

NEIGHBORHOOD ASSISTANCE PROGRAM

22VAC40-41-10. Definitions.

The following words and terms when used in this chapter shall have the following meanings unless the context clearly indicates otherwise:

“Approved Organization” means a neighborhood organization that has been found eligible to participate in the Neighborhood Assistance Program.

"Audit" means any audit required under the federal Office of Management and Budget's Circular A-133, or, if a neighborhood organization is not required to file an audit under Circular A-133, a detailed financial statement prepared by a an outside independent certified public accountant.

"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 of Title 58.1 of the Code of Virginia.

“Commissioner” means the Commissioner of the Department of Social Services, his designee or authorized representative.

"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 of Virginia as a contractor under Chapter 11 (§54.1-1100 et seq.) of

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Title 54.1 of the Code of Virginia, 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 scholarship 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 people in Virginia with incomes at or below 150% of the poverty guidelines as defined by the United States Office of Management and Budget as published in the Federal Register (62 FR 10856), and as updated and republished annually in the Federal Register.

"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) or §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

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Opportunity Act of 1964 (42 USC §2701 et seq.), or any housing authority as defined in §36-3 of the Code of Virginia.

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

22VAC40-41-20. Purpose; procedure for becoming ~~neighborhood assistance project~~ an approved organization; eligibility criteria; termination of project status approved organization; appeal procedure.

A. The purpose of the Neighborhood Assistance Program is to encourage business firms and individuals to make donations to neighborhood organizations for the benefit of impoverished people.

B. Neighborhood organizations wishing to become an approved ~~neighborhood assistance project~~ organization must submit a ~~proposal~~ an application and provide the following information to the commissioner of Social Services or his designee ~~This proposal must be on the form prescribed by the commissioner or his designee and at a minimum contain:~~

1. A description of their eligibility as a neighborhood organization, the ~~program to be~~ programs being conducted, the impoverished people ~~to be~~ assisted, the estimated amount that will be donated to the ~~program~~ programs, and plans for implementing the ~~program~~ programs.

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2. Proof of the neighborhood organization's current exemption from income taxation under the provisions of §501(c)(3) or §501(c)(4) of the Internal Revenue Code, or the organization's eligibility as a community action agency as defined in the Economic Opportunity Act of 1964 (42 USC §2701 et seq.) or housing authority as defined in §36-3 of the Code of Virginia.

3. A copy of the neighborhood organization's ~~most recent~~ current audit, a copy of the organization's ~~most~~ current federal form 990, a current brochure describing the organization's programs, and a copy of the annual report filed with the Department of Agriculture and Consumer Services' Division of Consumer Protection.

4. A statement of objective and measurable outcomes that are expected to occur and the method the organization will use to evaluate the program's effectiveness.

C. To be eligible for participation in the Neighborhood Assistance Program, the applicant must meet the following criteria:

1. Applicants must have been in operation as a viable entity, providing neighborhood assistance for impoverished people, for at least 12 months.

2. Applicants must be able to demonstrate that at least [6050]% of the total people served and at least [6050]% of the total expenditures were for impoverished people.

3. Applicant's audit must not contain any significant findings or areas of concern for the ongoing operation of the neighborhood organization.

4. Applicants must demonstrate that at least 75% of total revenue received is expended to support their ongoing programs each year.

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~~C D.~~ The application period for ~~neighborhood organizations to become approved neighborhood assistance projects~~ will start no later than March 4 15 of each year. All applications must be received by the Department of Social Services no later than the first ~~working~~ business day of May.

~~D E.~~ Those ~~organizations applicants~~ submitting all required information and reports, and meeting the eligibility criteria ~~of a neighborhood organization and whose proposals are consistent with the Neighborhood Assistance Act (§63.1-320 et seq. of the Code of Virginia), described in this section,~~ will be determined an eligible project for the Neighborhood Assistance Program approved organization. The program year will run from July 1 through June 30 of the following year.

~~E F.~~ The commissioner ~~or his designee~~ may terminate a project's an approved organization's eligibility based on a finding of program abuse involving illegal activities or fraudulent reporting on contributions.

