

# KANSAS

COMMERCE

## Community Service Tax Credit Program FY2025 Application Guidelines





The Community Service Tax Credit Program (CSP) is a competitive program for nonprofit organizations offered on an annual basis. If you are considering an application and have questions, please contact us.

CSP Program Coordinator

**Sara Bloom**

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## Informational Webinar

CSP Program Coordinator Sara Bloom will provide an overview on what community service tax credits are, how they work to encourage donations to nonprofits, the application process, and more. Time will be available to ask questions.

**Date: March 1, 2024**

**Time: 1:00 PM (CT)**

**[REGISTER HERE](#)**



*On the Cover: Redler Institute of Culinary Arts at Butler Community College, El Dorado*

*Above: Youth Learning Lab Ribbon Cutting, Junior Achievement of Greater Kansas City*

# FY2025 CSP Application Guidelines

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Updated January 12, 2024

# Creating Success for Your Community

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The Community Service Tax Credit Program provides an opportunity for private nonprofit organizations and public healthcare entities to improve their ability to undertake major capital campaigns for projects involving community service including childcare, non-governmental crime prevention, healthcare, youth apprenticeship and youth technical training.

Under this program, the state authorizes select nonprofit organizations to offer tax credits to donors making contributions to the approved projects.

Due to the strong demand for these credits, organizations awarded credits may receive less than the full amount of credits requested.

## HOW DOES THE PROGRAM WORK?

Community service organizations submit applications for review and if selected are awarded by the Kansas Department of Commerce. This is a competitive process. Not all applicants will receive tax credit awards. The proposed projects should be new or one-time in nature and create lasting value for the charitable organizations (e.g., capital campaign, major equipment purchase, major renovation, capacity building, etc.) It is the responsibility of the nonprofit organization to solicit donations, complete the necessary paperwork and send the information to the Kansas Department of Commerce for processing. If your organization has not yet been incorporated as a nonprofit corporation or foundation, you are not eligible to apply for an allocation of tax credits. An exception to this rule is if your organization can partner with a nonprofit entity that is willing to apply on your behalf. For example: A school district on its own could not apply since it is a government entity, but if a community foundation applied on the school district's behalf, the application would be eligible for review.

Applications submitted will be reviewed and rated by an agency committee appointed by the Secretary of Commerce. Nonprofit organizations whose applications are approved will receive a credit authorization letter specifying the amount of tax credits available for the project. If your organization chooses to accept the offered credits, you will enter a signed agreement with the Department of Commerce.

Upon acceptance, successful applicants are required to attend a two-hour training session during which the Kansas Department of Commerce staff provide information on the various responsibilities and administrative procedures of the program. Program materials will be distributed at that time to assist with administration of the Community Service Tax Credit Program project.

Following the training, the nonprofit is authorized to offer tax credits for qualified contributions received during the eighteen (18) month period of July 1, 2024, to Dec. 31, 2025. Contributions can be received no sooner than July 1, 2024. No organization is eligible to receive an extension beyond Dec. 31, 2025. Beginning July 1, 2025 Commerce will assess the use of credits and may begin reducing credit balances if it is determined credits are being underutilized.

The percentage of credits awarded to the donor is dependent on the location of the charity (not the location of the contributor). Eligible donors may receive a credit equal to 70 percent of the amount contributed if the community service organization is in a rural community (less than 15,000). If the community service organization is in an urban community (more than 15,000), eligible contributors receive a credit equal to 50 percent of the amount contributed. All Johnson County applicants, regardless of community size, are eligible for a 50 percent credit.

# FY2024

## Credit Allocation Plan

The Kansas Community Service Tax Credit Program will award \$4.1 million in tax credits for eligible projects in FY2024. The maximum award of tax credits is \$200,000 per project.

If requests for credits exceed the amount available and all other scoring factors are equal, priority will be given to applicants not previously awarded. The Kansas Department of Commerce will evaluate the credit utilization of every project.

Commerce reserves the right to reduce the amount of tax credits for projects and reallocate credits to other projects. This will only happen if an organization is unable to provide written evidence to Commerce that their remaining credits will be utilized. **This process will begin July 1, 2025.**

### WHO QUALIFIES FOR THE CREDIT?

The contribution credit is a tax credit for contributions made by business firms or individuals subject to Kansas income tax, Kansas privilege tax or the premium tax or privilege fees imposed on insurance companies. Businesses and individuals subject to Kansas income tax are eligible to receive a tax credit through this program. For more information, see [K.S.A. 79-32,197a](#). Donations must be \$250 or greater and the payment should come directly from either the business firm or the individual.

