LEGISLATIVE FISCAL OFFICE
Fiscal Note

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

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 9, 2023 7:08 PM

Author: MIZELL

Dept./Agy.: Revenue/ LDH

Subject: Tax Credits: Maternal Wellness Centers

Analyst: Benjamin Vincent

TAX/TAXATION RE -$5,000,000 GF RV See Note

Establishes a tax credit for certain maternal wellness centers. (1/1/24)

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 granted at $5 million. No more than 20% of available credits may be allocated for contributions to a single maternal wellness center.

Proposed law requires the Department of Health (LDH) to establish and maintain a registry of maternal wellness centers based on information provided via form to LDH, however the Senate Finance proposed amendments specify that LDH does not have any oversight or regulatory authority, including for either initial or ongoing eligibility verification purposes. Effective January 1, 2025. No credits shall be granted for donations made either before effective date or after December 31, 2030.

EXPENDITURES	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	INCREASE	INCREASE	INCREASE	INCREASE	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**					**$0**

REVENUES	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	($5,000,000)	($5,000,000)	($5,000,000)	($5,000,000)	**($20,000,000)**
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	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**($5,000,000)**	**($5,000,000)**	**($5,000,000)**	**($5,000,000)**	**($20,000,000)**

EXPENDITURE EXPLANATION

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 LDR's state general fund reversion by an equal amount at the end of the fiscal year. LDH will create a voluntary registration form for maternal wellness centers through which eligibility will be established and made publicly available.

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 2025 through 2030 are exhausted, which could exceed $30 M (6 years * $5 M per year) in total. Contributions to a single maternal wellness center may not account for more than 20% of available credits ($1M with a $5M cap or 20% of any aggregate cap carryover).

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, 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.

Senate — Dual Referral Rules

- [x] 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}
- [x] 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}

House

- [x] 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}

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