LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

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

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action: **w/ HSE COMM AMD**

Proposed Amd.:

Sub. Bill For.:

Date: June 4, 2023 10:44 AM	**Author:** MIZELL
Dept./Agy.: Revenue/ LDH	
Subject: Tax Credits: Maternal Wellness Centers	**Analyst:** Benjamin Vincent

TAX/TAXATION RE1 -$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 50% of the taxpayer's tax liability per year, 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. Applicable to taxable periods beginning on or after January 1, 2025, and contingent on a specific appropriation to LDR for administrative expenses for implementation. No credits shall be granted for donations made 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, an expense that is anticipated to be negligible.

Language making the credit's initial effectiveness contingent on a specific appropriation of monies for implementation costs would necessarily require an increase in LDR's FY25 SGR (or SGF) appropriation. Presumably, a sufficiently specific appropriation would need to be expressed as an explicit line item in an appropriations bill in either the FY 24 or FY 25 budget (or by BA-7) in order for the credit to become effective with the 2025 tax year. LFO notes that only such an appropriation in any amount, including an amount less than the $140,000 initial cost indicated in the previous paragraph, would likely trigger effectiveness of the credit.

REVENUE EXPLANATION

Proposed law establishes a nonrefundable credit matching 50% of donations to eligible maternal wellness centers up to half of total income tax liability 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 million (6 years * $5 million per year) in total. Contributions to a single maternal wellness center may not account for more than 20% of available credits ($1 million with a $5 million cap or 20% of any aggregate cap carryover).

Qualifications for an eligible center are specified in the bill as a 501(c)3 in Louisiana registered with LDR and offering certain pre-natal and post-natal services. Centers with any ties to abortion are excluded. As the number of qualifying centers and likely donations are unknown, eligible donations would reduce general fund collections by an indeterminable amount.

A credit equal to 50% of donations is a potentially significant incentive to donate, and the limit per taxpayer of up to 50% of tax liability would allow major donors to potentially be granted enough credits to reach the $5 million annual cap with a relatively small number of donations. The $5 million maximum annual impact to the state fisc is thus reflected in the table above. LFO notes that if 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	House	
[x] 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}	[x] 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}	Deborah Vivien
[x] 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}	[ ] 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}	**Deborah Vivien** **Chief Economist**