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HOUSE BILL NO. 340

Offered January 11, 2012

Prefiled January 10, 2012

A BILL to amend and reenact § 58.1-439.18 of the Code of Virginia, relating to neighborhood organizations that qualify under the Neighborhood Assistance Act Tax Credit Program.

 Patron—Wilt

 Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-439.18 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-439.18. Definitions.

As used in this article:

"Affiliate" means with respect to any person, any other person directly or indirectly controlling, controlled by, or under common control with such person. For purposes of this definition, "control" (including controlled by and under common control with) shall mean the power, directly or indirectly, to direct or cause the direction of the management and policies of such person whether through ownership or voting securities or by contract or otherwise.

"Business firm" means any corporation, partnership, electing small business (Subchapter S) corporation, limited liability company, or sole proprietorship authorized to do business in this Commonwealth subject to tax imposed by Articles 2 (§ 58.1-320 et seq.) and 10 (§ 58.1-400 et seq.) of Chapter 3, Chapter 12 (§ 58.1-1200 et seq.), Article 1 (§ 58.1-2500 et seq.) of Chapter 25, or Article 2 (§ 58.1-2620 et seq.) of Chapter 26. "Business firm" also means any trust or fiduciary for a trust subject to tax imposed by Article 6 (§ 58.1-360 et seq.) of Chapter 3.

"Commissioner of the State Department of Social Services" means the Commissioner of the State Department of Social Services or his designee.

"Community services" means any type of counseling and advice, emergency assistance, medical care, provision of basic necessities, or services designed to minimize the effects of poverty, furnished primarily to impoverished people.

"Contracting services" means the provision, by a business firm licensed by the Commonwealth as a contractor under Chapter 11 (§ 54.1-1100 et seq.) of Title 54.1, of labor or technical advice to aid in the development, construction, renovation, or repair of (i) homes of impoverished people or (ii) buildings used by neighborhood organizations.

"Education" means any type of scholastic instruction or scholastic assistance to an individual who is impoverished.

"Housing assistance" means furnishing financial assistance, labor, material, or technical advice to aid the physical improvement of the homes of impoverished people.

"Impoverished people" means individuals with family annual income not in excess of 200 percent of the current poverty guidelines for proposals submitted by a nonprofit entity requesting an allocation of tax credits under this article.

"Job training" means any type of instruction to an individual who is impoverished that enables him to acquire vocational skills so that he can become employable or able to seek a higher grade of employment.

"Neighborhood assistance" means providing community services, education, housing assistance, or job training.

"Neighborhood organization" means any local, regional or statewide organization whose primary function is providing neighborhood assistance for impoverished people, and holding a ruling from the Internal Revenue Service of the United States Department of the Treasury that the organization is exempt from income taxation under the provisions of §§ 501(c)(3) and 501(c)(4) of the Internal Revenue Code of 1986, as amended from time to time, or any organization defined as a community action agency in the Economic Opportunity Act of 1964 (42 U.S.C. § 2701 et seq.), or any housing authority as defined in § 36-3.

The auxiliary, subsidiary, or subordinate of any § 501(c)(3) or 501(c)(4) federally recognized organization described herein shall also be deemed a neighborhood organization under this article, regardless of whether the auxiliary, subsidiary, or subordinate holds a ruling that it is exempt from income taxation under the provisions of §§ 501(c)(3) and 501(c)(4). Such auxiliary, subsidiary, or subordinate may submit proposals for allocations of tax credits under this article and shall be subject to all other conditions and requirements that neighborhood organizations must meet for an allocation of

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59 *tax credits. In addition, as part of any proposal for tax credits, the auxiliary, subsidiary, or subordinate*
60 *shall include information that clearly establishes the § 501(c)(3) or 501(c)(4) federally recognized*
61 *organization under which it is controlled. The auxiliary, subsidiary, or subordinate shall be deemed to*
62 *be an affiliate of the § 501(c)(3) or 501(c)(4) organization under which it is controlled for purposes of*
63 *any limitation under this article on the aggregate amount of tax credits that may be approved in any*
64 *fiscal year to a grouping of neighborhood organization affiliates.*

65 "Poverty guidelines" means the poverty guidelines for the 48 contiguous states and the District of
66 Columbia updated annually in the Federal Register by the U.S. Department of Health and Human
67 Services under the authority of § 673(2) of the Omnibus Budget Reconciliation Act of 1981.

68 "Professional services" means any type of personal service to the public that requires as a condition
69 precedent to the rendering of such service the obtaining of a license or other legal authorization and
70 shall include, but shall not be limited to, the personal services rendered by medical doctors, dentists,
71 architects, professional engineers, certified public accountants, attorneys-at-law, and veterinarians.

72 "Scholastic assistance" means (i) counseling or supportive services to elementary school, middle
73 school, secondary school, or postsecondary school students or their parents in developing a
74 postsecondary academic or vocational education plan, including college financing options for such
75 students or their parents, or (ii) scholarships.