



**Community Service
Program (CSP)
Tax Credits**

2025-2026 Introduction

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COMMERCE

WELCOME

Today's Agenda:

- Introduction to CSP
- Program Timeline
- Funding
- What are Tax Credits?
- How Do Tax Credits Work?
- Application Requirements
- Website Walkthrough



Introduction to CSP

The Community Service Program Tax Credits provide 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.



Donations have helped fund **HOUSING**.

Pictured right:

*Picture 1: Friends of Johnson County Developmental Supports, Affordable and Accessible Housing Options for Individuals with Intellectual and Development Disabilities, **Lenexa***

*Picture 2: Youth Horizons, Wren House for at-risk girls, **Wichita***

*Picture 3: Valley Hope Association, Extended Treatment and Sober Housing Project, **Norton***



Donations have helped fund **COMMUNITY IMPROVEMENTS.**

Pictured right:

*Picture 1: Catholic Charities of Northern Kansas, Support Center Renovation, **Hays***

*Picture 2: The Midland Theater Foundation, Renovation and Restoration, **Coffeyville***

*Picture 3: Lindsborg Old Mill & Swedish Heritage Museum, 1904 World's Fair Swedish Pavilion Restoration and Improvement, **Lindsborg***



Donations have helped fund **UNIVERSITY EXPANSIONS, RENOVATIONS, AND EQUIPMENT.**

Pictured right:

*Picture 1: Kansas Health Science University, Biomedical
Science Laboratory for Student Research, **Wichita***

*Picture 2: Bethel College, Student Wellness Center,
Newton*



Donations have helped fund **HEALTH CARE SERVICES.**

Pictured right:

*Picture 1: Lakemary Kirk Davis Center, Psychiatric Residential Treatment Facility Expansion and Renovation, **Paolo***

*Picture 2: Citizens Foundation, Citizens Health Obstetrics Labor and Delivery Room and Equipment, **Colby***

*Picture 3: Trego County-Lemke Memorial Hospital Renovation and Expansion Project, **Wakeeney***



Donations have helped fund **SO MUCH MORE!**

Pictured right:

*Picture 1: Flint Hills Discovery Center, Outdoor Classroom Renovation Project, **Manhattan***

*Picture 2: Stormont Vail Foundation, Cardiovascular Procedure Center Expansion and Renovation, **Topeka***

*Picture 3: Neosho Memorial Regional Medical Center, SEK Impact Center for Wellness, Education and Business, **Chanute***



PROGRAM TIMELINE

The application is open March 1, 2025, through April 30th, 2025.

- The application will close at 11:59 pm.
- Technical assistance stops at 4:00 pm on April 30th.
- \$250 application fee

Awarded projects will be notified no later than July 1, 2025.

Tax Credits will be "active" July 1, 2025, through December 31, 2026.

Projects are completed - final project reports due by June 30, 2027.



PROGRAM FUNDING

Available Funds

\$4.13 million in tax credits is available

Maximum Award

\$200,000 in tax credits





WHAT ARE TAX CREDITS?

How do they work?



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WHAT ARE TAX CREDITS?

A **tax credit** is a **dollar-for-dollar reduction** of the actual tax someone owes.

They are NOT a deduction! They are usually **more valuable** than a deduction because they directly cut down on a donor's tax bill!

Tax credits can be combined with a deduction in some circumstances
(State Credit + Federal Deduction)

CSP tax credits are **refundable**!

If the tax credit is greater than the donor's tax credit liability, the donor receives a refund.



HOW DO TAX CREDITS WORK? **RURAL VS URBAN:**

The percentage of credits awarded to the donor is dependent on the location of the charity (not the location of the donor).

RURAL COMMUNITIES

Less than 15,000 population

70% Tax Credit

URBAN COMMUNITIES

More than 15,000 population

50% Tax Credit

All Johnson County applicants, regardless of community size, are eligible for a 50% credit.



HOW DO TAX CREDITS WORK? **QUALIFIED NON-PROFIT:**

1. Obtain Tax Credit Program Approval

The nonprofit must apply for and be approved by Kansas Commerce to participate in the **tax credit program**.

