The Community Investment Tax Credit

The Community Investment Tax Credit is a new state law designed to support community led economic development initiatives through a strategic, market-based approach that leverages private contributions and builds strong local partnerships.

The CITC provides a 50% donation tax credit for qualified contributions to selected community development corporations. The goal, according to the statute, is "to enable local residents and stakeholders to work with and through CDCs to partner with nonprofit, public and private entities to improve economic opportunities for low and moderate income households and other residents in urban, rural and suburban communities across the commonwealth." Tax credits can support a broad array of community development efforts, as determined by the local community, including affordable housing, job development, business development and neighborhood revitalization. It will also support creative new efforts to link community development efforts to public health, education, the creative economy, public safety and environmental sustainability.

The CITC will work as follows:

- State-certified CDCs (as defined in MGL Chapter 40H) will develop high quality, multi-year business plans for community improvement and economic development. These plans will detail how local residents and businesses helped to craft the strategy, how it will improve the community and expand opportunity within a comprehensive framework, and how it will leverage federal and private resources.
- The Department of Housing and Community Development will select the strongest plans and provide them with up to $150,000 in state Community Investment Tax Credits per year for three years. ***The tax credits are equal to 50% of the donation made by a corporation, an individual or a non-profit institution. The tax credit will be refundable if the donor does not have sufficient tax liability.*** *Therefore*, the local CDC will be able to use tax credits to attract up to $300,000 in private donations each year.
- When combined with federal tax deductions, donors will be able to leverage the net cost of their contribution by **three-fold** to create deeper community impact
- 30 percent of the tax credits will be allocated to Gateway Cities and 20 percent to rural areas.
- Donors will invest in the CDC's business plan, thereby providing flexible working capital that can be used to seed new programs, fill funding gaps, and leverage other resources.
- Oversight will be shared by the community-based boards of directors, DHCD and the private donors, with CDCs submitting annual progress reports to DHCD that would be available to the legislature and the public.
- The Act limits the tax credits to $3 million in 2014 and $6 million from 2015 thru 2019. The program sunsets on December 31, 2019.
- DHCD and DOR are developing regulations and guidelines to implement the CITC.

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