

**CONSULTING**

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August 24, 2007

The Honorable Frank W. Wagner
Senate of Virginia
P.O. Box 68008
Virginia Beach, Virginia 23471

RE: September 12 meeting of the Joint Commission on Administrative Rules

Dear Senator Wagner:

Attached is information about a new regulation affecting Neighborhood Assistance Program (NAP) tax credits that was approved through the Department of Social Services. It will have significant negative impacts on non-profits that depend on auctions of new automobiles as a major source of funding from the private sector. You will see from various letters that several organizations have strong concerns about this regulation.

As a representative for An Achievable Dream, I submitted comments and met with state officials for over a year to make them aware of these impacts. Until this summer, we were under the impression that we had additional time, perhaps March of 2008, before this regulation would become effective, and we hoped to address it during the General Assembly session. However, the proposed regulation moved quickly through the regulatory process, and is scheduled to take effect on September 1, 2007.

We are very hopeful that your Commission will consider the need to revise the regulation to allow the use of IRS standards for establishing a value of new cars for auction. We are fully aware of and support the need for restrictions regarding used merchandise, including cars. But the way it stands now, we have created a strong disincentive for new car dealers to participate in supporting the intent of the NAP program. Please let us know if you would like to meet with us in your Virginia Beach office or in Newport News, at your convenience, or before the meeting on September 12 in Richmond to discuss this further. Thanks very much!

Sincerely,

Christine O. Bridge
Director



Since 1988 we've helped over
50,000 students go to college.

July 18, 2007

Governor Timothy M. Kaine
Commonwealth of Virginia
1111 E. Broad Street
Patrick Henry Building - 3rd Floor
Richmond, Virginia 23128

Dear Governor:

As you may know, I became involved with the ACCESS College Foundation shortly after Paul and I relocated to Virginia Beach in 1997. On July 1st, I was honored to become Chairman of this outstanding organization. I am excited about this new role as I am committed to improving access to higher education for public high school students in South Hampton Roads.

The Neighborhood Assistance Program (NAP) has been very important to our fundraising success. As we enter our 20th year of serving students in South Hampton Roads, I am pleased to report that the ACCESS College Foundation has helped 50,000 students from South Hampton Roads go to college, while leveraging \$175 million in financial aid and scholarships for a portion of these students. Additionally, we have had measurable success in increasing the college-going rates of public high school students in Norfolk, Portsmouth, Virginia Beach, Chesapeake and Suffolk, Virginia.

NAP tax credits have been and continue to be vital to our success. One way that we have leveraged donations through the availability of NAP tax credits is through the donation of new automobiles provided by area car dealerships and the subsequent auction of these automobiles at the prestigious Chesapeake Bay Wine Classic auction.

The new fiscal year has brought with it new regulations regarding the valuation of these allowed tax credits based on the car dealers' actual book value (actual cost) of the vehicle. New regulations stipulate that tax credits be awarded based on the book value or proceeds from sale or auction, whichever is lesser. With the new regulations, car dealers cannot recover tax credits for the actual cost of their donated vehicles and there is little incentive for continuing to support ACCESS at the generous levels they have in the past.

I would like to request that the NAP valuation of automobile donations be in accordance with the standards provided by the IRS. This change would not ensure, but rather better enable us to solicit the donation of automobiles whose proceeds provide us with nearly 10% of our annual operating budget.

Thank you in advance for considering this request and addressing this concern. Your support means that we will be able to continue to encourage local car dealers to support ACCESS as we help more than 10,000 public high school students go to college each year.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan".

Susan B. Hirschbiel
Chairman


**VIRGINIA
AUTOMOBILE
DEALERS
ASSOCIATION**

August 8, 2007

The Honorable Timothy M. Kaine
Governor of Virginia
111 East Broad Street
Patrick Henry Building - 3rd Floor
Richmond, Virginia 23218

Dear Governor Kaine:

We are writing to express our concerns about a regulation that is being implemented by the Department of Social Services (DSS) for the Neighborhood Assistance Tax Credit Program, or NAP credits.

Our new car dealers make donations of new vehicles to community organizations that can use this program to provide a tax credit to the dealer in return for their donation. The credits are provided for the actual cost of the vehicle to the dealer. The vehicles are then often raffled off by the community organizations as a fundraiser.

Under the proposed regulation, these organizations would no longer be able provide a credit for the dealers' actual cost, but would rather be limited to the proceeds it receives. If dealers cannot recover credits for their actual cost of the donated vehicles, there will be no incentive to support the many community organizations that rely upon these donations from dealers.