### SPECIAL FEATURES OF THE CREDIT

Any tax credit issued by an approved organization that exceeds the tax liability of the contributor shall be refunded to the taxpayer (except in the case of a transfer). Credits must be claimed in the year they are issued. Except for transfers, tax credits may not be carried forward. Any tax credits transferred will become non-refundable as indicated on the K-60 tax form. Contributing entities not subject to Kansas taxation may transfer a credit to a firm or individual that does have a Kansas tax liability.

### WHAT IS A RURAL COMMUNITY?

- Any city having a population of fewer than 15,000 located in a county that is not part of a standard metropolitan statistical area as defined by the United States Department of Commerce or its successor agency;

- Any city having a population of fewer than 15,000 located in a county defined as a standard metropolitan statistical area, if a substantial number of persons in the county derive their income from agriculture;
- Any city in a county defined as a standard metropolitan statistical area which is the only city in its county that has a population that exceeds 15,000.

The determination of whether a project qualifies as urban or rural is based on the mailing address for where all project interactions (mail, donations, receipts, etc.) will be sent. If the project site is not active and the headquarters will be receiving all project interactions, the address of the headquarters determines whether the project qualifies as urban or rural.

RURAL COMMUNITIES	URBAN COMMUNITIES
<15,000 in population	>15,000 in population
70% in state credits	50% in state credits
A \$1,000 Donation = \$1,000 for the project \$700 in credits for donor	A \$1,000 Donation = \$1,000 for the project \$500 in credits for donor



## WHAT CONTRIBUTIONS QUALIFY FOR TAX CREDITS?

- **Cash** – documented with a copy of the check.
- **Services** – documented by payroll records and documentation of the “normal billing rate for nonprofits.” Normal billing rates are direct hourly wages without fringe benefits.
- **Stocks & Bonds** – documented by the transfer certificate and valued by the stock market price on the day of the transfer.
- **Personal Property** – valued at the lesser of its fair market value or cost to the donor and may be inclusive of costs incurred in making the contribution but shall not include sales tax.
- **Real Estate** – only when title is owned completely, without any limitations or conditions and is clear of encumbrances. Value is established as the lesser of two current independent appraisals conducted by state-licensed appraisers.

**NOTE:** Non-cash contributions must be directly related to the proposed project and included in the application budget.

## WHO MAY APPLY TO ADMINISTER A PROJECT?

Any organization performing community services, as defined in K.S.A. 79-32,195, may submit a proposal provided they meet one or more of the following classifications:

- Organizations holding IRS ruling 501(c)3
- Organizations incorporated in the state of Kansas or another state as a non-stock, nonprofit organization
- Organizations designed as a community development corporation by the United States government
- Organizations chartered by the United States Congress
- City, county or district hospitals, nursing homes, health departments and medical clinics.

**NOTE:** City and County Governments are NOT eligible to apply.



*Left: Health Inside Out Exhibit, Exploration Place, Wichita*

*Top Right: Prairie Playscape, Flint Hills Discovery Center, Manhattan*

*Bottom Right: New Clinic Rooms, Russell Child Development Center, Garden City*

# Eligible Projects

Under the Kansas Community Service Tax Credit Program each proposal shall address one of the following areas in order to qualify:

1. Community Service, including Childcare
2. Non-governmental Crime Prevention
3. Youth Apprenticeship and Youth Technical Training
4. Healthcare Services

## 1. COMMUNITY SERVICE

Community Service is the conduct of activities which meet a demonstrated community need and are designed to achieve improved educational and social services for Kansas children and their families. The activities are coordinated with communities including, but not limited to, social and human service organizations that address causes of poverty through programs and services that assist low-income persons in areas of employment, food, housing, emergency assistance and healthcare. Childcare and early childhood development activities are eligible for those providing services for ages five (5) and under (see page 8 for more information).

## 2. NON-GOVERNMENTAL CRIME PREVENTION

Crime prevention is defined as any non-governmental activity that aids in the prevention of crime.

## 3. YOUTH APPRENTICESHIP AND YOUTH TECHNICAL TRAINING

Youth Apprenticeship and Technical Training means activities designed to improve the access to and quality of apprenticeship and technical training for youth up to the age of 24. The activities support an emphasis on rural construction projects as well as the necessary equipment, facilities and supportive mentorship for youth apprenticeships and technical training.

## 4. HEALTHCARE SERVICES

Healthcare Services include, but are not limited to, the following:

Services provided by:

- local health departments
- city, county or district hospitals
- city or county nursing homes
- other residential institutions.

Preventive healthcare services offered by a community service organization, including:

- immunizations
- pre-natal care
- home health care services that enable postponement of entry into nursing homes.

Community-based services, including:

- services for persons with a disability
- mental health services
- indigent healthcare
- physician or healthcare worker recruitment
- health education
- medical services
- services provided by rural health clinics
- integration of healthcare services
- home healthcare services
- services provided by rural health networks.

