



Washington State  
**MAIN STREET**  
PROGRAM

# MAIN STREET TAX CREDIT INCENTIVE PROGRAM



# Here's The Scoop

Today we'll talk about:

- What the MSTCIP is
- How it works
- The MSTCIP cycle and key dates
- Your role
- Resources available to support you

And of course, we'll save time for plenty of Q&A!

## What is the MSTCIP?

The MSTCIP provides a **Business & Occupation (B&O) or Public Utility tax (PUT) credit** for private contributions given to designated Washington Main Street Communities.

The credit, which **totals 75% of their contribution**, is received in the following year.

A tax credit is a tax incentive which allows certain taxpayers **to subtract the amount of the credit they have accrued from the total they owe the state.**



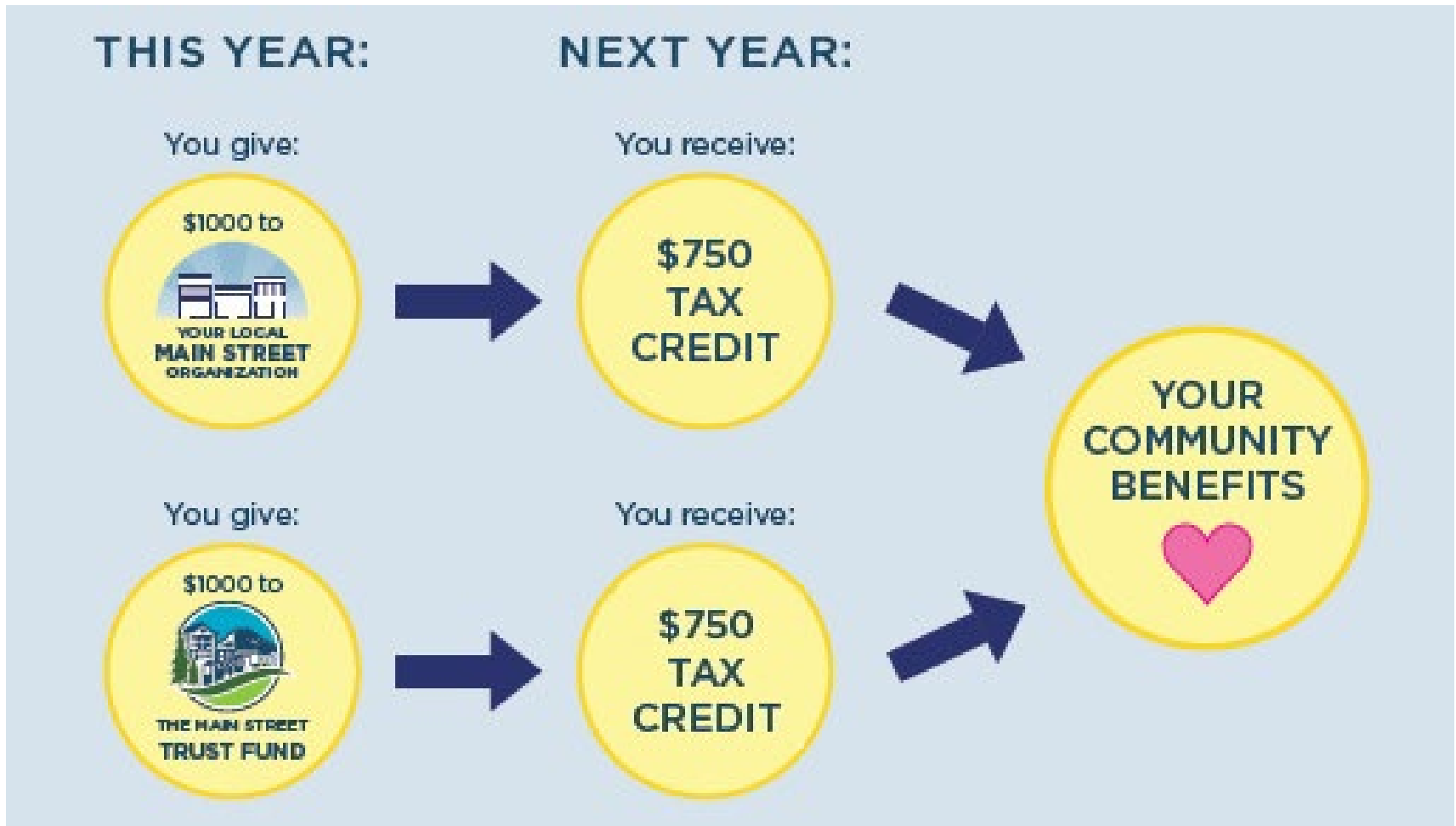
## BACKGROUND

Since 2005, when the MSTCIP was first created by the Washington State Legislature, it has been the “legislature's intent to **provide tax credits to businesses in main street communities to promote contributions to [Main Streets]** in order to maintain the economic viability of rural downtown areas, thereby ensuring the growth and retention of businesses”.

