a nonprofit change their certificate frequency when they reapply for eligibility after 4 years?**

- ○ Yes.

Salesforce Database

General Information

1. **What is the preferred browser for using Salesforce?**
   - Google Chrome is the preferred browser.
2. **If an organization has multiple staff working with HCTC and having access to Salesforce, can all users for the same nonprofit see a history of certificates within the organization as a whole, rather than just their own submitted certificates?**
   - All certificates are tied to the organization within Salesforce, not the individual nonprofit user. Any nonprofit staff member who is registered to an organization will be able to see all contributions and tax certificates for the entire organization.

Login and Credentials

1. **How do we get our initial login to Salesforce?**
   - All organizations approved in 2023 prior to the Salesforce launch must submit their Certificate Frequency Form to receive the email link to login to Salesforce.
   - If you are a new contact for your organization, an HCTC admin will have to send you a link to set up your login credentials.

Multifactor Authentication (MFA)

1. **Who needs to use two-factor authentication?**
   - Each time they log in, nonprofit users will need to use the Salesforce Authenticator app to log in. Donors will not log in and therefore will not need two-factor authentication.
2. **I got a new phone and can't log into Salesforce or use the Authenticator App.**
   - The Salesforce Authenticator App is assigned to a device - not a phone number, account, etc. - so if you get a new phone, the app will not work. Please

contact HCTC staff to disable the Authenticator App connection from your old device and go through the "Add An Account" process on the app.

3. **I am having trouble using the app. What should I do?**
   ○ Please contact HCTC staff at dola_hctc@state.co.us if you are experiencing difficulties with the Salesforce Authenticator App. This may include:
     ■ The app is asking for a code, but you had already entered a code previously to connect your account.
     ■ The app has disconnected from your account.
     ■ You have multiple Salesforce accounts and need assistance with adding a new account.

Donor Contact Records and Information

1. **What happens if a donor or nonprofit user submits a contribution with different information than the information that is included in the donor's previous Salesforce record?**
   ○ The donor record is permanent after the first instance a donor's contribution is submitted, and the record is tied to the taxpayer's Tax ID. Any corrections must be changed by an HCTC admin. If you notice that any information needs to be corrected, please contact HCTC staff by phone or encrypted email.

2. **Are nonprofits able to view a Social Security Number (SSN) from a donor-submitted contribution?**
   ○ An individual donor's Social Security Number is included on the tax credit certificate, as required by statute. Because the nonprofit issues the certificate, they have full view of the donor's personal identifiable information, including the SSN. Viewing the previously submitted SSN via the certificate could be helpful in verifying later submissions for accuracy. In some cases, a nonprofit may not have the resources to maintain a secure database internally, and therefore the nonprofit could look at the certificate of a donor's previous contribution to view the SSN necessary for a new contribution to be submitted.
   ○ **Update beginning August 6, 2024:** All previously submitted donor contact records, contributions, and certificates will be updated to only show the last

four digits of the SSN. Salesforce will not retain the full nine digit SSN or ITIN after these updates have been made.

3. **If a donor has contributed to multiple nonprofits, can the nonprofit staff see the contributions that the donor has made to other organizations?**
   - No. Nonprofit users will only be able to see the contributions made to their organization. Even though each individual has a profile according to their Tax ID within Salesforce, organizations cannot see any information regarding other nonprofits within Salesforce including Project Names, contribution dates, or contribution amounts.

4. **For submitting contributions as an organization, at what point will I need the donor's Social Security Number?**
   - You will need the Social Security Number in order to submit a contribution. For new donors, you will need the Social Security Number when you add a donor's personal information. For returning donors, you will need the Social Security Number to look up their record in Salesforce.
   - **Update beginning August 6, 2024:** Colorado statute, C.R.S. 39-22-548 has been amended to allow for the **last four digits of the taxpayer's Social Security Number** (SSN) or Individual Taxation Identification Number (ITIN) to be included on the HCTC certificate. For businesses, the taxpayer's full Federal Employer Identification Number (FEIN) is still required.
   - You will need the Tax ID information above to submit a contribution. For new donors, you will need Tax ID information when you create a donor's contact record in the "New Contribution Process". For returning donors, you will need Tax ID information to look up their record in Salesforce.

