

**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**



Fiscal Note On: **HB 638** HLS 23RS 1194  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

**Date:** April 29, 2023 10:51 PM **Author:** MCFARLAND  
**Dept./Agy.:** Revenue **Analyst:** Benjamin Vincent  
**Subject:** Income Tax Credit: Donations to Foster Care Orgs

TAX/INCOME TAX OR DECREASE GF RV See Note Page 1 of 1  
 Provides relative to tax benefits for adoption of children from foster care and donations to foster care charitable organizations

Current law allows an income tax credit for donations to certain foster care charitable organizations, and additionally allows a deduction for adoptions from foster care.

Proposed law expands the definition of eligible organizations to include nonprofit foster care organizations in good standing with the Department of Children and Family Services (DCFS). Proposed law additionally authorizes LDR to issue a standardized form to certify eligibility for the deduction for adoptions from foster care.

Proposed law does not specify dates of effectiveness or applicability. LFO assumes applicability to taxable years beginning on or after January 1, 2024, and effectiveness upon governor's signature.

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

REVENUES	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

The Dept. of Revenue may incur marginal additional costs to accommodate a potential increase in credit claims, and to the extent the Secretary opts to issue a new, standardized deduction eligibility certification letter, an additional minor increase in expenditures related to forms modification and development is possible.

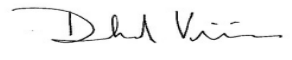
**REVENUE EXPLANATION**

Proposed law provides an additional method of qualifying as an organization that can receive a donation that is eligible for a credit. The 2023 Tax Exemption Budget reports that LDR anticipates approximately \$700,000 in such credits annually for the next few years.

To the extent that any additional organizations that receive donations become eligible, credits under the program would increase and state general fund revenues would decrease. Information on how many more organizations may qualify for credit-eligible donations due to proposed law is unavailable. LFO assumes that the number of organizations made eligible by proposed law would be greater than zero, implying an indeterminable decrease in revenue collections, reflected in the table above.

Senate Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

  
**Deborah Vivien**  
**Chief Economist**