2. Receive Donations from Donors

A donor contributes money, property, or other eligible assets to the nonprofit.

The donation must meet specific program criteria to qualify for tax credits (e.g., a minimum donation amount of \$250, donation types, etc.).

3. Issue Tax Credit Documentation

Once the donation is received, the nonprofit provides the donor with a **tax credit certificate** or receipt.

4. Compliance and Reporting

The nonprofit **tracks all eligible donations**, submits reports to Kansas Commerce and ensures they do not exceed their allocated amount.

5. Donor Uses the Credit

The donor includes the tax credit certificate when filing their taxes.



HOW DO TAX CREDITS WORK? DONORS:

The CSP program is a **donation-based tax credit**:

1. Donors Make a Qualified Donation

A donor makes a **\$1,000** donation to a state-approved nonprofit or program that qualifies for a **50% tax credit**.

A minimum donation of \$250 is required.

2. Calculate the Tax Credit

Since the tax credit is 50%, they would receive a **\$500 tax credit** ($\$1,000 \times 50\%$).

3. Apply the Credit to Your Tax Bill

Before the credit, assume their total tax liability (the amount owed before credits) is **\$3,000**. After applying the **\$500 credit**, their new tax liability is **\$2,500**.

4. Report the Credit

They claim the tax credit when they file their tax return by filling out the appropriate form and providing documentation of the donation or eligible expense.



TAX CREDIT FORMULAS

Tax Credit Allocation at 70% (rural)
\$150,000

Will generate \$214,285 in donations

(\$150,000 / 70%)

Tax Credit Allocation at 50% (urban)
\$150,000

Will generate \$300,000 in donations

(\$150,000 / 50%)





APPLICATION REQUIREMENTS

What to expect.



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APPLICATION NARRATIVES

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. Project Support: 250 word limit

Refer to page 9 in the CSP Guidelines for more details.



APPLICATION LETTERS: PLEDGES VS SUPPORT

The key differences between **pledge letters** and **support letters** come down to purpose, structure, and impact:

Pledge Letters

- **Purpose:** A pledge letter is a **commitment** from a donor, business, or organization to contribute a specific amount of money, services, or in-kind support.
- **Structure:** It is usually a **form letter** where only the amount and signature need to be filled in.
- **Impact on Application:** the impact is determined by how well the secured pledges align with the total **donations needed** to fully utilize the available tax credits.

Example 1 (**HIGH** Score):

- Total requested tax credits: **\$200,000**
- Donations needed to fully use credits: **\$400,000** (50%)
- Total pledges secured: **\$360,000** (90%)
- **Strong score** because most of the funding is pledged.

Example 2 (**LOW** Score):

- Total requested tax credits: **\$200,000**
- Donations needed to fully use credits: **\$400,000** (50%)
- Total pledges secured: **\$60,000** (15%)
- **Low score** due to uncertainty in using the full amount.



APPLICATION LETTERS: PLEDGES VS SUPPORT

Support Letters

- **Purpose:** A support letter is a **personalized statement** of endorsement, explaining why the project is valuable and deserving of funding.
- **Structure:** It must be **unique and heartfelt**, ideally including specific details about the impact of the project.
- **Impact on Application:** A **generic form letter** will hurt an applicant's score, whereas a thoughtful, detailed letter can strengthen the case.
- Applications will score higher based on the diversity of where the letters originate from. Kansas Commerce is looking for letters from:
 - Direct beneficiaries
 - Partner agencies
 - Local and state government officials
 - Donors
 - Board members



APPLICATION ATTACHMENTS

1. Articles of Incorporation
2. Bylaws of the organization
3. IRS tax-exempt status
4. A current “letter of good standing” from the Kansas Secretary of State
5. A current list of the board of directors
6. A financial audit of the organization OR a copy of their current 990 IRS form

This is not an exhaustive list, refer to page 10 in the CSP Guidelines for more details.





WEBSITE WALKTHROUGH

Submittable and Kansas Commerce.



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Let's Talk

www.kansascommerce.gov

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