

Department of Planning and Budget

2017 Fiscal Impact Statement

1. Bill Number: HB1838

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Engrossed
Second House	<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 one-half of the credits to neighborhood organizations with education proposals that would benefit low-income persons and eligible students with disabilities in underperforming schools 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 educational 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. Furthermore, any funds not used within the specified allocation areas may be reassigned. The second enactment declares that the Board of Education may adopt regulations to implement these provisions to be in effect on March 1, 2018.

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, Board of Social Services

10. Technical Amendment Necessary: No

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:

	Education Proposals		Other Proposals	
Fiscal Year	Credits Requested	Annual Cap	Credits Requested	Annual Cap
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