DIGEST

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HB 386 Original | 2023 Regular Session | Beaullieu

Abstract: Establishes the Strong Louisiana Families Tax Credit for donations to certain charitable organizations designated by the Dept. of Children and Family Services; repeals a tax deduction for private infant adoptions and replaces it with a tax credit.

Present law establishes an income tax deduction in the amount of $5,000 for a taxpayer who adopts an unrelated infant who is less than one year of age through either of the following:

(1) A private agency as defined in present law (Ch.C. Art. 1169).

(2) An attorney.

Proposed law repeals present law and establishes in lieu thereof a refundable tax credit of $5,000 for taxpayers for such adoptions.

Proposed law authorizes a nonrefundable credit against individual or corporate income tax, to be known as the Strong Louisiana Families Tax Credit, for eligible contributions that a Louisiana taxpayer makes during a taxable year to an eligible charitable organization. Defines "eligible charitable organization" as an organization designated by the Dept. of Children and Family Services (DCFS) as eligible to receive contributions qualifying a taxpayer for the tax credit provided for in proposed law.

Proposed law provides that the amount of the credit shall be equal to the amount of eligible contributions to an eligible charitable organization or $50,000, whichever is less. Caps the total amount of credits granted by the Dept. of Revenue pursuant to proposed law at $10,000,000 per calendar year.

Proposed law allows the use of the credit in addition to any federal tax credit or deduction earned for the same donation. However, proposed law prohibits taxpayers from receiving any other state tax credit, exemption, exclusion, deduction, rebate, or other state tax benefit for a donation for which the taxpayer has received a tax credit pursuant to proposed law.

Proposed law provides that if the tax credit amount earned in a taxable year exceeds the total tax liability of a taxpayer in that year, the amount of the credit not used as an offset against the taxpayer's tax liability in the taxable year may be carried forward as a credit against subsequent income tax liabilities for a period not to exceed five taxable years.

Proposed law authorizes means for claiming of the credit by corporations, individuals, estates, trusts, and partners and members of entities not taxed as corporations.

Proposed law requires DCFS to designate as an eligible charitable organization any organization that meets all of the following requirements:

(1) The organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code.

(2) The organization is domiciled in this state and incorporated as a nonprofit corporation under the provisions of present law (R.S. 12:201 et seq.).

(3) The organization provides any of the following services:

(a) Services to prevent child abuse, neglect, abandonment, or exploitation.

(b) Services to assist fathers in learning and improving parenting skills or to encourage greater engagement of absentee fathers in their children's lives.

(c) Furnishing of books to the homes of children who are eligible for a federal free or reduced-price meals program or who test below grade level in kindergarten through grade five.

(d) Services to assist families with children who have a chronic illness or a physical, intellectual, developmental, or emotional disability.

(e) Workforce development services for families of children eligible for a federal free or reduced-price meals program.

(4) The organization provides to DCFS accurate information concerning its operations which information must include, at a minimum, all of the following:

(a) A description of any services listed in paragraph (3) above that the organization provides.

(b) The total number of individuals who received assistance from the organization through services listed in paragraph (3) above during the last calendar year.

(c) The total number of individuals who received assistance from the organization during the last calendar year as a result of eligible contributions made to the organization in accordance with proposed law.

(d) Basic financial information regarding the organization including information on financing the costs of all services listed in paragraph (3) above that the organization provides.

(e) Information concerning the outcomes of services listed in paragraph (3) above that the organization provides.

(f) Contact information for executive-level staff of the organization.

(5) The organization annually submits to DCFS a statement, signed under penalty of perjury by a current officer of the organization, affirming that the organization meets all criteria to qualify as an eligible charitable organization, has fulfilled its responsibilities as required by proposed law for the previous fiscal year if it received eligible contributions during that year, and intends to fulfill its responsibilities during the upcoming year.

(6) The organization provides all documentation requested by DCFS to verify its status as an eligible charitable organization or compliance with the applicable requirements of proposed law.

Proposed law prohibits DCFS from designating as an eligible charitable organization any organization that provides abortions, pays for or provides coverage for abortions, or, in the prior fiscal year, received more than 50% of its total annual revenue from one or more governmental agencies, either directly or through one or more governmental agency contractors.

Proposed law requires DCFS to do all of the following with respect to organizations that it designates as eligible charitable organizations:

(1) Annually redesignate eligible charitable organizations that have complied with all requirements of proposed law.

(2) Remove the designation of organizations that fail to meet all requirements of proposed law and provide a process for redesignation of those organization which reapply with the department and come into compliance with requirements of proposed law.

(3) Publish information regarding the Strong Louisiana Families Tax Credit program and a listing of eligible charitable organizations on its website.

Proposed law requires DCFS to compel the return of monies donated to an eligible charitable organization if that organization fails to comply with the requirements of proposed law. Provides that organizations required to return donated monies shall be ineligible to receive contributions pursuant to proposed law for a period of ten years.

Proposed law requires eligible charitable organizations to comply with all of the following requirements:

(1) Obtain state and national criminal history record information and perform a check of the Dru Sjodin National Sex Offender Public Website on each staff member and volunteer who works directly with children in any program funded wholly or partly with monies received through eligible contributions.

(2) Expend the entirety of eligible contributions it receives on providing to La. residents one or more of the types of services listed in proposed law.

(3) Annually submit all of the following to DCFS:

(a) An audit of the eligible charitable organization conducted by an independent certified public accountant, the report from which shall be submitted within 180 days after completion of the organization's fiscal year.

(b) A copy of the organization's most recent Return of Organization Exempt from Income Tax form (Form 990) filed with the Internal Revenue Service.

(4) Notify DCFS within five business days after it ceases to meet any eligibility requirement provided in proposed law or fails to fulfill its responsibilities as prescribed in proposed law.

(5) Upon receipt of an eligible contribution, provide the taxpayer that made the contribution with a certificate of contribution that conforms with specifications provided in proposed law.

Proposed law stipulates that a taxpayer who makes an eligible contribution may not designate a specific child assisted by the eligible charitable organization as the beneficiary of the contribution.

Proposed law requires the secretary of the Dept. of Revenue and the secretary of DCFS, respectively, to promulgate administrative rules as are necessary to implement proposed law. Requires the secretaries to collaborate in developing the rules and authorizes each secretary to incorporate recommendations of the other in any final rules for implementation of proposed law.

Proposed law becomes effective Jan. 1, 2024, and terminates on Dec. 31, 2028.

(Amends R.S. 47:297.21(A) and (C); Adds R.S. 47:297.21(D) and 6311-6318; Repeals R.S. 47:293(9)(a)(xxiv))