Your program may be eligible for CDAA tax credits provided your organization is registered as a 501(c)(3) and is located within a county or community that is designated as economically distressed. Also depending on the nature of your program, it may qualify under CDAA’s "recreational and educational" activities. The more clearly you can describe your project, the stronger your application will be especially considering that the review committee may not be at all familiar with your project or specific needs of your community. For example, carefully consider how your program may meet one or more state priorities and reflect this information in a clear, concise narrative.

Q: My nonprofit organization operates a program for school-aged children. This year we plan to hold a fundraising drive to expand our program services. Would we be eligible to apply for CDAA tax credits?

A: Your program may be eligible for CDAA tax credits provided your organization is registered as a 501(c)(3) and is located within a county or community that is designated as economically distressed. Also depending on the nature of your program, it may qualify under CDAA’s “recreational and educational” activities. The more clearly you can describe your project, the stronger your application will be especially considering that the review committee may not be at all familiar with your project or specific needs of your community. For example, carefully consider how your program may meet one or more state priorities and reflect this information in a clear, concise narrative.

Q: My community is partway through construction of a new local library, and we are hoping to raise additional money.

A: Yes. The Department encourages communities to take advantage of multiple resources available through the State. A number of successful projects have benefited from multiple resources available through the Department. To see some of these, go to http://www.neded.org/community/community-info/financial-assistance/community-development-assistance-act-cdca

Q: I read that the maximum tax credit request by an organization in one fiscal year is $50,000, but the application form only allows me to request $25,000 in CDAA tax credits. How can my organization access the maximum?

A: Due to limited amounts of CDAA tax credits allocated to the Nebraska Department of Economic Development (the Department) the amount of tax credits that is initially available to applicants is $25,000. Once approved, and only if the project successfully issues the initial awarded amount of tax credits, the Project Director can then request additional tax credits. This process ensures that the greatest number of tax credits is captured by contributors.

Q: What is a Project Director?

A: The Project Director is the individual who maintains the CDAA project at the local or organizational level. This person is responsible for the initial review and approval of the tax credit request form (Form CDAA1) and submission of periodic progress reports. After a project is approved for CDAA tax credits and a contract is executed, a 60-day Program Schedule must be submitted, which designates a Project Director.

For Project Directors

Q: As the Project Director, what role do I play in awarding the state tax credit?

A: After an eligible contribution is made to your CDAA project, the corresponding business, corporation, insurance company, financial institution or individual successfully issues the initial awarded amount of tax credits, the Project Director can then request additional tax credits. This process ensures that the greatest number of tax credits is captured by contributors.
must complete and submit Form CDA 1 to the Department, along with proof of the contribution. Contributors can request Form CDA 1 from you, as Project Director, or access it at http://www.neded.org/community/community-info/financial-assistance/community-development-assistance-act-cdaa NOTE: Form CDA 1 must include the Project Director’s original signature. Once completed, the form is submitted to the Department for processing. The Department will then mail out Form 1099NTC directly to contributors for tax purposes.

Q: Six months ago, my project was awarded $25,000 in tax credits. Due to a recent fundraising event, all tax credits are now obligated. When can I apply for more tax credits?

A: Please contact the CDA Coordinator regarding any request for additional credits. Overall, projects are awarded no more than $75,000 in tax credits and no more than $50,000 maximum will be authorized for any single project during any fiscal year.

Q: Our organization wants to make our awarded tax credits go further to encourage more donations. How should we go about this?

A: As Project Director, you can award tax credits less than the maximum 40 percent of eligible contributions. Should you consider this possibility, you must first visit with the CDA Coordinator.

For Contributors

Q: I recently donated to a CDA project in a nearby community. How do I receive my tax credits?

A: After an eligible contribution is made to a CDA project, the corresponding business, corporation, insurance company, financial institution or individual must complete and submit Form CDA 1 to the Department, along with proof of the contribution and any additional necessary documentation. The Department will then mail out Form 1099NTC directly to contributors for tax purposes.

Q: Does my contribution have to be a monetary one to receive tax credits?

A: No. Contribution types may range from cash, real property, equipment, supplies, services and stock. Please review instructions provided on the tax credit request form (Form CDA 1) for required documentation for these different types of contributions.

Q: I made a contribution to a CDA eligible project last year, but forgot to send documentation to the Department. How long do I have to claim tax credits?

A: The credit must be claimed on the tax return for the year in which the contribution is made. Therefore you are encouraged to submit all required documentation at your earliest convenience. If the tax deadline has passed, you are advised to work directly with your tax preparer to amend any previous year’s tax returns. NOTE: Any tax credit balance may be carried over and applied against an individual’s or firm’s tax liability for the five consecutive years immediately following the tax year in which the credit was first properly claimed and allowed.

Q: A few months ago, I contributed to a project that was just awarded CDA tax credits. Is my contribution eligible to receive tax credits?

A: No. Contributions made prior to Department approval of a project are not eligible for CDA tax credits.

Q: I do not live in Nebraska, am I eligible to receive a CDA tax credit?

A: Yes, if the entity (i.e. individual or firm) claiming the tax credit has a Nebraska state tax liability. The CDA tax credit is a state tax credit that reduces the state liability, in addition to any federal charitable deductions for which the contribution may be eligible.

For further information, please contact the Nebraska Department of Economic Development at 800-426-6505 or visit: opportunity.nebraska.gov