

# DEPARTMENT OF TAXATION

## 2011 Fiscal Impact Statement

1. **Patron** Clifford L. Athey, Jr.

3. **Committee** House General Laws

4. **Title** Neighborhood Assistance Act Tax Credits;  
Certified Mediators

2. **Bill Number** HB 1846

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

### 5. **Summary/Purpose:**

This bill would expand the professional services eligible for tax credits under the Neighborhood Assistance Act to include services provided by mediators certified by the Judicial Council of Virginia.

The effective date of this bill is not specified.

6. **Budget amendment necessary:** No.

7. **Fiscal Impact Estimates are:** Preliminary. (See Line 8.)

### 8. **Fiscal implications:**

#### Department of Taxation Administrative Impact

TAX considers implementation of this bill as routine, and does not require additional funding.

#### Department of Social Services Administrative Impact

The Department of Social Services reports that its administration of the Neighborhood Assistance Tax Credit program would not be directly affected by this change.

#### Revenue Impact

Under current law, the Neighborhood Assistance Act Tax Credit is capped at \$11.9 million, and may not be authorized after Fiscal Year 2011. Assuming that this credit is extended, because this bill would not affect the current cap, this bill would have no revenue impact. Because this bill would expand the number of health care professionals that would be eligible for the credit, however, it would further divide the pool of available credits.

**9. Specific agency or political subdivisions affected:**

Department of Taxation  
Department of Social Services

**10. Technical amendment necessary:** No.

**11. Other comments:**

Current Law

The Virginia Neighborhood Assistance Act provides an income tax credit to businesses and individuals that donate to neighborhood organizations for approved programs that benefit impoverished people. Under this Act, a neighborhood organization is allocated funding through the Neighborhood Assistance Act Program. The Department of Social Services ("DSS") is responsible for approving the programs and allocating the tax credits to the neighborhood organizations. When an individual or business donates to an organization that qualifies as a neighborhood organization, they are eligible to receive an income tax credit from that neighborhood organization.

In addition to money and property, taxpayers may donate professional services in order to qualify for this credit. "Professional services" is currently defined to include personal services rendered by medical doctors, dentists, architects, professional engineers, certified public accountants, attorneys-at-law, and veterinarians.

Proposal

This bill would expand the professional services eligible for tax credits under the Neighborhood Assistance Act to include services provided by mediators certified by the Judicial Council of Virginia.

The effective date of this bill is not specified.

Similar Legislation

**House Bill 2231** would allow trusts to be eligible for Neighborhood Assistance Act tax credits.

**Senate Bill 742** would expand the health care services eligible for tax credits to include pharmacists donating pharmaceutical services, at the direction of an approved organization, to patients of a nonprofit free clinic.

**Senate Bill 863** would change the definition of "impoverished people" for any type of proposal under the Neighborhood Assistance Act Tax Credit program to include individuals with family annual income not in excess of 200 percent of the current federal poverty guidelines.

**Senate Bill 1129** would extend the sunset date for the issuance of tax credits allowed under the Neighborhood Assistance Act from 2011 to 2016.

cc : Secretary of Finance

Date: 1/29/2011 TG  
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