

February 5, 2021

The Honorable Jim Justice
Office of the Governor
State of West Virginia
1900 Kanawha Boulevard, East
Charleston, WV 25305

West Virginia State Senate
State Capitol Complex, Building 1
1900 Kanawha Boulevard, East
Charleston, WV 25305

West Virginia House of Delegates
State Capitol Complex, Building 1
1900 Kanawha Boulevard, East
Charleston, WV 25305

RE: Renewal and Expansion of the Neighborhood Investment Program

Dear Governor Justice and Members of the West Virginia Legislature,

The West Virginia Neighborhood Investment Program (NIP) was established in 1996 to encourage charitable giving to local non-profit organizations. The program allows 501(c)3 charities to apply for tax credit vouchers, which they then distribute to businesses and individuals who contribute to their organizations. By donating to approved NIP charities, contributors support their communities while earning credits to reduce certain West Virginia business and personal taxes. Since this program's creation, there has been a marked increase in itemized charitable giving in the state.

West Virginia code 11-13J-12 terminates the NIP on July 1, 2021. If legislation to renew the program does not pass during the 2021 legislative session, this valuable program will expire. The NIP is the only state incentive for charitable giving in West Virginia and the program impacts at least 200 nonprofits annually, serving more than 600,000 people (about one third of the state's population) in all 55 counties.

A wide variety of projects have historically been backed by NIP-supported giving. These project types include, but are not limited to:

- Emergency assistance
- Direct needs that provide self-reliance and independence from government assisted programs
- Affordable housing and emergency repair initiatives
- Counseling and housing assistance for victims of rape, domestic violence, and elder abuse
- Workforce advancement and job training programs
- Flood and other disaster relief
- Leadership and education programs for at-risk youth
- Transportation assistance providing vehicles to low-income individuals
- Free medical clinics for low-income persons
- College scholarship programs for low-income students
- Drug/alcohol prevention and recovery programs
- Homeless shelters and related services
- Food access and hunger assistance
- Non-medical caregiving services for the elderly and disabled
- Economic development support
- United Way community-based programs
- Hospice services for low-income patients
- Arts education programs for low-income children
- Community foundations serving nonprofits in West Virginia

In addition to their role in delivering vital programs and services, nonprofit organizations contribute to the state's economy. Nonprofits employ more than 77,000 people in West Virginia which represent 14% of private employment in the state.

West Virginia charities are on the front lines of response to the COVID-19 pandemic and are grappling with growing community needs and declining revenues. Although they have received little direct assistance, nonprofits have not been immune to the impacts of the COVID-19 pandemic. The West Virginia Nonprofit Association has conducted a survey that found that 90% of the state's nonprofits have either been unable to hold fundraising events or have had to cancel revenue generating programs, resulting in significant declines in income. While some of them have been able to adapt with virtual offerings, many organizations are reducing spending, laying off staff, or even temporarily shutting down. The survey further found that responding nonprofits are facing a 300 to 400 percent increase in services and needs of our citizens.

The continued availability of NIP credits to support charitable giving during state fiscal year 2022 will be critical to the survival of many organizations. While the NIP has been in existence for 25 years, the renewal and expansion of the program could be considered a stimulus for struggling nonprofit employers. Unlike some other stimulus plans, the NIP has the added benefit for securing more than \$2 in private donations for every \$1 provided in state charitable incentives.

In 2020, the amount of credit requested was \$6,598,400; this represents a value more than double the \$3 million available within the program. Furthermore, requests for tax credits within the program have outpaced availability every year since 2000. It is also noteworthy that most donors are members of middle to low-income households. The program thus helps working West Virginians reduce their taxes and direct resources to their choice of organizations that aid local communities, lessening the burden of government assistance.

The nearly 150 undersigned organizations jointly deliver indispensable services in all 55 West Virginia counties. Given the growing COVID-19 related needs within communities and key role of nonprofits in creating jobs and sustaining our workforce, it is essential to continue and expand the NIP. We collectively ask that you support the renewal of the Neighborhood Investment Program during the 2021 regular legislative session and increase the maximum tax credits certification in any state fiscal year to \$5 million.

