

## VIRGINIA ACTS OF ASSEMBLY — CHAPTER

*An Act to amend and reenact § 58.1-439.20 of the Code of Virginia, relating to Neighborhood Assistance Act tax credits.*

[S 1009]

Approved

**Be it enacted by the General Assembly of Virginia:**

**1. That § 58.1-439.20 of the Code of Virginia is amended and reenacted as follows:**

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

A. Any neighborhood organization may submit a proposal, other than education proposals, 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. Neighborhood organizations may submit education proposals to the Superintendent of Public Instruction 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 low-income persons or eligible students with disabilities 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 and the ~~Board~~ Department of Education are hereby authorized to adopt regulations (or, alternatively, guidelines in the case of the ~~Board~~ Department of Education) for the approval or disapproval of such proposals by neighborhood organizations and for determining the value of the donations. Such regulations or guidelines shall contain a requirement that a neighborhood organization shall have been in existence for at least one year. As a prerequisite for approval, neighborhood organizations with total revenues (including the value of all donations) (i) in excess of \$100,000 for the organization's most recent year ended shall provide to the State Board of Social Services or the Department of Education, as applicable, an annual audit, or review, or compilation as required by OMB Circular No. A-133 as may be applicable to nonprofit organizations be provided by the neighborhood organization as a prerequisite for approval for such year performed by an independent certified public accountant, or (ii) of \$100,000 or less for the organization's most recent year ended, shall provide to the State Board of Social Services or the Department, as applicable, a compilation for such year performed by an independent certified public accountant.

Such regulations or guidelines by the ~~Board~~ Department of Education shall provide that at least 50 percent of the persons served by the neighborhood organization are low-income persons or eligible students with disabilities as defined in § 58.1-439.18 and such, and that at least 50 percent of the neighborhood organization's revenues are used to provide services to low-income persons or to eligible students with disabilities. Such regulations by the State Board of Social Services shall provide that at least 40 percent of the persons served by the neighborhood organization are low-income persons as defined in § 58.1-439.18. In order for a proposal to be approved, the applicant neighborhood organization and any of its affiliates shall meet the requirements of the application regulations or guidelines. Such regulations or guidelines shall provide for the equitable allocation of the available amount of tax credits among the approved proposals submitted by neighborhood organizations. The regulations or guidelines shall also provide that at least 10 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 10 percent of the available amount of tax credits, the unallocated portion of such 10 percent of the available amount of tax credits shall be allocated to qualified programs proposed by other neighborhood organizations.

C. If the Commissioner of the State Department of Social Services or the Superintendent of Public Instruction 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 of the State Department of Social Services or the Superintendent of Public Instruction, as applicable.

Notwithstanding any other provision of law, (i) no more than an aggregate of \$0.825 million in tax credits shall be approved in a fiscal year to a neighborhood organization or to a grouping of neighborhood organization affiliates for all education proposals, and (ii) no more than an aggregate of \$0.5 million in tax credits shall be approved in a fiscal year to a neighborhood organization or to a grouping of neighborhood organization affiliates for all other proposals combined. However, if the State

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57 Department of Social Services or the Department of Education after the initial allocation of tax credits  
58 to approved proposals has a balance of tax credits remaining for the fiscal year that can be used or  
59 allocated by a neighborhood organization for a proposal that had been approved for tax credits during  
60 the initial allocation by the State Department of Social Services or the Department of Education, then (a)  
61 the Commissioner of the State Department of Social Services or the Superintendent of Public  
62 Instruction, as applicable, shall reallocate the remaining balance of tax credits to such previously  
63 approved proposals to the extent that a neighborhood organization can use or allocate additional tax  
64 credits for the previously approved proposal and (b) the \$0.825 and \$0.5 million annual limitations for  
65 tax credits approved to a grouping of neighborhood organization affiliates shall be inapplicable to the  
66 extent of any balance of tax credits reallocated under clause (a). The balance of tax credits remaining for  
67 reallocation shall include the amount of any tax credits that have been granted for a proposal approved  
68 during the initial allocation but for which the Commissioner of the State Department of Social Services  
69 or the Superintendent of Public Instruction has been provided notice by the neighborhood organization  
70 that it will not be able to use or allocate such amount for the approved proposal.

71 D. The total amount of tax credits granted for programs approved under this article for each fiscal  
72 year shall not exceed \$15 million allocated as follows: \$8 million for education proposals for approval  
73 by the Superintendent of Public Instruction and \$7 million for all other proposals for approval by the  
74 Commissioner of the State Department of Social Services. The Superintendent and the Commissioner of  
75 the State Department of Social Services shall work cooperatively for purposes of ensuring that  
76 neighborhood organization proposals are submitted to the proper state agency. The Superintendent and  
77 the Commissioner of the State Department of Social Services may request the assistance of the  
78 Department of Taxation for purposes of determining whether or not anticipated donations for which tax  
79 credits are requested by a neighborhood organization likely qualify as a charitable donation under federal  
80 tax laws and regulations.

81 E. Actions of (i) the State Department of Social Services, or the Commissioner of the same, or (ii)  
82 the Superintendent or the Department of Education relating to the review of neighborhood organization  
83 proposals and the allocation of tax credits to proposals shall be exempt from the provisions of the  
84 Administrative Process Act (§ 2.2-4000 et seq.). Decisions of (a) the State Department of Social  
85 Services, or the Commissioner of the same, or (b) the Superintendent or the Department of Education  
86 shall be final and not subject to review or appeal.

87 F. The issuance of tax credits under this article shall expire on July 1, 2017.