

## Department of Planning and Budget

### 2017 Fiscal Impact Statement

**1. Bill Number:** HB1838

|                        |  |                                     |                                    |
|------------------------|--|-------------------------------------|------------------------------------|
| <b>House of Origin</b> | <input checked="" type="checkbox"/> Introduced | <input type="checkbox"/> Substitute | <input type="checkbox"/> Engrossed |
| <b>Second House</b>    | <input type="checkbox"/> In Committee          | <input type="checkbox"/> Substitute | <input type="checkbox"/> Enrolled  |

**2. Patron:** Orrock

**3. Committee:** Finance

**4. Title:** Neighborhood Assistance Act tax credits; Board of Education.

**5. Summary:** Changes the process of allocating Neighborhood Assistance Act Tax Credits to neighborhood organizations submitting education proposals by directing the Board of Education to develop regulations that would provide for an allocation of credits that prioritizes the award of credits to neighborhood organizations with education proposals that would benefit low-income persons and eligible students with disabilities in underperforming school districts in the Commonwealth. Such regulations would also be required to provide a means for the Superintendent of Public Instruction to gather input from local leaders regarding the education needs and priorities in the localities in which such applicant neighborhood organizations have education programs for which an allocation of tax credits is sought. In addition, the regulations would be required to provide that education programs seeking an allocation of credits provide data, metrics for success, or other accountability measures that may be used to evaluate the success of the program. Such regulations would replace the Department of Education's existing guidelines.

**6. Budget Amendment Necessary:** No

**7. Fiscal Impact Estimates:** Preliminary. See Item 8.

**8. Fiscal Implications:** The Department of Education and the Department of Taxation consider implementation of this bill as routine and can absorb any resulting costs. This bill would not impact general fund revenues because it would not change the annual credit cap or the credit eligibility requirements that apply to taxpayers claiming the credit.

**9. Specific Agency or Political Subdivisions Affected:** Department of Education, Department of Taxation

**10. Technical Amendment Necessary:** Line 74, strike "educations" and insert "education".

**11. Other Comments:** The Neighborhood Assistance Act Tax Credit is currently oversubscribed. The following table shows the amount of credits requested by neighborhood

organizations wishing to obtain an allocation of credits and the annual credit cap for FY 2014 through FY 2017:

|                    | <b>Education Proposals</b> |                   | <b>Other Proposals</b>   |                   |
|--------------------|----------------------------|-------------------|--------------------------|-------------------|
| <b>Fiscal Year</b> | <b>Credits Requested</b>   | <b>Annual Cap</b> | <b>Credits Requested</b> | <b>Annual Cap</b> |
| 2014               | \$11.1 million             | \$8.0 million     | \$18.5 million           | \$7.0 million     |
| 2015               | \$17.8 million             | \$8.5 million     | \$22.2 million           | \$7.5 million     |
| 2016               | \$19.4 million             | \$9.0 million     | \$26.7 million           | \$8.0 million     |
| 2017               | \$18.1 million             | \$9.0 million     | \$27.2 million           | \$8.0 million     |