5. **Do we need a donor's email address right away when we submit a contribution?**
   - You can submit a contribution without a donor's email or phone number; these will be optional to include. If you would like to add an email or phone number for a donor, please request this to be added by contacting HCTC staff.

Contributions

1. **How does a nonprofit view the accumulation of gifts throughout the year?**

○ A nonprofit can request a report from HCTC admin, and cautionary emails will be sent to both nonprofit organizations and donors who are approaching their tax credit maximums.

2. **Can a nonprofit user view a contribution submitted by a different user at that nonprofit?**
   ○ Yes, all contributions and certificates for an organization are listed together.

3. **Why are the contribution and certificate numbers different in Salesforce?**
   ○ Contribution numbers (C-000xxx) will not directly match tax credit certificate numbers (HC-000xxx) for the same contribution and tax credit certificate that creates. Salesforce auto-numbers each contribution as it is received for the HCTC program as a whole, not per organization. Certificate numbers are different due to the varying times certificates are generated.

4. **Why are my contributions showing as "Pending" prior to the quarterly deadline (for quarterly certificate frequency) or annual deadline (for annual certificate frequency)?**
   ○ Contributions should automatically update to "Approved" the day after the quarterly or annual date (depending on your organization's certificate frequency). This is to make sure all contributions submitted for an individual can be calculated onto one certificate.

5. **The tax year I need to select is not appearing in the Late Contribution Form - what do I do?**
   ○ If you are within the Late Form timeframe (February 1st - October 15th), you must select the year from the dropdown list that appears. If the tax year does not appear when you type it, hit "Enter" on your keyboard to load the year you've typed into the search. From there, you will be able to select the correct tax year.

6. **Is there a deadline for late contributions?**
   ○ The HCTC program does not have a deadline for late contribution submissions. Some organizations may want to set internal deadlines and communicate with donors whether or not your organization will be submitting any contributions after January 31st for the previous tax year.

Certificates

1. **When a nonprofit issues the certificate via email, is it sent securely?**
   a. Yes, the email from Salesforce with the certificate link is considered a secure way of distributing the certificate.

2. **The emails sent via Salesforce do not include a DOLA logo. Can this be added?**
   a. The logo is included in the email templates in Salesforce. However, depending on the recipient's email settings, they will receive the email without a logo if the email is viewed as plain text. HTML view allows images.

3. **Where can I view my organization's account information in Salesforce, such as contact information and certificate frequency?**
   a. Go to "Applications" then select "Account" for the appropriate application.

   i.

4. **What needs to be done when a correction needs to be made to a certificate after the donor has likely submitted their certificate with their taxes?**
   ○ The certificate should be revoked and resubmitted as usual when a correction needs to be made. Contact HCTC staff with the certificate number and any corrections that may need to be made to the donor contact record prior to resubmitting in the Late Contribution Form. Once the donor receives the new,

corrected certificate, they are able to file an amended tax return. For more information on the filing process, visit the [DOR website](#).

Donor Portal

1. **Do donors log in to Salesforce?**
   - No, the link that the nonprofit can provide to donors is available for submitting a single contribution at a time. Donors will not be able to log in to view previous contributions.

Transition from Enterprise Zone Contribution Tax Credit

1. **How is the Colorado Homeless Contribution Income Tax Credit (HCTC) different from the Enterprise Zone Contribution Tax Credit (EZ, or Ezone)?**
   - The Enterprise Zone (EZ) Program aims to encourage development in economically distressed areas of the state. The 16 designated enterprise zones have high unemployment rates, low per capita income, or slow population growth. [Local enterprise zone administrators](#) manage their respective enterprise zones. In designated enterprise zones:
      i. businesses are eligible for state income tax credits and sales and use tax exemptions for specific business investments
      ii. economic development projects form by incentivizing taxpayers to contribute through state income tax credits
      iii. taxpayers who contribute to enterprise zone projects may earn income tax credits
   - The Colorado Homeless Contribution Income Tax Credit (HCTC) aims to encourage taxpayers to make contributions to approved nonprofit organizations to support providing appropriate housing and services to assist individuals and families experiencing homelessness. When taxpayers make a certified contribution, they can claim:
   - 25% of their donation (monetary or value of in-kind) as a state income tax credit if contributed to a qualified organization in a non-rural county.
   - 30% of their donation (monetary or value of in-kind) as a state income tax credit if contributed to a qualified organization in a rural county.

