

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 41** SLS 23RS 9

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 23, 2023	2:36 PM	Author: MIZELL
Dept./Agy.: Revenue/ LDH		Analyst: Benjamin Vincent
Subject: Tax Credits: Maternal Wellness Centers		

TAX/TAXATION OR -\$5,000,000 GF RV See Note
Establishes a tax credit for certain maternal wellness centers. (1/1/24)

Page 1 of 1

Proposed law authorizes a nonrefundable credit against individual or corporate income tax for donations to certain maternal wellness centers. The bill authorizes a credit amount equal to 50% of the donation, up to \$5,000 per year per taxpayer, and does not appear to authorize a carryforward. Proposed law requires the Department of Revenue (LDR) to administer the credits, and sets the annual maximum of credits that may be awarded by LDR at \$5 million.

Proposed law requires the Department of Health (LDH) to establish and maintain a registry of eligible maternal wellness centers that are eligible for donations under the credit, and to establish and verify certain criteria for eligible centers.

Effective January 1, 2024. No credits shall be granted for donations occurring either before the effective date, or after December 31, 2030.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	(\$5,000,000)	(\$5,000,000)	(\$5,000,000)	(\$5,000,000)	(\$5,000,000)	(\$25,000,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	(\$5,000,000)	(\$5,000,000)	(\$5,000,000)	(\$5,000,000)	(\$5,000,000)	(\$25,000,000)

EXPENDITURE EXPLANATION

LDR and LDH must confirm eligibility of recipient organizations per the broad set of activities and parameters in proposed law, and both are granted rulemaking authority. Several organizations may be eligible for donations under the proposed credit, a potentially material workload increase.

LDR anticipates that administration of the credits in proposed law will require one additional Revenue Tax Specialist (\$87,000). Additionally, implementation of proposed law will require additional one-time expenditures for system modification, development and testing, and tax form modification, estimated at \$53,000 of staff time. Any increases in LDR expenditures will require SGR, which will reduce the reversion to state general fund.

LDH anticipates that review of applications and affidavits, and monitoring of eligible recipient organizations, may not be practicable without additional positions. LDH review of requirements to effectively administer its responsibilities in proposed law is still under review, however LFO anticipates that review of affidavits, management of the application process, and continuous monitoring and verification will increase workload demands and may justify additional positions within LDH, requiring state general fund.

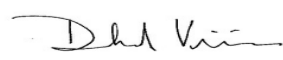
REVENUE EXPLANATION

Proposed law establishes a nonrefundable credit matching 50% of donations to eligible maternal wellness centers up to \$5,000 per taxpayer per year, and authorizes LDR to issue credits of up to \$5 million annually, though credits will be issued until credits related to any donations made during 2024 through 2030 are exhausted, which could exceed \$35 M (7 years * \$5 M per year) in total. LDH must certify that organizations receiving donations participate in certain activities and meet certain criteria in order for the donations to be eligible for the credit.

The number of maternal wellness centers that may qualify as a donation for the credit is uncertain but specified in the bill as a 501(c)3 in Louisiana registered with LDR and offering a multitude of pre-natal and post-natal services. Centers with any ties to abortion are excluded. To the extent that taxpayers make eligible donations, revenue collections will be reduced by an indeterminable amount. There are no records readily available denoting the magnitude of current donations that may qualify.

Some criteria for eligible organizations are left unspecified and subject to administrative rules, leaving uncertainty with respect to the likely level of eligible recipients and donations. A credit equal to 50% of donations is a potentially significant incentive to donate, however the limit of \$5,000 per taxpayer per year would require 1,000 or more participants to reach the program cap of \$5M annually, which is the maximum annual exposure to the state fisc. Without compelling information to analyze potential donations, the state's exposure is included in the table above. LFO notes that in a scenario where the \$5 million annual maximum is repeatedly met, credits would be granted in years beyond taxable year 2030, reducing state general fund revenue collections until all credits are exhausted.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


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