

2023 Regular Session

SENATE BILL NO. 134

BY SENATOR JACKSON

TAX/TAXATION. Authorizes a tax credit for donations to certain public schools. (1/1/24)

1 AN ACT

2 To enact R.S. 47:6302, relative to income tax credits for donations to public schools; to  
3 authorize a credit for donations to certain public schools; to provide for an amount  
4 of the credit; to provide for the granting of the credit; to provide for certain  
5 requirements and limitations; to provide for an effective date; and to provide for  
6 related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:6302 is hereby enacted to read as follows:

9 **§6302. Credit for donations to public schools**

10 **A.(1) There shall be an income tax credit for donations a taxpayer makes**  
11 **during a taxable year to public schools that receive a letter grade of "D" or "F"**  
12 **for the most recent year pursuant to the Louisiana School and District**  
13 **Accountability System. In order to qualify for the credit, the donation shall be**  
14 **made by a taxpayer who is required to file a Louisiana income tax return.**

15 **(2) The donation shall be used by the public school for the costs and**  
16 **expenses of any of the following:**

17 **(a) Purchasing of instructional materials and supplies used in classrooms**

1 or in tutorial programs to enhance student learning.

2 (b) Establishing and maintaining tutorial programs designed to enhance  
3 student academic achievement.

4 (c) Establishing and maintaining in-school child care programs for  
5 student parents.

6 (d) Establishing and maintaining school-based health clinics.

7 (e) Meeting any of the requirements prescribed for academically  
8 unacceptable schools prescribed for in Chapter 16 of LAC 28:XI.

9 (3) The amount of the credit shall be as follows:

10 (a) If the donation is made to a public school that received a letter grade  
11 of "D", "F", or any variation thereof for the most recent year, pursuant to the  
12 Louisiana School and District Accountability System, the amount of the credit  
13 shall be equal to ninety-five percent of the taxpayer's donation.

14 (b) No credit shall be issued for a donation to a public school that  
15 received a letter grade of "A", "B", "C", or any variation thereof for the most  
16 recent year, pursuant to the Louisiana School and District Accountability  
17 System.

18 (4) The Department of Revenue shall provide a standardized format for  
19 a receipt to be issued by the public school to the taxpayer. The receipt shall  
20 indicate the amount of the donation to the public school and the letter grade the  
21 public school received pursuant to the Louisiana School and District  
22 Accountability System. The receipt shall also include a certification by the  
23 public school that the donation will be used for one of the authorized purposes  
24 provided for in Paragraph (2) of this Subsection. The taxpayer shall retain a  
25 copy of the receipt that the Department of Revenue may require for the  
26 taxpayer to claim the credit authorized by this Section.

27 (5) The governing authority of the public school that has received a  
28 donation eligible for a credit pursuant to this Section shall provide a public  
29 report to the Department of Revenue and the Department of Education that

1 shall be prepared by a certified public accountant and shall be submitted  
2 electronically in a format approved by the Department of Revenue to the  
3 departments no later than the last day of February of each year. The report  
4 shall contain the name and address of the public school, the total number and  
5 total dollar amount of donations received during the previous calendar year, the  
6 total amount of donations made by each taxpayer during the previous calendar  
7 year, and the name, address, and federal employer identification number or last  
8 four digits of the social security number of each taxpayer who donated.

9 B. The total amount of credits granted pursuant to the provisions of this  
10 Section shall not exceed ten million dollars per calendar year.

11 C. The Department of Revenue shall grant credits on a first-come, first-  
12 serve basis until the maximum amount of credits has been issued starting on  
13 January first for the income tax year ending prior to that date. All credit  
14 requests received on the same day shall be treated as received at the same time,  
15 and if the aggregate amount of credit requests received on a single business day  
16 exceeds the total amount of available credits, credits shall be granted on a pro  
17 rata basis.

18 D. No credits shall be granted pursuant to this Section for taxable  
19 periods beginning on or after January 1, 2028.

20 Section 2. The provisions of this Act shall become effective on January 1, 2025, and  
21 shall be applicable to donations made to a public school for the 2024-2025 school year and  
22 thereafter.

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The original instrument was prepared by Danielle Clapinski. The following digest, which does not constitute a part of the legislative instrument, was prepared by Tracy Sabina Sudduth.

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Proposed law authorizes a credit of 95% of donations a taxpayer makes during a taxable year to public schools which receive a letter grade of "D" or "F" for the most recent year, pursuant to the Louisiana School and District Accountability System. In order to qualify for the credit, the donation must be made by a taxpayer who is required to file a Louisiana income tax return.

Proposed law requires that donations be used by the public school for the costs and expenses of any of the following:

- (1) Purchasing instructional materials and supplies used in classrooms or in tutorial programs to enhance student learning.
- (2) Establishing and maintaining tutorial programs designed to enhance student academic achievement.
- (3) Establishing and maintaining in-school child care programs for student parents.
- (4) Establishing and maintaining school-based health clinics.
- (5) Meeting any of the requirements prescribed for academically unacceptable schools prescribed in present law.

Proposed law requires the Department of Revenue (DOR) to provide the format for a receipt issued by the public school to the taxpayer that indicates the amount of the donation and the letter grade of the public school that received the donation. Further requires the receipt to include certification from the public school that the donation will be used for one of the authorized purposes provided for in proposed law. The taxpayer may be required to provide a copy of the receipt when claiming the credit.

Proposed law requires the governing authority of the public school that has received a donation eligible for the credit to provide a public report to DOR and the Department of Education prepared by a CPA and submitted no later than the last day of February of each year. The report shall be submitted in an electronic format approved by DOR. Requires the report to include the name and address of the public school receiving the donation, the total number and total dollar amount of donations received during the previous calendar year, total amount of donations made by each taxpayer during the previous calendar year, and the name, address, and the federal employer identification number or the last four digits of the social security number of each taxpayer who donates.

Proposed law limits the total amount of credits granted pursuant to proposed law to \$10,000,000 per calendar year. Requires DOR to approve credits on a first-come, first-serve basis until the maximum amount of credits has been granted.

Proposed law provides that no credits shall be granted pursuant to this program for taxable periods beginning on or after January 1, 2028.

Effective January 1, 2025, and applies to donations made to a public school for the 2024-2025 school year and thereafter.

(Adds R.S. 47:6302)

#### Summary of Amendments Adopted by Senate

##### Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Clarifies that the report provided by a governing authority who receives a donation shall be submitted electronically in a format approved by DOR.
2. Requires the report provided by a governing authority who receives a donation to include the federal employer identification number or the last four digits of the social security number of the taxpayer who donated.

3. Removes the provision that escalates the cap by \$2,000,000 for any year in which 90 percent of the current year credit cap is reached.
4. Provides for a sunset date.
5. Makes technical corrections.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the engrossed bill

1. Changes the effective date from January 1, 2024 to January 1, 2025.
2. Changes the applicability of proposed law from donations made to a public school for the 2023-2024 school year to donations made to a public school for the 2024-2025 school year.