

## Department of Planning and Budget 2010 Fiscal Impact Statement

**11. Bill Number:** HB1224

House of Origin	<u>  X  </u>	Introduced	<u>      </u>	Substitute	<u>      </u>	Engrossed
Second House	<u>      </u>	In Committee	<u>      </u>	Substitute	<u>      </u>	Enrolled

**2. Patron:** Scott, J.M.

**3. Committee:** Finance

**4. Title:** **Neighborhood Assistance Act Tax Credit; localities' health care programs eligible to receive.**

**5. Summary:** This bill would allow Neighborhood Assistance Act Tax Credits to be allocated to certain health care programs by amending the definition of a “neighborhood organization” to include any health care program of a county, city, or town serving impoverished people.

**6. Fiscal impact estimates are preliminary.** See item 8, below.

**7. Budget Amendment Necessary:** No.

**8. Fiscal Implications:** It is anticipated that the bill will not have an expenditure or revenue impact.

The amount of credits that may be granted in a fiscal year is \$11.9 million, of which \$4.9 million is allocated to education proposals and \$7 million to non-education proposals. No credits may be authorized after FY 2011.

The bill does not change the amount of the current cap. It does, however, increase the number of programs that may be eligible for the credits and may therefore impact demand.

It is not anticipated that the bill will have a fiscal impact on the Department of Taxation. Any impact will depend on the total number of bills the General Assembly enacts that require modifications to the department’s taxpayer system.

**9. Specific Agency or Political Subdivisions Affected:** Departments of Taxation, Social Services, and Education.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** 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) and the Department of Education (DOE) are 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.

A business contributing to an approved Neighborhood Assistance Program organization is eligible for an income tax credit equal to 40 percent of the contribution. HB30/SB30 allows a business contribution of \$400; a contributing business may take a maximum of \$175,000 Neighborhood Assistance Program credits in a taxable year. An individual who contributes directly to an approved Neighborhood Assistance Program organization is also eligible for an income tax credit equal to 40 percent of the contribution. The minimum donation by an individual must be at least \$500, and the maximum tax credit is \$50,000.

**Date:** 2/1/2010 tmw

**Document:** G:\2010 Session\Legislation\HB1224.Doc