### Items of note:

- Eligible organizations may not receive tax credits two consecutive award years.
- Previously awarded CSP projects are not eligible to apply, even if award years are not consecutive.

# Childcare and Early Childhood Development

## ELIGIBLE FACILITIES AS DEFINED BY KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT LICENSING AND REGULATIONS:

- Licensed Day Care Home – A childcare facility in which care is provided for a maximum of 10 children under 16 years of age. (Children under 11 years of age who are related to the provider must be included in the total.)
- Childcare Center – A childcare facility in which care and educational activities are provided for 13 or more children, two weeks to 16 years of age, for more than three hours and less than 24 hours per day including day time, evening and nighttime care, or which provides before-and-after school care for school-age children.
- Preschool – A childcare facility that provides learning experiences for children who have not attained the age of eligibility to enter kindergarten and that conducts sessions not exceeding three hours per session; that does not enroll any child more than one session per day; and that does not serve a meal.
- Kansas Head Start and Early Head Start Program – Facility that provides comprehensive early childhood education, health, nutrition and parent involvement services to low-income children and their families.

## ELIGIBLE PROJECTS

Center based facilities:

- building renovations
- equipment
- educational materials and tools.

All other factors being equal, preference will be given to childcare centers that are co-located with other uses (i.e., industrial parks, public facilities, business sites, courthouses).

**NOTE:** In-home childcare facilities are NOT eligible at this time.



Top: Grow & Learn Childcare Center Inc., Leoti

Bottom: Sprout House Learning Center, Lindsborg



# Application Criteria

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## ALL PROPOSALS MUST INCLUDE

1. Organization Introduction: 250 word limit
2. Project Need: 300 word limit
3. Project Summary: 300 word limit
4. Project Administration: 250 word limit
5. Project Goals and Timeline: 350 word limit
6. Organization Funding Capacity: 350 word limit
7. Project Funding Strategy: 350 word limit
8. Budget Justification: 200 word limit
9. Pledge Letters
10. Project Support: 250 word limit
11. Community Support Letters

## ALL PROPOSALS MUST INCLUDE THE FOLLOWING PUBLIC BENEFIT IMPACT MEASUREMENTS:

1. Estimate of the number of individuals who will benefit from the proposed project.
2. Identify the population group within the community or regions that will benefit from this project including, but not limited to, women, children, the elderly or teenage mothers.
3. Include historical data on the target group that supports the proposed project.
4. Describe the community need that the proposed project will benefit.
5. Address the impact of the project on the community with projected statistical results.

## THE KANSAS DEPARTMENT OF COMMERCE WILL EVALUATE ALL PROPOSALS BASED ON THE FOLLOWING CRITERIA:

### 1. PROJECT NEED/SUMMARY: MAX OF 45 POINTS

- What is the need?
- Who is the target community?
- Summary of the project.
- How does this project address the stated need?
- Are there alternative solutions?
- What steps were taken to collect input from the community?

### 2. INNOVATION: MAXIMUM OF 5 POINTS

- Is this an innovative solution to solve the need?
- Is the project replicable and scalable?

### 3. AGENCY CAPACITY: MAX OF 10 POINTS

- Ability of the organization to sustain the project over time.

### 4. PROJECT PLANNING: MAX OF 10 POINTS

- Project goals and objectives.
- Project timeline.
- Administrative controls.
- Coordination with organizations.
- Fiscal controls and audit.

### 5. FUNDRAISING CAPACITY: MAX OF 30 POINTS

- Capacity to adequately administer the project and manage the fundraising campaign.
- Fundraising experience.
- Detailed fundraising plan.
- Pledge letters (more letters = higher score).

### 6. COMMUNITY SUPPORT: MAX OF 15 POINTS

- Evidence of broad-based support from community members and/or those potentially directly impacted by the proposed project. This could include:
  - Direct beneficiaries
  - Partner agencies
  - Local and state government officials
  - Donors
  - Board members

**NOTE:** A moderate number of letters demonstrating broad-based support is preferable to an excessive collection of form letters.

### 7. OVERALL QUALITY: MAX OF 15 POINTS

- Applicant has clearly, concisely and adequately completed the application and followed all directions.
- Excessively long applications may degrade the overall quality of the proposal and result in a lower rating.

### 8. CONFIDENCE IN PROJECT: MAX OF 20 POINTS

- Applicant has demonstrated ability and capacity to complete the project.

*The Department of Commerce may request any additional information it determines necessary to evaluate a proposal.*

# Application Submittal Procedures and Approval Process

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**PLEASE READ ALL INSTRUCTIONS CAREFULLY**

## **APPLICATIONS MUST BE SUBMITTED VIA THE ONLINE PORTAL BY 11:59 P.M. ON APRIL 30, 2024.**

- Application technical assistance ends at 4:30 P.M. on April 30.
- Incomplete applications will not be accepted.
- Announcements will be made on or after July 1, 2024 and results of awards will be emailed.