~~F G.~~ Any neighborhood organization that disagrees with the disposition of ~~their applications~~ its application, or ~~their~~ its termination as an eligible project approved organization, may appeal to the commissioner in writing for a reconsideration. Such requests must be made within 30 days of the denial, or termination. The commissioner will act on the request and render a final decision within 30 days of the request for reconsideration.

22VAC40-41-30. Allocation of tax credits.

A. The available tax credits will be allocated among all approved ~~projects~~ organizations as follows:

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1. Any amounts legislatively set aside for special purposes will be allocated for these purposes.

2. At least 10% of the available amount of tax credits each year shall be allocated to ~~qualified programs proposed by neighborhood~~ approved organizations not receiving allocations in the preceding year; however, if the amount of requested tax credits for ~~qualified programs requested by such neighborhood~~ approved organizations is less than 10% of the available amount of tax credits, the unallocated portion of such 10% shall be allocated to other ~~eligible neighborhood~~ approved organizations.

3. ~~Projects~~ Approved organizations that ~~had~~ received a tax credit allocation within the last four years will be given an allocation based on the average amount of tax credits actually used in prior years. ~~This amount may be reduced by a percentage or be capped in order to stay within the total available funding.~~

4. ~~The remaining allocation will be distributed among projects which have not received an allocation within the last four years. This~~ The allocation process may include a determination of the reasonableness of requests, caps, and percentage reductions in order to stay within the total available funding.

5. ~~The steps provided in subdivisions 3 and 4 of this subsection may be used for any amount legislatively designated for specific types of projects. Alternate procedures may be developed to ensure equitable distribution of available tax credits.~~

B. During the program year, ~~neighborhood~~ approved organizations [which have used at least 75% of their allocation] may request additional allocations of tax credits within the limits described in this section. Requests will be evaluated on reasonableness, and

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~~funds~~ tax credits will be reallocated on a first-come basis as they become available.

~~Requests for increases to an organization's allocation received more than two weeks after the end of the program year will not be processed. [An exception may be made for organizations that have received a written commitment for a donation of real estate.]~~

C. Maximum allocation of tax credits:

1. No organization shall receive an allocation greater than \$500,000.
2. For the process of determining the maximum allocation for an organization whose purpose is to support and benefit another approved organization, the combined allocation will not exceed the \$500,000 maximum cap.

~~G D. A neighborhood organization shall not assign or transfer an allocation of tax credits to another neighborhood organization without the approval of the Commissioner of Social Services or his designee. Organizations may release all or a portion of their unused tax credit allocation to be reallocated in accordance with subsection B of this section.~~

22VAC40-41-40. Value of donations.

A. The approved ~~neighborhood~~ organization is responsible for maintaining documentation ~~acceptable to~~ as required by the Department of Social Services ~~and establishing to verify~~ the date and value of all donations.

B. The value of donations of cash, including stocks, ~~bonds, or other negotiable items, merchandise, and real estate~~ real estate, and merchandise to be used by the approved organization is the value determined for federal tax purposes using IRS regulations (26 CFR 1 et seq., and as amended).

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C. The value of merchandise donated to be sold, auctioned or raffled is the lesser of the value determined for federal tax purposes using IRS regulations or the actual proceeds received by the approved organization.

C.D. The value assigned for donated rent/lease of ~~property~~ the approved organization's facility must be reasonable and cannot exceed the prevailing square footage rental charge for comparable property.

D.E. The value of professional and contracting services is determined as follows:

1. When a business donates professional or contracting services provided by employees, the value of the donation shall be equal to the salary that such employee was actually paid for the period of time that such employee rendered professional or contracting services to the approved ~~program~~ organization. Operating overhead and benefit costs are not included in determining the ~~contribution~~ value.
2. When a sole proprietor, partner in a partnership, or member of a limited liability company renders professional or contracting services to ~~a program~~ an approved organization, the value of the professional or contracting services shall not exceed the lesser of the reasonable cost for similar services from other providers or the maximum amount set forth in ~~§§63.1-325~~ §§63.2-2004 and ~~63.1-325.1~~ 63.2-2005 of the Code of Virginia.
3. ~~When a physician, dentist, nurse practitioner, physician's assistant, optometrist, dental hygienist, or pharmacist licensed pursuant to Title 54.1 of the Code of Virginia provides health care services, the value of such services shall not exceed the lesser of~~

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~~the reasonable cost for similar services from other providers or the maximum amount set forth in §63.1-325 of the Code of Virginia.~~

22VAC40-41-50. Donations by businesses and health care professionals.

