



FAQ

Frequently Asked Questions

MDFB TAX CREDIT FOR CONTRIBUTION PROGRAM — *PROJECT REPRESENTATIVE QUESTIONS*

Q1: What contracts will need to be signed regarding the project's arrangement with the Board?

A: The Board's legal counsel will initiate a contract referred to as the Tax Credit Agreement (TCA). The TCA identifies the project, application, Board approval, budget, fees, responsibilities, etc. Board counsel circulates the TCAs in draft form and incorporates mutually agreed to changes as requested before seeking final signatures.

Q2: How will I know who has given, how much has been drawn, and how much remains in our project account?

A: Each quarter (or as requested, but no greater than monthly) the Board sends the project a "Project Activity Report" that includes the then-current sum of contributions received and credits issued for the project. You may call the Board and ask any status questions you may have at any time.

Q3: What kind of reporting do I need to submit to the Board about my project?

A: The TCA contract includes a section on reporting to the Board. Several different reports are requested and can include information ranging from audited financial statements, attendance figures, project status, etc. It is the project's responsibility to submit the reports to the Board when due.

Q4: How do I draw the funds from the Board that have been contributed?

A: The TCA contract identifies the process and includes an example disbursement request form as an exhibit. The sponsoring governmental entity must approve all disbursement requests prior to submission to the Board to ensure the project has spent the funds in accordance with the application and budget identified in the TCA. It is the project's responsibility to ensure that appropriate support is included with the draw and that it is organized in a manner that facilitates quick



MISSOURI DEVELOPMENT FINANCE BOARD

Missouri's Innovative Financing Resource

review. The easier the materials are to review, the quicker the funds can be disbursed to the project. The TCA normally stipulates that there should not be more than one draw per month.

Q5: How do I get the project funds disbursed once the disbursement request has been approved?

A: The Board will wire funds to the appropriate entity's bank account. Most projects have a "sponsoring" governmental entity that must first receive the funds and in turn sends these funds on to the project.

Q6: Can contributors wire funds and contribute marketable securities to the Board?

A: Yes, but before setting up this type transaction you must contact the Board's Accounting Department to request instructions from the Board to distribute to your contributors as necessary. Marketable securities are sold by the Board through its broker and the credit is sized upon the cash proceeds realized by the Board.

Q7: What do I need to tell my potential contributors?

A: Read and understand the Frequently Asked Questions (FAQ) addressed to the contributors. Copy and distribute the FAQ to the contributors as you deem necessary.

Q8: Are the tax credits transferable?

A: Yes, credits can be sold for not less than 75%, nor more than 100% of par value. Amounts received by the seller ("assignor") are taxable income to the assignor, and the excess of the par value over the amount paid by the buyer ("assignee") is taxable income to the buyer.

Q9: Are there other special attributes?

A. Yes, these are 50% tax credits for contributions made to the Board. Credits may be used against taxes owed under the provisions of RSMo Chapter 143, excluding withholding tax imposed by Sections 143.191 to 143.261, RSMo Chapter 147, or RSMo Chapter 148. Credits may be used during the contributor's tax year in which the credit was issued and received, and/or carried forward for up to five years. These credits cannot be used to amend a previously filed return by the original contributor or any subsequent assignee. Credits purchased by an assignee may be used in the immediately preceding tax year if the assignee's return has not yet been filed AND the return is for a tax year beginning on or after the tax year of the original credit. An assignee may also carry forward the credits for up to five years provided all credits must be claimed within ten years following the tax year in which the original contribution was made.



MISSOURI DEVELOPMENT FINANCE BOARD

Missouri's Innovative Financing Resource

Q10: If I have more questions, where do I call?

A: You may call the Missouri Development Finance Board at (573) 751-8479.

For additional information, please refer to the FAQ for Contributors.