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SENATE BILL NO. 436

Offered January 14, 2004

Prefiled January 14, 2004

A BILL to amend and reenact §§ 63.2-2002 and 63.2-2006 of the Code of Virginia, relating to Neighborhood Assistance Act; sunset extension and tax credit increase.

Patrons—Locke; Delegate: BaCote

Referred to Committee on Rehabilitation and Social Services

Be it enacted by the General Assembly of Virginia:**1. That §§ 63.2-2002 and 63.2-2006 of the Code of Virginia are amended and reenacted as follows:**

§ 63.2-2002. Proposals; regulations; tax credits authorized; amount for programs.:

A. Any neighborhood organization may submit a proposal to the Commissioner requesting an allocation of tax credits for use by business firms making donations to the neighborhood organization. The proposal shall set forth the program to be conducted by the neighborhood organization, the impoverished people to be assisted, the estimated amount to be donated to the program and the plans for implementing the program.

B. The Board is hereby authorized to adopt regulations for the approval or disapproval of such proposals by neighborhood organizations and for determining the value of the donations. Such regulations shall contain a requirement that an annual audit be provided by the neighborhood organization as a prerequisite for approval. Such regulations shall provide for the equitable allocation of the available amount of tax credits among the approved proposals submitted by neighborhood organizations. The regulations shall also provide that at least ten percent of the available amount of tax credits each year shall be allocated to qualified programs proposed by neighborhood organizations not receiving allocations in the preceding year; however, if the amount of tax credits for qualified programs requested by such neighborhood organizations is less than ten percent of the available amount of tax credits, the unallocated portion of such ten percent of the available amount of tax credits shall be allocated to qualified programs proposed by other neighborhood organizations.

C. If the Commissioner approves a proposal submitted by a neighborhood organization, the organization shall make the allocated tax credit amounts available to business firms making donations to the approved program. A neighborhood organization shall not assign or transfer an allocation of tax credits to another neighborhood organization without the approval of the Commissioner.

D. The total amount of tax credits granted for programs approved under this chapter for each fiscal year shall not exceed eight million dollars; however, \$2,750,000 shall be allocated to education programs conducted by neighborhood organizations. Such allocation of tax credits to education programs shall constitute the minimum amount of tax credits to be allocated to education programs. However, if the amount of tax credits requested by neighborhood organizations for qualified education programs is less than \$2,750,000, the balance of such amount shall be allocated to other types of qualified programs. Tax credits shall not be authorized after fiscal year ~~2004~~2006.

§ 63.2-2006. Donations by individuals.

For purposes of this section, the term "individual" means the same as that term is defined in § 58.1-302, but excluding any individual included in the definition of a "business firm" as such term is defined in § 63.2-2000.

A. Notwithstanding any provision of this chapter limiting eligibility for tax credits, an individual making a monetary donation to a neighborhood organization approved under this chapter shall be eligible for a credit against taxes imposed by § 58.1-320 as provided in this section.

B. Notwithstanding any provision of this chapter specifying the amount of a tax credit, a tax credit issued to an individual making a monetary donation to an approved project shall be equal to ~~forty-five~~45 percent of such monetary donation; however, tax credits shall not be issued for any monetary donation less than \$500 in a taxable year and no more than ~~\$750~~ \$45,000 in tax credit shall be issued to an individual or to married persons in a taxable year.

C. An individual shall be eligible for a tax credit under this section only to the extent that sufficient tax credits allocated to the neighborhood organization approved under this chapter are available.

D. The amount of credit allowed pursuant to this section, if such credit has been issued by the Department, shall not exceed the tax imposed pursuant to § 58.1-320 for such taxable year. Any credit not usable for the taxable year may be carried over for credit against the individual's income taxes until the earlier of (i) the full amount of the credit is used or (ii) the expiration of the fifth taxable year after the taxable year in which the tax credit has been issued to such individual. If an individual that is

59 subject to the tax limitation imposed pursuant to this subsection is allowed another credit pursuant to
60 any other section of the Code of Virginia, or has a credit carryover from a preceding taxable year, such
61 individual shall be considered to have first utilized any credit allowed that does not have a carryover
62 provision, and then any credit that is carried forward from a preceding taxable year, prior to the
63 utilization of any credit allowed pursuant to this section.

64 E. A tax credit shall be issued by the Commissioner to an individual only upon receipt of a
65 certification made by a neighborhood organization to whom tax credits were allocated for an approved
66 program pursuant to § 63.2-2002. The certification shall identify the amount of the monetary donation
67 received and the individual making the donation.

68 F. The tax credit allowed pursuant to this section shall be taken by the individual only to the extent
69 he has not claimed a deduction for such amount on his federal income tax return.