



**Virginia
Regulatory
Town Hall**

Notice of Intended Regulatory Action Agency Background Document

Agency Name:	Department of Social Services
VAC Chapter Number:	22 VAC 40-41-10 et seq.
Regulation Title:	Neighborhood Assistance Tax Credit Program
Action Title:	Amend NAP regulations
Date:	7/14/00

This information is required prior to the submission to the Registrar of Regulations of a Notice of Intended Regulatory Action (NOIRA) pursuant to the Administrative Process Act § 9-6.14:7.1 (B). Please refer to Executive Order Twenty-Five (98) and Executive Order Fifty-Eight (99) for more information.

Purpose

Please describe the subject matter and intent of the planned regulation. This description should include a brief explanation of the need for and the goals of the new or amended regulation.

This action is to amend the Neighborhood Assistance Tax Credit program regulation to reflect changes to the Virginia Code made during the 1999 and 2000 General Assembly sessions. Those sessions made provisions for contracting services to be considered as allowable donations, and also expanded the types of health professionals who could donate services to projects. In addition, language has been added that allows individuals to donate cash to Neighborhood Assistance Projects and receive a tax credit.

These amendments will bring the regulation in line with the requirements of the Code.

Basis

Please identify the state and/or federal source of legal authority to promulgate the contemplated regulation. The discussion of this authority should include a description of its scope and the extent to which the authority is mandatory or discretionary. The correlation between the proposed regulatory action and the legal authority identified above should be explained. Full citations of legal authority and, if available, web site addresses for locating the text of the cited authority must be provided.

Section 63.1-323 of the Code of Virginia authorizes the State Board of Social Services to promulgate regulations for the approval and disapproval of proposals by organizations, and also for determining the value of donations.

These amendments add new sections describing tax credits for individuals making donations to projects and the value of those donations. They also reflect language that allows contracting services to be donated and describes the valuing of those donations.

Substance

Please detail any changes that would be implemented: this discussion should include a summary of the proposed regulatory action where a new regulation is being promulgated; where existing provisions of a regulation are being amended, the statement should explain how the existing regulation will be changed. The statement should set forth the specific reasons the agency has determined that the proposed regulatory action would be essential to protect the health, safety or welfare of citizens. In addition, a statement delineating any potential issues that may need to be addressed as the regulation is developed shall be supplied.

A new section will be added in 22 VAC 40-41-40 to describe the valuation of donations of contracting services.

22 VAC 40-41-50 C will be amended to add nurse practitioners, physician assistants, optometrists, dental hygienists, and pharmacists to the list of health professionals who can receive a tax credit for a donation of their services to certain approved Neighborhood Assistance projects.

A new section, 22 VAC 40-41-51, will be added describing how individuals may make cash donations to Neighborhood Assistance projects and the value of the tax credit they may receive.

These changes are necessary to ensure that citizens understand the availability of tax credits for their businesses and personal use, and to make sure the rules that govern their use are clear.

Taking advantage of tax credit programs directly impacts a family's welfare in that it affects the amount of taxes they must pay to the state and therefore impacts their disposable income.

Alternatives

Please describe, to the extent known, the specific alternatives to the proposal that have been considered or will be considered to meet the essential purpose of the action.

The only alternative to amending the regulations would be to leave them as they are. The Code of Virginia is the authority for the expansion of the program to include contracting services as donations, and to expand the types of health care professionals who can make donations. It also authorizes the State to give tax credits to individuals. However, not making these amendments would leave the regulations incomplete and potentially confusing as individuals would be forced to refer to both the regulation and the controlling law.

Family Impact Statement

Please provide a preliminary analysis of the potential impact of the proposed regulatory action on the institution of the family and family stability including to what extent the regulatory action will: 1) strengthen or erode the authority and rights of parents in the education, nurturing, and supervision of their children; 2) encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one's spouse, and one's children and/or elderly parents; 3) strengthen or erode the marital commitment; and 4) increase or decrease disposable family income.

As stated above, for those families who are able and interested, taking advantage of the Neighborhood Assistance Tax Credit Program can impact disposable income. It is important that anyone looking at the regulation for this program find regulations that are complete and up-to-date. In the past, the program provided tax credits for donations from businesses and some health care professionals. There was not as much opportunity for a direct impact on families as there is now that individuals can also take advantage of the tax credits.

The organizations that are the recipients of the donations from businesses, health care professionals, and now, individuals, all provide services to low-income families and individuals. The regulations for these programs deal with the rules for using tax credits to attract donations and allow the programs to provide their services. In this way the regulations have always had an indirect impact on families.