A. As provided by ~~§63.1-324~~ §63.2-2003 of the Code of Virginia, a business firm shall be eligible for a tax credit based on the value of the money, property, ~~and~~ professional services, and contracting services donated by the business firm during its taxable year to an approved ~~neighborhood~~ organization.

B. No tax credit shall be granted to any business firm for donations to a ~~neighborhood~~ an approved organization providing job training or education for individuals employed by the business firm.

C. ~~Physicians, dentists, nurse practitioners, physician's assistants, optometrists, dental hygienists, and pharmacists licensed pursuant to Title 54.1 of the Code of Virginia who provide health care services without charge at a clinic which is an approved neighborhood organization, and is organized in whole or in part for the delivery of health care services without charge~~ Health care professionals that meet certain conditions, as specified in §63.2-2004 C of the Code of Virginia, shall be eligible for a tax credit based on the time spent in providing health care services ~~at~~ for such clinic.

D. All donations must be made directly to the approved organization without any conditions or expectation of monetary benefit ~~from the project~~. ~~Discounted property or professional services is~~ donations and bargain sales are not an allowable donation donations for the Neighborhood Assistance Program.

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E. Granting of tax credits shall conform to the minimum and maximum amounts prescribed in ~~§63.1-324~~ §63.2-2003 of the Code of Virginia.

F. Credits granted to a partnership, electing small business (Subchapter S) corporation, or limited liability company shall be allocated to their individual partners, shareholders, or members, respectively, in proportion to their ownership or interest in such business entities.

G. The ~~Neighborhood Assistance project~~ approved organization and its donor shall complete a certification on a form prescribed by the Department of Social Services and submit it to the commissioner or his designee. The certification shall identify the date, type and value of the donation.

H. All certifications must be submitted ~~to the commissioner or his designee~~ [to the Department of Social Services] within four years of the date of donation.

I. Upon receipt and approval of the certification, the commissioner ~~or his designee~~ shall issue a tax credit certificate to the business.

22VAC40-41-55. Donations by individuals.

A. As provided in ~~§63.1-325.2~~ §63.2-2006 of the Code of Virginia, an individual shall be eligible for a tax credit for a cash donation to a ~~Neighborhood Assistance project~~ an approved organization.

B. Such donations are subject to the minimum and maximum amounts and other provisions set forth in ~~§63.1-325.2~~ §63.2-2006 of the Code of Virginia.

C. The ~~Neighborhood Assistance project~~ approved organization and the individual shall complete a certification on a form prescribed by the Department of Social Services and

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~~submit it to the commissioner or his designee.~~ The certification shall identify the date and amount of the donation.

D. All certifications must be submitted [to the Department of Social Services] within four years of the date of donation.

~~D~~ E. Upon receipt and approval of the certification, the commissioner [~~or his designee~~] shall issue a tax credit certificate to the individual.

22VAC40-41-60. Determining date of donation.

A. The date of donation for cash, including stocks, ~~bonds, or other negotiable items, merchandise, and real estate~~ real estate, and merchandise to be used by the approved organization, is the date used for federal tax purposes according to IRS regulations.

B. The date of the donation for merchandise donated to be sold, auctioned or raffled is the date the proceeds were received by the approved organization.

~~B~~ C. The date of donation for professional services is the date the service is completed.

~~C~~ D. The date of donation for donated rent/lease is the effective date of the lease.

FORMS

~~Contribution Notification Form A (CNF-A) (eff. 7/98).~~

~~Contribution Notification Form B (CNF-B) (eff. 7/98).~~

~~Contribution Notification Form C (CNF-C) (eff. 7/98).~~

~~Neighborhood Assistance Program Application, July 1998 — June 1999.~~

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I certify that this regulation is full, true and correctly dated.

Danny L. Brown, Chairman
State Board of Social Services
April 18, 2007