

2025 Regular Session

HOUSE BILL NO. 238

BY REPRESENTATIVE MCFARLAND

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 income tax; to provide for tax benefits for adoption of children
4 from foster care and donations to certain foster care charitable organizations; to
5 provide for a tax deduction for adoption of children from foster care; to provide for
6 a tax credit for donations to foster care charitable organizations; to provide for
7 administration of the tax deduction and tax credit by the Department of Revenue; to
8 provide for definitions; to provide for applicability; to provide for an effective date;
9 and to provide for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 47:297.20(C) and 6042(B)(introductory paragraph) and (1), (D), and
12 (F)(4) are hereby amended and reenacted to read as follows:

13 §297.20. Tax deduction; adoption from foster care

14 * * *

15 C.(1) The secretary of the Department of Revenue may promulgate rules in
16 accordance with the Administrative Procedure Act to implement the provisions of
17 this Section, including rules related to the submission of documentation when
18 claiming the deduction.

19 (2) If the rules promulgated pursuant to this Subsection require the
20 submission of a deduction eligibility certification letter and the secretary of the

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

6 * * *

7 §6042. Credits; qualifying foster care charitable organizations

8 * * *

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

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

15 * * *

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

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

26 (a) The name of the organization.

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

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

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

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

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

10 * * *

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

13 * * *

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

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

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

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

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

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

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

3 * * *

4 Section 2. The provisions of this Act shall apply to taxable periods beginning on or
5 after January 1, 2025.

6 Section 3. This Act shall become effective upon signature by the governor or, if not
7 signed by the governor, upon expiration of the time for bills to become law without signature
8 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
9 vetoed by the governor and subsequently approved by the legislature, this Act shall become
10 effective on the day following such approval.

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 238 Original 2025 Regular Session McFarland

Abstract: Provides requirements and standards relating to a tax deduction for adoption of children from foster care and a tax credit for donations to certain foster care charitable organizations.

Present law authorizes a tax deduction for adoption of children from foster care. Authorizes the secretary of the Dept. of Revenue (DOR) to promulgate rules to implement present law, including rules related to submission of documentation when claiming the deduction.

Proposed law retains present law and provides that if the rules of DOR require the submission of a deduction eligibility certification letter and the secretary of the department 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 the process may include certification on a standardized form.

Proposed law provides that certification of eligibility for the tax deduction may be on a standardized form promulgated in rule by the secretary of DOR.

Present law authorizes a tax credit for donations to certain foster care charitable organizations. Provides for defined terms and corresponding definitions applicable to present law, including a definition for "qualifying foster care charitable organization". Requires that an organization seeking to become a qualifying foster care charitable organization shall apply to DOR for that designation and provide with its application certain materials and information as specified in present law.

Proposed law provides that any nonprofit foster care organization licensed by and in good standing with the Dept. of Children and Family Services automatically qualifies as a "qualifying foster care charitable organization" by virtue of its state licensure and need not apply to the DOR for that designation.

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

Present law requires that, when claiming the credit, a taxpayer shall provide a copy of a receipt for the donation to a qualifying foster care charitable organization. Requires DOR to provide a standardized format for the receipt.

Proposed law repeals the requirement that DOR establish the format for these receipts and provides instead for required content of the receipts (content which matches that required for charitable donation receipts for federal income tax purposes).

Proposed law applies to taxable periods beginning on or after Jan. 1, 2025.

Effective upon signature of governor or lapse of time for gubernatorial action.

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