**The proposed project must be submitted online via the FY2025 CSP application**

## **THE FOLLOWING DOCUMENTATION MUST ACCOMPANY THE APPLICATION AS UPLOADED ATTACHMENTS:**

1. Articles of Incorporation.
2. Bylaws of the organization.
3. If the organization has previously received community service tax credits, note that in the application.
4. IRS tax-exempt status notification if applicable. Nursing homes must submit an IRS tax-exempt status notification (not applicable to hospitals, but please include tax-exempt documentation if a nonprofit foundation will be receiving funds for the project).
5. A current “letter of good standing” from the Kansas Secretary of State (not applicable to hospitals).
6. Minutes of the board meeting where the Community Service Tax Credit Program application was reviewed and approved.
  - Please highlight or underline that portion of the minutes where the application was reviewed and approved.
  - If minutes are confidential they may be submitted with redaction (black lines).
7. A current list of the organization’s board of directors with addresses and phone numbers where board members may be reached.
8. A legible map showing boundaries of the service area or the project location.
  - Available software: <http://mymaps.google.com>.
9. Pledge letters of financial support for the project. These letters need to reflect a specific dollar amount. To receive credit for pledge letters, the letters must be included with the application at the time of submission.
10. Other letters showing support and cooperation (e.g., multi-county application might include letters from all benefiting counties, related organizations that see the project as complementary to current services, local or county officials, businesses, state elected officials, etc.). To receive credit for letters of support, they must be included with the application as an uploaded attachment.

**NOTE:** to simplify processes and reduce burdens on applicants, letters from congressional delegates are not scored and will not be considered.
11. Financial audit of the organization. Applicants are required to submit an independent financial audit of the organization for the most recent fiscal year. If the organization has been in existence for less than two (2) years or has less than \$100,000 of annual gross receipts in each of the previous two (2) years, the organization may submit a copy of their current 990 IRS form in lieu of an audit.
12. Copy of Childcare License (if applicable).
13. Other miscellaneous documents (if applicable).



# Instructions

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**PLEASE READ ALL INSTRUCTIONS CAREFULLY**

## **ALL QUESTIONS ARE TO BE ANSWERED COMPLETELY AND CONCISELY.**

1. The most current Community Service Tax Credit online application form will be the only recognized document to be submitted for review.
2. Pledge letters and other letters of support must be submitted with the application.
3. Incomplete applications will not be accepted.
4. The Community Service Tax Credit Program Manager must be in receipt of the \$250 non-refundable application fee (payable [online](#) or by [check](#)).

## **POST-AWARD EXPECTATIONS AND ASSURANCES**

**Organizations will be expected to:**

- Attend a mandatory 2-hour training
- Implement the proposed project
- Track income and expenses
- Ensure all contributions secured through tax credits are related to the project
- Report progress on a quarterly basis
- Request approval from Commerce for changes in scope to the project
- Submit a final report
- Complete the proposed project

## **PROJECT TIMELINE**

- July 1, 2024 | Awards are announced and tax credits are released for use
- October 20, 2024 | Quarterly Report Due
- January 20, 2025 | Quarterly Report Due
- April 20, 2025 | Quarterly Report Due
- July 1, 2025 | Reallocations begin if necessary
- July 20, 2025 | Quarterly Report Due
- October 20, 2025 | Quarterly Report Due
- December 31, 2025 | Tax credits expire
- January 20, 2026 | Quarterly Report Due
- June 30, 2026 | Final reports are due
- December 31, 2026 | Projects are Completed

## **TECHNICAL ASSISTANCE**

For questions regarding completion of the Community Service Tax Credit Program application forms or regarding community service organizations that have approved tax credit allocations, contact:

**Kansas Department of Commerce**  
(785) 506-9278  
[CSP.TaxCredit@ks.gov](mailto:CSP.TaxCredit@ks.gov)

For questions regarding tax issues or the completion of the appropriate tax forms, contact:

**Kansas Department of Revenue,**  
**Taxpayer Assistance Bureau**  
(785) 368-8222  
[KDOR\\_IncomeEServ@ks.gov](mailto:KDOR_IncomeEServ@ks.gov)

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*Under no circumstances will a project be reviewed or approved if the required documentation does not accompany the proposal. In the interest of fairness to all applicants, all instructions will be rigidly enforced. Any application not adhering to these instructions will be considered incomplete and will not be reviewed.*

*A review committee will review and rank applications. Final decisions on awards will be made by the Secretary of Commerce.*

# KANSAS

## COMMERCE