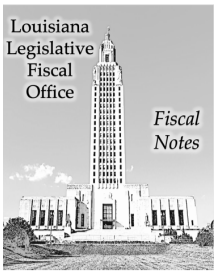


**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 134** SLS 23RS 365

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 27, 2023	6:57 PM	<b>Author:</b> JACKSON
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Income Tax Credit: Public School Donations		

TAX/TAXATION OR -\$10,000,000 GF RV See Note Page 1 of 1  
 Authorizes a tax credit for donations to certain public schools. (1/1/24)

Proposed law authorizes a nonrefundable 95% income tax credit for donations to public schools receiving a grade of "D" or "F" in the prior year, and requires the recipient schools to utilize such donations for eligible purposes, including childcare for student parents, and school-based health clinics, among others. Proposed law requires LDR to provide a standardized donation receipt format. By March 1, the school shall have a CPA complete a report for submission to LDR and the Dept. of Ed. detailing all donations. The receipt may serve as sufficient documentation to claim the credit in January.

Proposed law limits total credits that may be granted in any year to \$10 million, grants claims on a first-come, first-served basis beginning January 1, and issues credits on a pro-rata basis for the particular day in the event that the maximum is reached. If total credits claimed exceed 90% of the current year's maximum, proposed law increases the maximum by \$2 million dollars the following year. Effective January 1, 2024 for donations made during the 2023-24 school year.

<b>EXPENDITURES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	(\$10,000,000)	(\$12,000,000)	(\$14,000,000)	(\$16,000,000)	(\$18,000,000)	<b>(\$70,000,000)</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	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>(\$10,000,000)</b>	<b>(\$12,000,000)</b>	<b>(\$14,000,000)</b>	<b>(\$16,000,000)</b>	<b>(\$18,000,000)</b>	<b>(\$70,000,000)</b>

**EXPENDITURE EXPLANATION**

LDR reports that costs of implementing proposed law, including programming, testing, and system development to accommodate the new credit are expected, estimated at approximately \$53,000 of staff time. Additionally, sufficient program participation is anticipated such that one (1) Tax Specialist (\$51,000 salary) is expected to be hired within Tax Compliance to administer the credit and compliance verification.

Any increase in LDR expenses will be paid with self-generated revenue which may decrease the LDR reversion to the state general fund. Thus, increasing spending at LDR may reduce state general fund revenue.

**REVENUE EXPLANATION**

LFO anticipates sufficient participation volume in the proposed 95% credit program to reach the annual maximum amount. Presumably, the first year of impact to the state fisc would be FY24 with donations taken against 2023 taxes.

Proposed law provides that if 90% of the maximum is reached in a given year, the maximum for the following year shall increase by \$2 million. LFO anticipates this outcome for the years contained within the horizon of the fiscal note, as reflected in the table above.

LFO notes that there is no maximum donation for credit eligibility purposes, nor is there a carryforward provision in proposed law.

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}

**Deborah Vivien**  
**Chief Economist**