Sincerely,

All Saints Catholic Church
American Red Cross Central Appalachia Region
Appalachian Forest National Heritage Area
Appalachian Outreach, Inc.
Appalachian Reading Center
The Arc of West Virginia
Arts in Action WV
ArtsLink, Inc.
Beckley Area Foundation
Berkeley County Congregational Cooperative Action, dba CCAP/Loaves and Fishes
Bernard McDonough Foundation
Bluefield State College Foundation, Inc.
Boys and Girls Club of Parkersburg
Brian's Safehouse
Capitol Market
Carnegie Hall, Inc.
Catholic Charities West Virginia

Central West Virginia Community Action, Inc.
Central WV Literacy Coalition
Central WV Outreach Center, Inc.
The Charles and Mary Fayne Glotfelty Foundation
Charleston Ballet, Inc.
Children's Therapy Clinic
Christian Help
Clay Center for the Arts and Sciences of West Virginia, Inc.
Communities in Schools of Greenbrier County
Community Foundation for the Ohio Valley
Community Foundation of the Virginias, Inc.
Community Trust Foundation, Inc.
Connecting Link, Inc.
The Cortland Foundation, Inc.
Davis and Elkins College
Davis Stuart Inc.
Doddridge County Community Foundation (affiliate of PACF)
Doddridge County Humane Society, Inc.
Eastern West Virginia Community Foundation
The Education Alliance - Business and Community for Public Schools, Inc.
EQT Foundation
Facing Hunger Food Bank
Faith in Action of the Greater Kanawha Valley, Inc.
Family Refuge Center
Ferguson Services, Inc.
Festiv-ALL Charleston, West Virginia Inc.
For the Kids, By George, Children's Museum
Foundation for the Tri-State Community
Friends of Wetzel County
Future of Nursing West Virginia
Girl Scouts of Black Diamond Council
Golden Girl Group Home
Good Samaritan Free Health Care
Good Shepherd Interfaith Volunteer Caregivers
The Grant Advantage
Greater Kanawha Valley Foundation
Greenbrier Historical Society
Greenbrier Valley Community Foundation
Greenbrier Valley Theatre
Habitat for Humanity of the Mid-Ohio Valley

Habitat for Humanity of the Tri-State
Hampshire County Community Foundation (affiliate of EWVCF)
Hardy County Community Foundation (affiliate of EWVCF)
Harrison County Child Advocacy Center
Health Access, Inc.
Heart and Hand House, Inc.
High Rocks Educational Corp.
Hinton Area Foundation, Inc.
Historic Beverly Preservation
Human Resource Development Foundation, Inc.
Inspiring Dreams Network Corp.
Jackson County Developmental Center, Inc.
Jefferson County Community Ministries, Inc.
Kanawha-Charleston Humane Association
King's Daughters Child Care Center
Laurance Jones, III Childhood Language Center
Lewis County Community Foundation Fund (a fund of PACF)
Lewis County First
Literacy Volunteers of Marion County
Literacy Volunteers of Monongalia and Preston Counties
Little Kanawha Area Community Foundation (affiliate of PACF)
Main Street Ripley
Mannington Food Pantry and Clothes Closet, Inc.
Marion County Family Resource Network, Inc.
Marvel Center
Milan Puskar Health Right
M. Miller Development Services
Mon Valley Habitat for Humanity
Mountaineer Food Bank
NACMHA (Northern Appalachian Coal Mining Heritage Association)
Nicholas County Community Foundation
Oglebay Foundation
Oglebay Institute
OVEC - Ohio Valley Environmental Coalition
Panhandle Home Health, Inc.
Parkersburg Area Community Foundation and Regional Affiliates
Parkersburg Arts Center
Philanthropy West Virginia
Pollen8
Preservation Alliance of West Virginia, Inc.

Prestera Foundation for Behavioral Health Services, Inc.
Randolph County Humane Society
Ranson Community Gardens
REACHH-Family Resource Center - Mercer & Summer Counties
REACHH-Family Resource Center - Statewide
Rea of Hope Fellowship Home, Inc.
Rebuilding Together Charleston
The Religious Coalition for Community Renewal
Ritchie County Community Foundation (affiliate of PACF)
The River House
Ronald McDonald House Charities of Southern West Virginia
The Ross Foundation
The Salvation Army
Scott's Run Settlement House
Seed Sower, Inc.
Sisters Health Foundation
Sisters of St. Joseph Health and Wellness Foundation
Spark! Imagination and Science Center
SteppingStones
Tamarack Foundation for the Arts
TEAM for West Virginia Children
TechConnect West Virginia
Tucker Community Foundation
United Way Alliance of the Mid-Ohio Valley
United Way of Central WV
United Way of the Eastern Panhandle
United Way of Gilmer, Lewis, and Upshur
United Way of the Greenbrier Valley, Inc.
United Way of Marion and Taylor Counties
United Way of Randolph County
United Way of the River Cities
United Way of Southern West Virginia
Upshur Cooperative Parish House and Crosslines
The Wade Center
West Virginia Breast Health Initiative
West Virginia Child Advocacy Network
West Virginia Health Right, Inc.
West Virginia Hemophilia Foundation
West Virginia Humanities Council
The West Virginia Music Hall of Fame