The regulation states that it is intended to ensure a fair valuation of donated items. In the case of new vehicles, a dealer's cost is readily available and verifiable through both the dealer, and independent sources that provide this information to vehicle purchasers. At the very least, this regulation should make a distinction between new vehicles, the cost of which can be easily verified, and used vehicles, the cost of which is more widely varied.

We ask that you examine the proposed regulations and provide more time for additional input from the affected organizations. We have sent these same comments to the Department of Social Services.

Thank you for your time and attention to this matter.

Sincerely,



Donald L. Hall
President

P.O. BOX 5407
RICHMOND, VA 23220-0407

PHONE 804.358.3579
FAX 804.358.8038

Joshua P. Darden, Jr.

*1420 Bank of America Center
One Commercial Place
Norfolk, VA 23510
(757) 640-1414
Fax: 640-1624*

July 19, 2007

The Honorable Timothy M. Kaine
Governor of Virginia
1111 E. Broad Street
Patrick Henry Building, 3rd Floor
Richmond, VA 23128

Dear Tim:

As you know, in 1988 Frank Batten and I founded the ACCESS College Foundation to address the issue of a growing deficit of trained labor and educated minds in our nation as compared to our global competitors. ACCESS addresses this need by placing college access advisors in the 28 public high school of South Hampton Roads covering Norfolk, Portsmouth, Virginia Beach, Chesapeake, and Suffolk. Our advisors help students by inspiring the hope that a college education is attainable, supporting them in achieving the requirements for college acceptance, guiding them through the college application process and assisting them in gaining the funds to attend college.

For its nearly 20 years of existence, ACCESS has been supported by corporations, foundations, and individuals who believe in the mission of helping students go to college. Our success stems from our strong base of supporters and the availability of tax credits from the Neighborhood Assistance Program (NAP). I am grateful that ACCESS has been an eligible NAP program since 1989. Our statistics show that 62.5% of our students meet or exceed the federal poverty guidelines. ACCESS's mission is aligned to the purpose of the Neighborhood Assistance Program – providing assistance to impoverished people. NAP tax credits have allowed us to leverage millions of dollars in donations that are key to our ability to help thousands of South Hampton Roads students go to college each year.

That said, NAP tax credits have been and continue to be vital to our success. One way that we have leveraged donations through the availability of NAP tax credits is through the donation of new automobiles provided by area car dealerships and the subsequent auction of these automobiles.

The new fiscal year has brought with it new regulations regarding the valuation of these allowed tax credits based on the car dealers' book value (actual cost) of the vehicle. New regulations stipulate that tax credits be awarded based on the book value or proceeds.

from sale or auction, whichever is lesser. With the new regulations, car dealers cannot recover tax credits from the actual cost of their donated vehicles and there is little incentive for continuing to support ACCESS at the generous levels they have in the past.

For example, last year ACCESS received four vehicles from area dealerships, valued per IRS regulations at nearly \$160,000. I fear that the new NAP regulations, together with the decrease of tax credit allocation from 45% to 40% of the donation's value, will impair our ability to leverage this type of donation that is integral to our success.

I would like to request that the NAP valuation of automobile donations be in accordance with the standards provided by the IRS. This change would not ensure, but rather better enable us to solicit the donation of automobiles whose proceeds provide us with nearly 10% of our annual operating budget.

I appreciate your attention to this matter, your leadership in the Commonwealth, and for our shared commitment to education and Virginia's youth.

Sincerely,



Joshua P. Darden, Jr.

Cc: Frank Batten

bc: Bonnie Sutton

Virginia.gov

Search Virginia.gov



Thank you.

The following message has been sent to the Governor:
(please - this page for your records)

From:

Steven Kast
11825 Rock Landing Drive
Chesapeake Building, Suite B
Newport News, VA 23608
skast@bagclub.com

Affiliation: Professional

Subject: Neighborhood Assistance Program Regulations

Message:

Governor Kaine, I am concerned about the proposed new regulations by the Department of Social Services relating to the administration of Neighborhood Assistance Program Tax Credits. One aspect would severely affect the efforts of Boys & Girls Clubs of the Virginia Peninsula to raise funds to support our Prevention Programs for youth. The IRS allows us to give credits on the actual cost of automobiles to dealers who donate to our organization. The proposed new NAP regulations would require us to give credits on the amount that the auction was sold or raffied. We understand that their might have been problems in the past but tighter scrutiny of the organizations in violation would seem to be the appropriate solution. Please help us help the 8000 youth of our 12 Boys & Girls Clubs in Newport News, Gloucester, York County, Hampton, and Mathews. Steven S. Kast CEO Boys & Girls Clubs of the Virginia Peninsula

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**VIRGINIA
LEADING
THE WAY**