2. **Are EZ projects officially defunct as of Jan 1, 2023, or is there a transitionary period where EZ donations can still be processed through the EZ program as we communicate the new tax credit to EZ donors?**
   - EZ for any homeless-related projects ended December 31, 2022. HCTC donations will be eligible for the same homeless-related projects starting January 1, 2023.

3. **If a nonprofit organization has a remaining year or two with the EZ program, will their project continue under the EZ program in 2023?**

- Nonprofit organizations with currently active and eligible homeless-related projects or campaigns within the EZ program will transition to the new HCTC program without the organizations needing to complete any additional forms or requirements. The Colorado Division of Housing (DOH) will notify the organizations, the Colorado Office of Economic Development and International Trade (OEDIT), and the EZ Administrators by November 1, 2022, by email to confirm the transition of the EZ project or to let them know if the project is ineligible for the HCTC program and may need to stay within the EZ program.

4. **How can organizations with qualified EZ projects apply to include Capital Campaigns or additional non-EZ projects in the new HCTC program?**
   - If an existing nonprofit organization wishes to add additional projects or Capital Campaigns, they will need to submit a New Project Eligibility Form within Salesforce.Capital Campaigns can be selected as one of the qualifying activities for HCTC. An organization can have both qualifying activities, categorized as either Operational Services or Capital Campaigns.

5. **How will Operational Services, currently designated as separate EZ projects, but providing the same type of service (e.g., multiple shelter locations), be treated under the new HCTC program? Will each still be a separate project under the HCTC or will they all be combined into one?**
   - In short, they will be combined. Each nonprofit organization will complete one Eligibility Verification Form that is submitted to DOH for approval to participate in the HCTC program. That organization (single FEIN) can propose the activities it considers eligible to be a beneficiary of HCTC contributions. If a single organization has multiple EZ projects, all the Operational Services will be consolidated under one HCTC project designation for related services (ie. geographic proximity). Each Capital Campaign is a separate HCTC project designation.

6. **There was typically a 3.5% administrative fee to process EZ transactions. Will there be any type of transaction fee?**
   - There will be no transaction fees in the HCTC program.

7. **With EZ, the donor made the check to our Enterprise Zone. Does that change with HCTC?**

- Checks must be made to the organization or eligible projects within the organization. No special designation is required. Checks designated to an unqualified project would not be allowed. For records and documentation, the donor may include "HCTC" in the memo line of the check.

8. **If we receive an Ezone check anytime after 2023 obviously we can't use it - is there any way to have that count towards HCTC though?**
   - Checks must be made to the organization or eligible projects within the organization. If your organization can process a check for EZ to an HCTC-eligible project, then that contribution would be eligible for HCTC.

9. **The EZ program has EZ Administrators to help guide nonprofits in preparing applications and annual reports. Will there be similar administrators for the new HCTC program?**
   - Instead of EZ Administrators, DOH will have a Homeless Tax Credit Program Manager and Program Coordinator dedicated to assisting nonprofit organizations in completing the Eligibility Verification Form, New Project Forms, contribution processes, and any other actions throughout the process. DOH staff will continuously update materials to assist nonprofits including handbooks, guidelines, and training. DOH will be using Salesforce for all actions needed for the program. Annual and ad-hoc HCTC reports will be run by DOH staff through Salesforce.

Definitions

Below are definitions of terms per [House Bill 2022-1083](), which establishes the Colorado Homeless Contribution Income Tax Credit.

- **Approved Project** (Page 3 of bill, starting at Line 18)
    - **"Approved Project"** means a project administered by an approved nonprofit organization that has been evaluated, reviewed, and approved by the division as specified in subsection 21 (5) of this section, and that implements one or more qualifying activities.
- **Qualifying Activities** (Page 6 of bill, starting at Line 8)
    - **"Qualifying Activity"** means a **Capital Campaign** or an **Operational Service**.
    - These are the only two qualifying activities. An organization can include as many Operational Services it provides, providing that service meets the requirements of the legislation.
    - The primary requirements are that the Operational Service meet programmatic criteria **and** are primarily / substantially focused to assist people experiencing homelessness or people at imminent risk of homelessness (prevention).
- **Capital Campaign** (Page 3 of bill, starting at line 23)
    - **"Capital Campaign"** means a campaign that encourages public and private partnerships and is focused on raising funds for a specific capital project. The capital project must involve construction and implementation that commences within three years of the project being approved by the division. A "capital campaign" must include a campaign for one or more of the following:
        - Supportive housing for individuals or families experiencing homelessness;
        - Community overnight shelters, community day shelters, or emergency shelters;
        - Facilities, including the acquisition or rehabilitation of facilities, used to provide housing or services to individuals or families experiencing homelessness, including facilities that are necessary to perform qualifying services; or
        - Facilities needed to provide administrative support for approved projects.