West Virginia Nonprofit Association
West Virginia State University Foundation
Wheeling Health Right, Inc.
Wheeling Heritage
WV Citizen Action Education Fund
WV Fund for Law in the Public Interest
WV Symphony Orchestra - Parkersburg
WVU at Parkersburg Foundation
Your Community Foundation of North Central West Virginia, Inc.
Youth Service System Inc.
YWCA Charleston, WV
YWCA Wheeling

Attachments: NIP Infographic
Draft Legislation Renewing and Expanding the NIP

About the Neighborhood Investment Program (NIP)

Charitable Giving Through the NIP

Over the past **23 years**, the program has:

- Assisted with over **3,300 NON-PROFIT PROJECTS** serving West Virginia's low income population.
- Generated more than **\$102 MILLION** in donations.

In 2019, **\$3 MILLION** in NIP incentives leveraged **\$6.5 MILLION**.

About

The Neighborhood Investment Program was established by the Legislature in **1996**.

The NIP is the **ONLY** state incentive available for charitable giving in West Virginia.

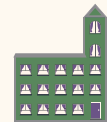
The statewide program impacts at least **200 NONPROFITS** annually, serving citizens, programs, and communities in **ALL 55 COUNTIES**.

Administration of the Neighborhood Investment Program is **SELF-SUFFICIENT & SELF-FUNDED** through the program fee applied to each donation.

How It Works

Businesses and individuals who contribute to organizations are eligible to receive up to **50%** of the contributed amount as a giving incentive.

Donated money and resources are then **KEPT IN WEST VIRGINIA COMMUNITIES**, lessening the burden of government assistance.



The Neighborhood Investment Program will end on June 30, 2021 if it is not renewed during the 2021 legislative session.

Impact of the Neighborhood Investment Program (NIP)



FOR EVERY \$1 provided in charitable incentives, **\$2.18** was received in private donations.



90% of WV's nonprofits have canceled fundraising events or programs due to COVID. At the same time, there has been a **300 to 400% INCREASE** in services and needs within communities.

The WV Neighborhood Investment Program annually benefits more than

600,000 WEST VIRGINIANS

by helping individuals from all 55 counties.



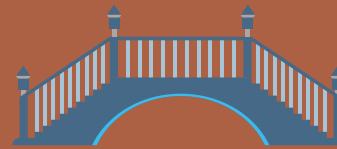
Requests of the WV Neighborhood Investment Program are over two times the amount of the

\$3 MILLION available.



Nonprofits employ more than **77,000 PEOPLE**

in West Virginia which represent **14%** of private employment.



The program has leveraged **\$6.5 MILLION** on a **\$3 MILLION** investment by government for an **R.O.I. OF 218%.**



We call on you to renew the WV Neighborhood Investment Program

and increase the amount of the program for FY2022 by \$2 million for an investment of \$5 million for that fiscal year.



The Neighborhood Investment Program provides the opportunity for **MIDDLE & LOW-INCOME HOUSEHOLDS**

to give and/or double their gifts.



For more information, visit www.wvnpa.org or www.philanthropywv.org.

Help West Virginians help West Virginia.

1 A BILL to amend and reenact §11-13J-6, §11-13J-8, and §11-13J-12 of the Code of West Virginia,
 2 1931, as amended, relating to increasing the tax credit authorized under the provisions of
 3 the Neighborhood Investment Program Act and extending the program until July 1, 2026.

Be it enacted by the Legislature of West Virginia

ARTICLE 13J. NEIGHBORHOOD INVESTMENT PROGRAM.

§ 11-13J-6. Application of annual credit allowance.

2 (a) *In general.* -- The aggregate annual credit allowance for a current tax year is an amount
 3 equal to the sum of the following:

- 4 (1) The portion allowed under section five of this article for an eligible contribution placed
 5 into service or use during a prior tax year; plus
- 6 (2) The portion allowed under section five of this article for an eligible contribution placed
 7 into service or use during the current tax year.

8 (b) *Application of credit allowance.* -- The amount determined under subsection (a) of this
 9 section shall be allowed as a credit for tax years ending on and after July 1, 1996, as follows:

10 (1) *Business franchise taxes.* --
 11 The amount determined under subsection (a) of this section shall be applied to reduce up to fifty
 12 percent of the taxes imposed by article twenty-three of this chapter for the tax year determined
 13 after application of the credits against tax provided in section seventeen of said article, but before
 14 application of any other allowable credits against tax.

15 (2) *Corporation net income taxes.* -- After application of subdivision (1) of this subsection,
 16 any unused credit shall next be applied to reduce up to fifty percent of the taxes imposed by article
 17 twenty-four of this chapter, for the tax year determined before application of allowable credits
 18 against tax.