## How does the MSTCIP work?

1. A business or entity that pays Washington State B&O or PUT decides to donate to a Main Street.
2. They apply to contribute online through the Department of Revenue's portal.
3. The application is automatically approved as long as there is enough credit available to match 75% of their pledged contribution.
4. They donate to the Main Street on a schedule that works for both parties **before November 15**.
5. The Main Street reports the contribution fulfilled.
6. **The following year**, the business receives their tax credit.

# How does the MSTCIP work?



What does the MSTCIP cycle look like?



# Q1: January through March



Q1 MSTCIP applications open on the **2<sup>nd</sup> Monday in January at 8:00am**

## Q1 Cap:

- \$125,000 in credits
- \$166,666 in contributions

### **Throughout the year:**

DOR provides updates to us, and we share them with you.

You provide updates to us, and we provide a collective report to DOR!

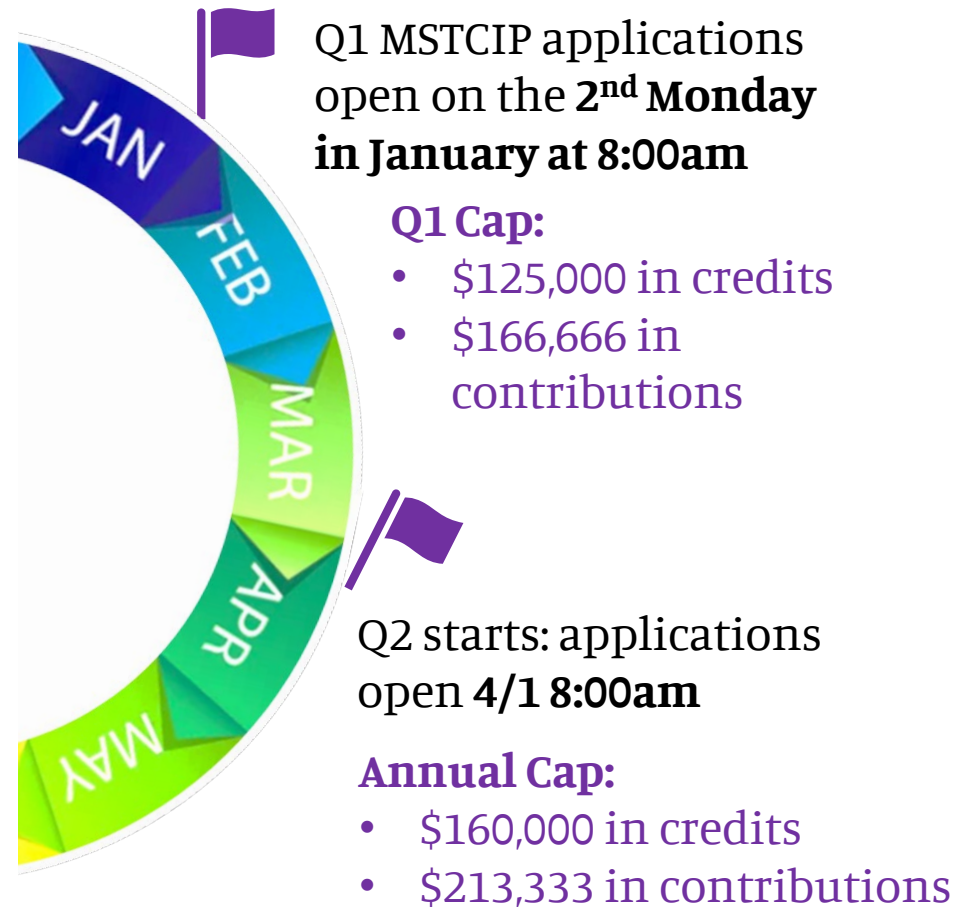


# Q2 Opening: April 1

## Throughout the year:

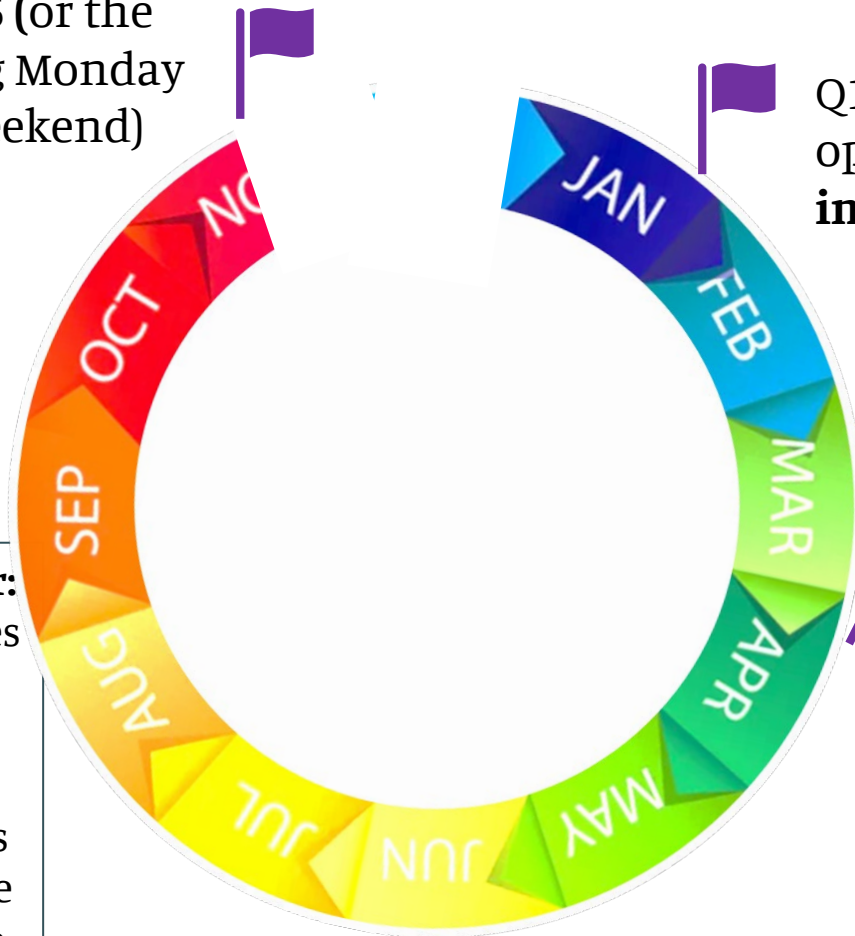
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# Q2 - Q3 : April through November 15

All contributions  
**due 11/15** (or the  
following Monday  
if on a weekend)



Q1 MSTCIP applications  
open on the **2<sup>nd</sup> Monday**  
in **January at 8:00am**

**Q1 Cap:**

- \$125,000 in credits
- \$166,666 in contributions

Q2 starts: applications  
open **4/1 8:00am**

**Annual Cap:**

- \$160,000 in credits
- \$213,333 in contributions

**Throughout the year:**  
DOR provides updates  
to us, and we share  
them with you.

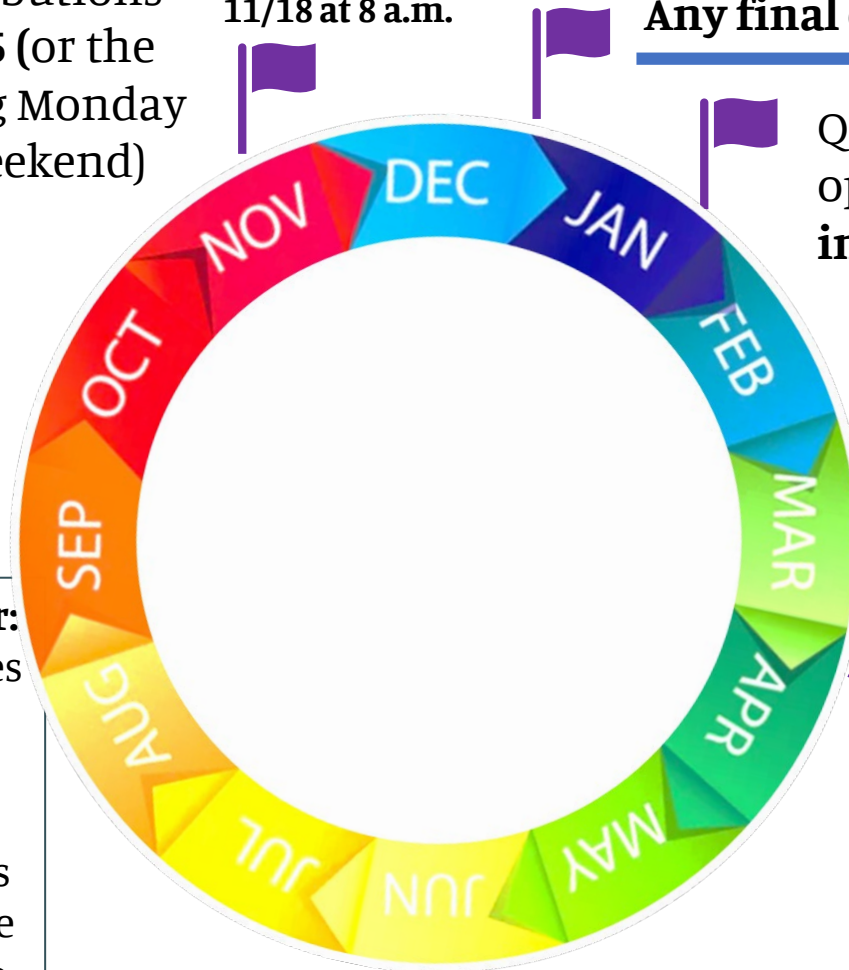
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DOR!

