

**LEGISLATIVE FISCAL OFFICE**  
Fiscal Note



Fiscal Note On: **HB 595** HLS 19RS 727  
 Bill Text Version: **RE-REENGROSSED**  
 Opp. Chamb. Action: **w/ SEN COMM AMD**  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 1, 2019	2:07 PM	<b>Author:</b> WRIGHT
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Tax Credit For Donations To Foster Care Organizations		

TAX CREDITS RR1 DECREASE GF RV See Note Page 1 of 1  
 Establishes an income tax credit for contributions to certain foster care charitable organizations

Provides a credit against income tax for donations to defined foster care organizations. The amount of individual credits are the lesser of the amount of donations used by the organization to provide services to qualified individuals or \$100,000. Credits are nonrefundable but can be carried forward for five years. Total program credits that can be granted are \$500,000 per calendar year, granted on a first-come, first-served basis. Excess credit claims roll over to first-in-line for the following year. Definitions and requirements are provided, and the Dept. of Revenue may issue rules and regulations to implement the credit.

Effective for donations made on and after January 1, 2020.

<b>EXPENDITURES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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>						
<b>REVENUES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	DECREASE	DECREASE	DECREASE	DECREASE	<b>\$0</b>
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>	<b>\$0</b>					<b>\$0</b>

**EXPENDITURE EXPLANATION**

The Dept. of Revenue anticipates approximately \$44,000 of one-time information technology staff-time for programming, testing and system development costs related to this new credit, as well as a new standardized format/return required by the bill.

In addition, the Dept. indicates the potential need for personnel to accept and analyze foster care organization certifications prior to donations beginning in 2020. This is a recurring costs associated with the annual certification required by the bill. Monitoring the annual program credit cap and tax returns claiming the credit and carry-forward will also involve costs, along with taxpayer interactions. The Dept. indicates that as many as 3 additional positions may be required. Actual ongoing administrative costs are uncertain as to magnitude and timing, and subject to appropriation, but even modest utilization of the credit requires annual certifications and tax return claims processing relative to a program credit cap.

**REVENUE EXPLANATION**

An estimate of donations affected by the bill would be speculative. However, the bill provides a maximum exposure to the state fisc of \$500,000 per calendar year. The earliest this exposure could begin being realized is FY21, for donations made in 2020. Credit claims may be less than the maximum allowed initially, but ramp-up over time as the availability of the credit becomes known.

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}

**John D. Carpenter**  
**Legislative Fiscal Officer**