


# Investing in Downtown Ritzville

Main Street Tax Credit Incentive Program:

*A program of Washington Main Street*

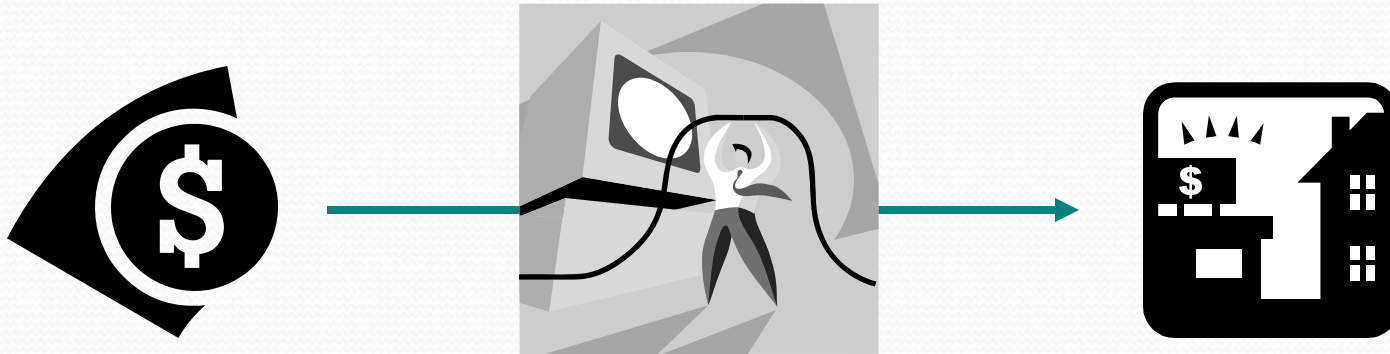


# What is the Main Street Tax Credit Incentive Program?

- Businesses are eligible to take a B&O tax credit for donations given to eligible downtown revitalization organizations
  - *Ritzville Downtown Development Association is an eligible organization*
- AND, donations may qualify as a 501(c)3 charitable deduction on IRS tax return
  - *Ritzville Downtown Development Association downtown is a recognized 501(c)3*

## How does the tax credit work?

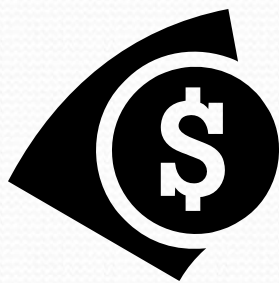
- Donations to the RDDA are approved online with the Washington Department of Revenue and made directly to the RDDA.



- 75% of the donation in this calendar year is a credit to the liability to the state B & O tax for the next year.

# What are B & O Taxes?

- Building and Occupancy Tax is a gross receipts tax.



Business Activity

Sales, purchases, etc



- Different types of businesses are taxed at different rates. Check with the Washington Department of Revenue to see how businesses are classified.

<http://dor.wa.gov/content/FindTaxesAndRates/BAndOTax>

## Donation vs. Tax Credit

- If your donation to RDDA is...
  - \$50,000
- Then RDDA receives...
  - \$50,000
- Credit toward your B & O tax is...
  - \$37,500  
*(75% of donation – to the following year tax liability)*
- Your IRS tax deduction...
  - May be \$50,000  
*Contact your business accountant for details*

# Main Street Tax Credit Initiative and other communities

## Walla Walla

- In 2006 Banner Bank contributed \$133,333.33 to the Downtown Foundation, allowing them to receive a \$100,000 credit on its 2007 B&O tax bill. Banner Bank has pledged \$65,000 toward the Foundation for 2007.
- <http://www.downtownwallawalla.com/AboutUs/board.htm>



## Ellensburg

- The Ellensburg Downtown Association has received several donations in the past two years as a result of the tax credit. Sterling Savings Bank has donated \$25,000 each of the last two years and Cashmere Valley Bank recently donated \$5,000 using this incentive. Other local donators include Kittitas Valley Green house and Pearl's on Pearl.
- <http://www.ellensburgdowntown.org/downtownnews/Press%20Release%201-14-08%20B&O.htm>

Kittitas Valley Greenhouse



## Other things to consider

- Donations cannot be earmarked for certain projects - money goes to the organization's work plan.
- Donations are capped because of the law regulating this tax credit - there is a statewide cap on the amount this program can receive. Time is a factor.
- Donations may be made in installments, but must be done during the same calendar year.

# Why give to Downtown Ritzville?

## The opportunity is right to contribute

- Most of the money that would go to Olympia for B & O taxes stays in Ritzville.
- Donations will aid in store front rehabilitation in downtown Ritzville. The enhancement of the downtown will encourage growth and development.
- RDDA is an Affiliate Member of Washington Main Street, a program of the National Trust for Historic Preservation, following a proven *4-Point Approach* to economic development and historic preservation.

***Now is the time!***