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HOUSE BILL NO. 1790**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the House Committee on Finance
on January 26, 2009)

(Patron Prior to Substitute—Delegate Hull)

*A BILL to amend and reenact §§ 58.1-439.18 and 58.1-439.20 of the Code of Virginia, relating to Neighborhood Assistance Act tax credits; veterinarians and sunset date.***Be it enacted by the General Assembly of Virginia:****1. That §§ 58.1-439.18 and 58.1-439.20 of the Code of Virginia are amended and reenacted as follows:**

§ 58.1-439.18. Definitions.

As used in this article:

"Business firm" means any corporation, partnership, electing small business (Subchapter S) corporation, limited liability company, or sole proprietorship authorized to do business in this Commonwealth subject to tax imposed by Articles 2 (§ 58.1-320 et seq.) and 10 (§ 58.1-400 et seq.) of Chapter 3, Chapter 12 (§ 58.1-1200 et seq.), Article 1 (§ 58.1-2500 et seq.) of Chapter 25, or Article 2 (§ 58.1-2620 et seq.) of Chapter 26.

"Commissioner of the State Department of Social Services" means the Commissioner of the State Department of Social Services or his designee.

"Community services" means any type of counseling and advice, emergency assistance, medical care, provision of basic necessities, or services designed to minimize the effects of poverty, furnished primarily to impoverished people.

"Contracting services" means the provision, by a business firm licensed by the Commonwealth as a contractor under Chapter 11 (§ 54.1-1100 et seq.) of Title 54.1, of labor or technical advice to aid in the development, construction, renovation, or repair of (i) homes of impoverished people or (ii) buildings used by neighborhood organizations.

"Education" means any type of scholastic instruction or scholarship assistance to an individual who is impoverished.

"Housing assistance" means furnishing financial assistance, labor, material, or technical advice to aid the physical improvement of the homes of impoverished people.

"Impoverished people" means people in Virginia approved as such by the State Board of Social Services. Such approval shall be made on the basis of generally recognized low-income criteria used by federal and state agencies.

"Job training" means any type of instruction to an individual who is impoverished that enables him to acquire vocational skills so that he can become employable or able to seek a higher grade of employment.

"Neighborhood assistance" means providing community services, education, housing assistance, or job training.

"Neighborhood organization" means any local, regional or statewide organization whose primary function is providing neighborhood assistance for impoverished people, and holding a ruling from the Internal Revenue Service of the United States Department of the Treasury that the organization is exempt from income taxation under the provisions of §§ 501 (c) (3) and 501 (c) (4) of the Internal Revenue Code of 1986, as amended from time to time, or any organization defined as a community action agency in the Economic Opportunity Act of 1964 (42 U.S.C. § 2701 et seq.), or any housing authority as defined in § 36-3.

"Professional services" means any type of personal service to the public that requires as a condition precedent to the rendering of such service the obtaining of a license or other legal authorization and shall include, but shall not be limited to, the personal services rendered by medical doctors, dentists, architects, professional engineers, certified public accountants, and attorneys-at-law, and veterinarians.

§ 58.1-439.20. Proposals; regulations; tax credits authorized; amount for programs.

A. Any neighborhood organization may submit a proposal to the Commissioner of the State Department of Social Services 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 State Board of Social Services 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 also provide that at least

60 50 percent of the persons served by the neighborhood organization are impoverished people as defined
61 in § 58.1-439.18. Such regulations shall provide for the equitable allocation of the available amount of
62 tax credits among the approved proposals submitted by neighborhood organizations. The regulations
63 shall also provide that at least 10 percent of the available amount of tax credits each year shall be
64 allocated to qualified programs proposed by neighborhood organizations not receiving allocations in the
65 preceding year; however, if the amount of tax credits for qualified programs requested by such
66 neighborhood organizations is less than 10 percent of the available amount of tax credits, the unallocated
67 portion of such 10 percent of the available amount of tax credits shall be allocated to qualified programs
68 proposed by other neighborhood organizations.

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

74 D. The total amount of tax credits granted for programs approved under this article for each fiscal
75 year shall not exceed \$8 million; however, \$2,750,000 shall be allocated to education programs
76 conducted by neighborhood organizations. Such allocation of tax credits to education programs shall
77 constitute the minimum amount of tax credits to be allocated to education programs. However, if the
78 amount of tax credits requested by neighborhood organizations for qualified education programs is less
79 than \$2,750,000, the balance of such amount shall be allocated to other types of qualified programs. Tax
80 credits shall not be authorized after fiscal year ~~2009~~ 2011.