# Q4 : November 15 through December 31

All contributions **due 11/15** (or the following Monday if on a weekend)

Q4 opening on 11/18 at 8 a.m.

**Any final contributions due 12/31**



Q1 MSTCIP applications open on the **2<sup>nd</sup> Monday in January at 8:00am**

**Q1 Cap:**

- \$125,000 in credits
- \$166,666 in contributions

Q2 starts: applications open **4/1 8:00am**

**Annual Cap:**

- \$160,000 in credits
- \$213,333 in contributions

**Throughout the year:** DOR provides updates to us, and we share them with you.

You provide updates to us, and we provide a collective report to DOR!

# What is your role ?

*You provide updates to us and we provide a collective report to DOR!*

**Support applications**

- Remind old donors and explain to new the Q1 dates/process

**Q1**

**Invoice & appreciate**

- Work out lump sum or monthly payment plans

**Q2-3**

**Final thanks & repeat!**

- Make sure all payments are made by 11/15
- Thank donors!
- Repeat!

**Q4**

**Outreach to new donors**

- As part of year-end appeals you can share MSTCIP info

**Q4-1**

# What resources are available?

<https://preservewa.org/taxcredit/>



The Main Street Tax Credit Incentive Program provides a Business & Occupation (B&O) or Public Utility tax (PUT) credit for private contributions given to eligible downtown organizations.

## FAQ Highlights

### **11. Do businesses get to take the tax credit in the same year that it is approved?**

No, a business may use the approved credit by reporting it on any excise tax return(s) filed during the calendar year following the year in which it was approved and contributed. However, in order for a business to use the full amount of the tax credit they are taking, they must have accrued a State B&O tax/PUT liability equal to, or exceeding the amount of the credit. A credit cannot be carried forward from year-to-year nor can a credit be refunded if the B&O tax/PUT liability is not equal to, or greater than, the credit amount approved for use in that year.

## FAQ Highlights

### **18. Can a business receive goods or services, like a membership, for their contribution?**

No. Contributions are subject to WAC 458.20.169(5)(C)(iii) which states, “The term contributions includes grants, donations, endowments, scholarships, gifts, awards, and any other transfer of money or other property by a donor, provided the donor receives no significant goods, services, or benefits in return for making the gift.”

## FAQ Highlights

### **19. Can a business request their contribution be used for specific programs or purposes?**

Yes. Contributions are donations to Main Street non-profits and according to WAC 458.20.169(C)(iii), donors can place restrictions on how their donations are used by a non-profit organization. However, these restrictions cannot result in a direct benefit to the business as WAC 458.20.169(C)(iii) states, “It is not unusual for the person making a gift to require some accountability for how the gift is used as a condition for receiving the gift or future gifts. Such gifts remain exempt, provided the ‘accountability’ required does not result in a direct benefit to the donor”.



## FAQ Highlights

### **20. Are there any restrictions on what a designated organization can do with contributions they receive as a result of the tax incentive program?**

Contributions received through this program must be used to meet the designated organizations sole mission of revitalizing an identified and approved traditional downtown or neighborhood commercial district area. Also keep in mind there are rules about what nonprofits can do with any contribution they receive. Contact the nonprofit division of the IRS at 1-877-829-5500 for more information, or download [Publication #557](#) (pg. 21-22) and [Tax Information for Contributors](#) from the IRS ([www.irs.gov](http://www.irs.gov)).

## Contact Information

### **Jonelle McCoy**

Main Street Specialist  
*Washington Main Street*

509-202-4299  
jonelle@preservewa.org

*Reach out to Jonelle about general program information, best practices, and application updates.*

### **Chase Johnson**

Senior Excise Tax Examiner  
*Department of Revenue*

360-705-6066  
chasej@dor.wa.gov

*Reach out to Chase for technical assistance and when businesses need to adjust or cancel applications.*