

2023 Regular Session

HOUSE BILL NO. 638

BY REPRESENTATIVES MCFARLAND, ADAMS, BACALA, BAGLEY, BUTLER, ROBBY CARTER, CORMIER, EDMONDS, FIRMENT, GLOVER, HORTON, JEFFERSON, CHARLES OWEN, RISER, SCHAMERHORN, THOMPSON, AND WHITE

TAX/INCOME TAX: Provides relative to tax benefits for adoption of children from foster care and donations to foster care charitable organizations

1 AN ACT

2 To amend and reenact R.S. 47:297.20(C) and 6042(B)(introductory paragraph) and (1), (D),

3 and (F)(4), relative to tax benefits for adoption of children from foster care and

4 donations to foster care charitable organizations; to provide relative to a tax

5 deduction for adoption of children from foster care; to provide relative to a tax credit

6 for donations to foster care charitable organizations; to provide for administration of

7 the tax deduction and tax credit by the Department of Revenue; to provide for

8 applicability; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 47:297.20(C) and 6042(B)(introductory paragraph) and (1), (D), and

11 (F)(4) are hereby amended and reenacted to read as follows:

12 §297.20. Tax deduction; adoption from foster care

13 * * *

14 C.(1) The secretary of the Department of Revenue may promulgate rules in

15 accordance with the Administrative Procedure Act to implement the provisions of

16 this Section, including rules related to the submission of documentation when

17 claiming the deduction.

1 (2) If the rules promulgated pursuant to this Subsection require the
 2 submission of a deduction eligibility certification letter and the secretary of the
 3 Department of Revenue determines that the process of obtaining that letter is an
 4 impediment to, or causes an undue burden for, claiming of the deduction provided
 5 for in this Section, then the secretary may amend such rules to provide for an
 6 alternative process for certification of eligibility for the deduction. The process may
 7 include certification on a standardized form promulgated by the secretary in rule.

* * *

9 §6042. Credits; qualifying foster care charitable organizations

* * *

11 B. An organization other than a nonprofit foster care organization licensed
 12 by this state that seeks to become a qualifying foster care charitable organization
 13 shall apply to the department and provide the following:

14 (1) A statement, signed by an officer of the organization under penalty of
 15 perjury, that the organization meets all of the criteria provided in ~~Paragraph (F)(4)~~
 16 Subparagraph (F)(4)(b) of this Section.

* * *

18 D.(1) A qualified foster care charitable organization shall issue ~~a receipt~~ to
 19 each person from whom the ~~foster care~~ organization receives a donation a receipt
 20 that meets the requirements of Paragraph (2) of this Subsection. ~~The receipt shall~~
 21 ~~indicate the actual amount of the donation that was used by the foster care~~
 22 ~~organization to provide services to qualified individuals.~~ A taxpayer shall provide
 23 a copy of the receipt to the department when claiming the credit authorized by this
 24 Section.

25 (2) ~~The department shall provide a standardized format for the receipt~~
 26 ~~required pursuant to this Subsection.~~ The receipt required by this Subsection shall
 27 contain all of the following information:

28 (a) The name of the organization.

1 (b) The actual amount of the donation that was used by the foster care
2 organization to provide services to qualified individuals.

3 (c) A statement that no goods or services were provided by the organization,
4 if that is the case.

5 (d) A description and good faith estimate of the value of goods or services,
6 if any, that the organization provided in return for the contribution.

7 (e) A statement that goods or services, if any, that the organization provided
8 in return for the contribution consisted entirely of intangible religious benefits, if that
9 is the case.

10 (f) The name and federal employer identification number or last four digits
11 of the social security number of the taxpayer making the donation.

* * *

12
13 F. For purposes of this Section, the following words shall have the following
14 meanings unless the context clearly indicates otherwise:

* * *

15
16 (4) "Qualifying foster care charitable organization" or "foster care
17 organization" means ~~an organization that meets all of the following criteria~~ any of
18 the following:

19 (a) Any nonprofit foster care organization licensed by and in good standing
20 with the Department of Children and Family Services.

21 (b) Any organization that meets all of the following criteria:

22 ~~(a)~~ (i) Is exempt from federal income tax pursuant to Section 501(c)(3) of
23 the Internal Revenue Code.

24 ~~(b)~~ (ii) Provides services to at least twenty-five qualified individuals each
25 operating year.

26 ~~(c)~~ (iii) Spends at least seventy-five percent of its total budget on providing
27 services to qualified individuals or spends at least seventy-five percent of its funds
28 budgeted for Louisiana on providing services to qualified individuals and the
29 organization certifies to the department that one hundred percent of the donations it

1 receives from Louisiana residents will be spent on providing services to qualified
2 individuals.

3 ~~(d)~~ (iv) Is approved by the department after applying as provided in
4 Subsection B of this Section.

5 * * *

6 Section 2. The provisions of this Act shall apply to taxable periods beginning on or
7 after January 1, 2023.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 638 Reengrossed

2023 Regular Session

McFarland

Abstract: Provides relative to administration of a tax deduction for adoption of children from foster care and a tax credit for donations to foster care charitable organizations.

Present law authorizes and provides for a tax deduction for adoption of children from foster care. Authorizes the secretary of the Dept. of Revenue, referred to hereafter as the "department", to promulgate rules to implement present law, including rules related to submission of documentation when claiming the deduction.

Proposed law retains present law and stipulates that if the rules of the department require the submission of a deduction eligibility certification letter and the secretary determines that the process of obtaining that letter is an impediment to, or causes an undue burden for, claiming of the deduction, then the secretary may amend the rules to provide for an alternative process for eligibility certification. Provides that such process may include certification on a standardized form.

Present law authorizes and provides for a tax credit for donations to foster care charitable organizations. Proposed law makes the following changes to present law:

- (1) Provides that certification of eligibility for the tax deduction for adoption of children from foster care may be on a standardized form promulgated in rule by the secretary of the Dept. of Revenue.
- (2) Provides that receipts for donations to qualifying foster care charitable organizations shall conform with standards for written acknowledgment of certain charitable contributions required by the Internal Revenue Service.
- (3) Provides that any nonprofit foster care organization licensed by and in good standing with the Dept. of Children and Family Services shall be deemed a "qualifying foster care charitable organization" or "foster care organization" pursuant to present law.

Proposed law applies to taxable periods beginning on or after Jan. 1, 2023.

(Amends R.S. 47:297.20(C) and 6042(B)(intro. para.) and (1), (D), and (F)(4))

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

1. Add the name and federal employer identification number, or last four digits of the social security number, of the taxpayer making a donation to a foster care charitable organization into the enumerated list of items to be included on the receipt for such donations provided in proposed law.
2. Provide that proposed law applies to taxable periods beginning on or after Jan. 1, 2023.