

Neighborhood Assistance Program

Helping Successful Communities

The Neighborhood Assistance Program (NAP) has served as a resource for nonprofits, businesses, and low-income neighborhoods for more than 30 years. **The NAP tax credit program is designed to encourage businesses to invest in projects that improve distressed areas and promote community participation and collaboration between nonprofits, businesses, and residents.**

Over the last several years, there has been expanded use of the NAP for community revitalization efforts. Projects range from affordable housing, crime prevention, and workforce development to blight elimination.

Created in 1971, the NAP tax credit was set at \$18 million. The current \$36 million cap was increased in 2018. In recent years, the PA Department of Community and Economic Development has received over \$50 million in requests annually, with matching corporate commitments of funding. **But many requests have been declined.** Awards in 2020-2021 and 2021-2022 highlight the increased need for NAP support.

We request that the Pennsylvania Legislature increase the NAP from \$36 million to \$72 million in tax credit support in the 2023-2024 budget.

NAP projects must fall under one of the following categories: affordable housing programs, community services, crime prevention, education, job training, or neighborhood conservation. NAP includes five programs: NAP, SPP (Special Priorities Program), NPP (Neighborhood Partnership Program), CFP (Charitable Food Program), and EZZ (Enterprise Zone Program).

In order to leverage additional corporate support for our communities and programs, we request additional modifications to the program:

→ **NPP - Neighborhood Partnership Program**

Long-term collaborations (five years or more) of business, government and community leaders to produce a comprehensive, asset-based and relationship-driven approach to community development. A tax credit of 75% or 80% can be given based on the length of the program and a minimum \$50,000 per year commitment. **Increase NPP to 95%.**

→ **SPP - Special Priorities Program**

This program targets on specific problems and projects which the state has designated as priorities in a distressed area. The tax benefit to a business firm contributing to an approved SPP application would be eligible for up to a 75% tax credit. **Increase SPP to 90%.**

→ **NAP - Neighborhood Assistance Program**

A project must serve distressed areas or support neighborhood conservation. Projects must fall under one of the following categories: affordable housing programs, community services, crime prevention, education, job training or neighborhood assistance. A tax credit of up to 55% can be given. **Increase NAP to 65%.**

→ **CFP - Charitable Food Program**

The Charitable Food Program is designed to help regional food banks or emergency food providers. Funding to CFP is supplied through tax credits given to businesses making contributions to an approved provider. A tax credit of up to 55% can be given. **Increase CFP to 65%.**

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In order to revitalize communities across the Commonwealth faster by leveraging the financial commitments of businesses, the NAP needs to grow. We believe the NAP is a different kind of tax credit program that utilizes private sector investment and has a long-standing, proven track record of success.

The tax credit enhances state and local sales tax revenue, enhances state and local income tax revenue, and enhances local real estate property tax revenue in targeted communities. That success is shown by the growing number of communities seeking to make use of this innovative and effective program.

In order to fully support the work of Pennsylvania's community development organizations, and leverage the financial commitments of the business community, the NAP needs to grow.

→ **Increase** the NAP allocation from \$36 million to \$72 million.

→ **Raise** NPP to 95%, SPP to 90%, NPP to 65%, and CFP to 65%.

→ **Double** the corporate contribution limit to \$2.5 million.