



## DED Programs for Use by Rural Hospitals

### Background:

Community development programs housed in the Division of Business and Community Services in the Missouri Department of Economic Development may provide financial assistance to rural communities to construct and renovate community facilities. The funds come in the form of grants (Community Development Block Grant) and state contribution tax credits (Neighborhood Assistance Tax Credit Program).

The program funds may be used for capital improvements (new development and rehabilitation and renovation) and, in the case of the Neighborhood Assistance Tax Credits, some possible programming costs for activities that would expand health opportunities to rural citizens. Both programs require a non-profit status for the hospital. Neither program may support general operating costs of the facility, pay down existing debt, or replace other general revenue or income streams.

### Programs:

#### Community Development Block Grant Program

The Community Development Block Grant Program applicant is the local government (City or County) who may apply on behalf of the non-profit hospital. Projects must meet a “national objective”; which is typically providing a benefit to at least 51% low and moderate income (LMI) persons. LMI is defined as an income at or below 80% of the county median household income.

#### Examples of Use of CDBG for rural hospitals in Missouri:

- Assist with construction of the hospital facility itself, or a portion thereof, to serve an area meeting at least 51% LMI.
- Public infrastructure improvements (road, sewer lines, etc.) that support the hospital facility serving an area meeting at least 51% LMI.

#### Neighborhood Assistance Tax Credit Program

The Neighborhood Assistance Tax Credit program applicant may be the non-profit rural hospital, itself. The contribution credit allows either a 50% or 70% credit for donations made to a qualified project. The hospital would apply for an authorization of state tax credits to support a specific project and donors would make donations to the hospital. Upon proof of receipt of the donation by the hospital, the state would issue a tax credit certificate to the donor to be used to reduce their state tax liability, upon filing.

#### Examples of Use of NAP for rural hospitals in Missouri:

- Assist with construction of the hospital facility itself, or a portion thereof.
- Office equipment, medical equipment, furniture and fixtures for the hospital facility, or a portion thereof.