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 FLOOR AMD**

Proposed Amd.:

Sub. Bill For.:

Date: June 7, 2023 7:44 PM **Author:** MIZELL

Dept./Agy.: Revenue/ LDH

Subject: Tax Credits: Maternal Wellness Centers **Analyst:** Benjamin Vincent

TAX/TAXATION REF +$6,000,000 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, in an amount equal to 50% of the donation, up to 50% of the taxpayer's tax liability per year. Requires LDR to administer the credits, and sets the annual maximum 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 LDH to establish and maintain a registry of maternal wellness centers based on information provided via form to LDH. However, LDH shall have no oversight or regulatory authority, including for eligibility verification. No credits shall be granted for donations made after December 31, 2030. Maternal wellness center credits are applicable to taxable periods beginning on or after January 1, 2025, and their effectiveness is contingent on a specific appropriation to LDR for implementation expenses.
Proposed law additionally repeals the credit for ad valorem tax paid by certain telephone companies. Repeal of the ad valorem tax credit is effective upon governor's signature.

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.	$11,000,000	$6,000,000	$6,000,000	$6,000,000	$6,000,000	**$35,000,000**
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	**$11,000,000**	**$6,000,000**	**$6,000,000**	**$6,000,000**	**$6,000,000**	**$35,000,000**

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.

Agency costs associated with administration of the immediate repeal of the ad valorem tax credit have not been estimated.

REVENUE EXPLANATION

Maternal Wellness Center Credit: Proposed law authorizes the granting of credits of up to $5 million annually (or $30 million over 6 years). 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 for eligible donations are exhausted. 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 50% donation credit is a significant incentive to donate, and the limit per taxpayer of up to 50% of tax liability would allow major donors to potentially reach the $5 million annual cap with a relatively small number of donations. A $5 million annual revenue reduction is thus anticipated due to the provisions of the maternal wellness center credit, beginning in FY25.

Repeal of Ad Valorem Tax Credit for Certain Telephone Companies: Proposed law repeals this credit with immediate effect, which would serve to increase revenues by approximately $11 million annually beginning in FY24.
The net effect of the maternal wellness credit and repeal of the ad valorem credit is reflected in the table above.

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}

[x] 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Deborah Vivien

Deborah Vivien
Chief Economist