19 (3) *Personal income taxes.* --

20 (A) If the eligible taxpayer is an electing small business corporation as defined in Section
 21 1361 of the United States Internal Revenue Code, a limited liability company treated as a

22 partnership for purposes of the federal income tax, a partnership or a sole proprietorship, then
23 any unused credit, after application of subdivisions (1) and (2) of this subsection, shall be allowed
24 as a credit against up to fifty percent of the taxes imposed by article twenty-one of this chapter on
25 income of proprietors, partners or shareholders, subject to the limitations set forth in paragraphs
26 (B) and (C) of this subdivision.

27 (B) Electing small business corporations, partnerships and other unincorporated
28 organizations shall allocate the credit allowed by this article among the members thereof in the
29 same manner as profits and losses are allocated for the tax year.

30 (C) Any taxpayer subject to the personal income tax under article twenty-one of this
31 chapter, who makes an eligible contribution to a qualified charitable organization, and receives
32 back from that organization a properly completed neighborhood investment program tax credit
33 voucher, is eligible to claim the credit. The credit shall be allowed without regard to the source of
34 that income, whether it is from wages, passive investment or retirement income, income from a
35 trade or business or any other source.

36 (c) *Unused credit forfeited.* -- If any credit to an eligible taxpayer remains after application
37 of subsections (a) and (b) of this section, the amount thereof may be carried forward no more
38 than four years from the tax year in which the contribution was made. Unused credits of an eligible
39 taxpayer may not be carried forward beyond the time limits imposed under section five of this
40 article and the total maximum aggregate tax credits certified in any state fiscal year may not
41 exceed ~~\$3,000,000~~ \$5,000,000.

42 (d) *Addition of deductions, decreasing adjustments or decreasing modifications taken in*
43 *determining taxable income for which credit is taken.* -- Any deduction, decreasing adjustment or
44 decreasing modification taken by any taxpayer in determining federal taxable income which
45 affects West Virginia taxable income or in determining West Virginia taxable income under article
46 twenty-one or twenty-four of this chapter for the taxable year for any charitable contribution, or
47 payment or portion thereof, which qualifies as an eligible contribution under this article and for

48 which credit is claimed, shall be added to West Virginia taxable income in determining the tax
49 liability of the taxpayer under article twenty-one or twenty-four of this chapter, as appropriate,
50 before application of the credit allowed under this article for the taxable year.

51 (e) *Annual limit.* -- The aggregate annual credit allowance to any taxpayer may not exceed
52 \$100,000 in any tax year.

§ 11-13J-8. Total maximum aggregate tax credit amount.

53 (a) The amount of tax credits allowed under this article may not exceed ~~\$3,000,000~~
54 \$5,000,000 in any state fiscal year.

55 (b) Applications for project certification shall be filed with the West Virginia Development
56 Office. The West Virginia Development Office shall record the date each application is filed. All
57 complete and valid applications shall be considered for approval or disapproval in a timely manner
58 by the neighborhood assistance advisory board. The board may, in its discretion, consider
59 applications for approval or disapproval at special or interim meetings for expedited processing.

60 (c) When the total amount of tax credits certified under this article equals the maximum
61 amount of tax credits allowed, as specified in subsection (a) of this section, in any state fiscal
62 year, no further certifications shall be issued in that same fiscal year. Upon approval of a project
63 by the board, the Director of the West Virginia Development Office shall certify the approved
64 project unless certification is prohibited by the limitations and requirements set forth in this article.

65 (d) All applications filed in any state fiscal year and not certified during the state fiscal year
66 in which they are filed shall be null and void by operation of law on the last day of the state fiscal
67 year in which they are filed, and all applicants which elect to seek certification of a project plan
68 shall file anew on and after the first day of the succeeding state fiscal year.

§ 11-13J-12. Program evaluation; expiration of credit; preservation of entitlement.

70 Beginning on December 15, 2005, and every third year thereafter, the director shall
71 secure an independent review of the Neighborhood Investment Program created by this

72 article and present the findings to the Joint Committee on Government and Finance.
73 Unless sooner terminated by law, the Neighborhood Investment Program Act terminates
74 on July 1, ~~2024~~ 2026. There is no entitlement to the tax credit under this article for a
75 contribution made to a certified project after July 1, ~~2024~~ 2026, and no credit is available
76 to any taxpayer for any contribution made after that date. Taxpayers which have gained
77 entitlement to the credit pursuant to eligible contributions made to certified projects prior
78 to July 1, ~~2024~~ 2026, shall retain that entitlement and apply the credit in due course
79 pursuant to the requirements and limitations of this article.

NOTE: The purpose of this bill is to extend the Neighborhood Investment Program Act to July 1, 2026 and to increase the allowable tax credit from \$3,000,000 to \$5,000,000.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.