- ○ The list of qualifying Capital Campaign projects is listed thereafter, up until Line 12 of page 4.
- **Operational Service** (Page 5 of bill, starting at line 5)
  - ○ **"Operational Service"** means a service with the primary focus on assisting individuals or families experiencing homelessness or, in the case of prevention, individuals or families facing imminent risk of homelessness.
  - ○ **Eligible Services**:
    - ■ **Outreach efforts** to people living in unsheltered situations.
    - ■ Emergency, temporary, transitional, and/or day **shelters**. Emergency shelter means any facility, the primary purpose of which is to provide a temporary shelter for the homeless in general or for specific populations of the homeless and which does not require occupants to sign leases or occupancy agreements. Emergency shelters must not require program fees to be paid for shelter residency.
    - ■ **Prevention** services for those facing imminent risk of homelessness, following the HUD definition of imminent.
    - ■ **Supportive Housing** (also known as Permanent Supportive Housing) is decent, safe, affordable, community-based housing model that provides individuals/households the rights of tenancy, rental assistance, voluntary tenancy support services, and links to other intensive supportive services using best practices, particularly the Housing First model, as well as Harm Reduction and trauma-informed approaches.
    - ■ **Employment Services** for people experiencing homelessness.
    - ■ **Case management** to people experiencing homelessness that is not provided through a shelter, housing, or other listed Operational Service. If an organization operates another Operational Service, such as Supportive Housing, the case management of that Operational Service is considered included in that Operational Services.
    - ■ **Shelters with** (not "or") **Services** that aid **victims of domestic violence**.
    - ■ **"Other services"**

- The Division of Housing will evaluate the eligibility of other services that are considered essential or innovative. Again, the service must be focused on assisting people experiencing homelessness and have a measurable outcome.
- **Nonprofit Organization** (Pages 2 and 3 of bill)
    - **"Nonprofit Organization"** means any organization in good standing with the Secretary of State that is exempt from taxation pursuant to section 501 (a) of the federal "Internal Revenue Code of 1986", 26 u.s.c. sec. 501 (a), as amended, and listed as an exempt organization in section 501 (c)(3) of the federal "Internal Revenue Code of 1986", 26 u.s.c. sec. 501 (c)(3), as amended.
    - **"Approved Nonprofit Organization"** means a nonprofit organization that provides a qualifying activity and that has been reviewed and approved by the division as specified in subsection (5) of this section and has a history or track record of success in delivering services and demonstrated financial viability.
- **In-Kind Contribution** (Page 3 of bill)
    - **"In-Kind Contribution"** means a contribution that is not a monetary contribution and is valued over five thousand dollars pursuant to an independent third-party valuation, including a contribution of property, services, stocks, bonds, or other intangible property.
- **Monetary Contribution** (Page 3 of bill)
    - **"Monetary Contribution"** means a contribution in United States currency in any form, including cash, payment made by check, electronic funds transfer, debit card, or credit card.
- 9. **Qualified Intermediary** (Page 3 of Senate Bill 24-016)
    - **"Qualified Intermediary"** means an organization that has attained tax exempt status under section 501 (c)(3) of the Internal Revenue Code if the organization is obligated, except when exercising variance power as required or authorized by law or federal regulations, to disburse contributions received from a taxpayer to a recipient organization as directed by the taxpayer."
- 10. **Recipient Organization** (Page 3 of Senate Bill 24-016)
    - **"Recipient Organization"** means an organization that has attained tax exempt status under section 501(c)(3) of the Internal Revenue Code and includes any

program or project of the organization to which a taxpayer may make a contribution for which the taxpayer may claim a credit.