LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

Fiscal Note On: **SB 88** SLS 23RS 158
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: April 16, 2023 9:49 AM
Author: CATHEY
Dept./Agy.: Revenue
Subject: Tax Credits: Employers Supporting Maternal Healthcare
Analyst: Benjamin Vincent

TAX EXEMPTIONS OR -$2,500,000 GF RV See Note
Establishes an employer supported maternal healthcare tax credit. (gov sig)

Proposed law provides a nonrefundable credit against income or corporate franchise tax for employers who provide paid leave to certain employees for prenatal or postpartum care-related medical appointments. The credit is allowed in the same taxable period in which it was earned, but may be carried forward for up to five years in the event of insufficient tax liability to exhaust the credit. The credit is equal to the hourly wage paid to the employee, for the length of the appointment up to three hours per appointment, and up to 13 appointments per pregnancy. The credit program is capped at a maximum of $2.5 million granted per year, and limited to $800 per eligible employee per pregnancy per tax year. The Department of Revenue will administer the program and verify compliance with its parameters and requirements.

Effective upon governor’s signature, and applicable to tax years beginning on January 1, 2024 or later.

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.	$112,000	$112,000	$87,000	$87,000	$87,000	**$485,000**
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	**$112,000**	**$112,000**	**$87,000**	**$87,000**	**$87,000**	**$485,000**

REVENUES	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**5 -YEAR TOTAL**
State Gen. Fd.	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)	**($12,500,000)**
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	**($2,500,000)**	**($2,500,000)**	**($2,500,000)**	**($2,500,000)**	**($2,500,000)**	**($12,500,000)**

EXPENDITURE EXPLANATION

Credit requirements include verification of employee eligibility, and confirmation that employees attend appointments for which credits are claimed. LDR reports that they anticipate hiring an additional Revenue Tax Specialist for credit administration ($87,000 for salary + related benefits), and to incur upfront costs for system development & modification, testing, and tax form redesign in the first two years of the credit ($25,000 in each year).

REVENUE EXPLANATION

Proposed law allows a nonrefundable credit for paid leave provided by a Louisiana business for medical appointments for prenatal or postpartum care. The credit is allowed for up to 39 appointment-hours per pregnancy at up to approximately $20 per hour. Eligible employees must be Louisiana residents that work 25+ hours per week, must not be temporary or seasonal workers, may earn up to $20 per hour which must be subject to withholding, and must have been employed for at least three months by the employer to be eligible.

Credits are limited to $800 per taxable year per eligible employee per pregnancy, however the parameters of the credit effectively limit it to $780 per pregnancy ($20/hour * 39 hours). The maximum amount of credits granted by LDR for a taxable year is capped at $2.5 million.

If every claimant utilized the maximum $780, approximately 3,200 eligible pregnancies would cause the credit to reach its cap. In a scenario where claim averaged $400, approximately 6,300 eligible pregnancies would be sufficient to reach the cap. Birth data on the LA Department of Health website indicates approximately 63,000 births to LA residents annually, and approximately 700,000 working-age LA women are typically employed full-time. Sufficient employer participation such that the maximum of $2.5 million annually would be reached appears likely, as reflected in the table above.

LDR notes that claimants must file an income tax return to be eligible for the credit, and that filers who are only required to file a Corporate Franchise Tax return would not be eligible for the credit.

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}
[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}

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