



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **HB 671** HLS 25RS 1396

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 2, 2025	6:13 PM	<b>Author:</b> GLORIOSO
<b>Dept./Agy.:</b> Dept. of Revenue / Dept. of Children & Family Services		
<b>Subject:</b> Income Tax Credit: Donations to Certain Organizations		<b>Analyst:</b> Noah O'Dell

TAX CREDITS

OR DECREASE GF RV See Note

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Establishes a tax credit for donations made to certain organizations serving victims of human trafficking

Proposed law authorizes a nonrefundable income tax credit for the amount, limited to \$30,000, a taxpayer donates during a taxable year to qualifying organizations for certain services for victims of human trafficking. Qualifying organizations are defined as nonprofits that operate a residential home licensed by the Dept. of Children and Family Services (DCFS) and provide certain services to female adolescent victims of human trafficking (that include educational, psychiatric, mental health, therapy, and life skills assistance, in addition to community volunteer opportunities). The total amount of credits claimed by the Dept. of Revenue (LDR) is limited to \$300,000 per calendar year and credits are granted on a first-come-first-served basis. A carryforward period of five years for unused credits is provided and anti-stacking provisions prevent the taxpayer from receiving other tax incentives or deductions for the same donation. LDR may promulgate rules.

Effective January 1, 2026 and applicable to tax years beginning on or after January 1, 2026

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<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>
Annual Total	<b>\$0</b>					<b>\$0</b>

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	<b>DECREASE</b>	<b>DECREASE</b>	<b>DECREASE</b>	<b>DECREASE</b>	<b>\$0</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>
Annual Total	<b>\$0</b>					<b>\$0</b>

EXPENDITURE EXPLANATION

The Department of Revenue reports the bill is anticipated to increase SGR spending by \$178,317 and 1 position in the Taxpayer Compliance-Income Tax Division beginning in FY27. LDR anticipates one-time costs of \$85,000 in FY27 related to computer system development and return modifications. LDR also reports the needs for one Revenue Tax Specialist 1 with a salary and related benefits of \$93,317 will be necessary beginning in FY27 to review and process returns claiming the proposed credit. The department reports the ability to absorb this amount within its current budget but may require additional resources if the aggregate impact of all bills enacted during this session is substantive.

LFO acknowledges an increase in the workload for the Taxpayer Compliance - Income Tax Division proposed by the bill. To the extent that credits claimed are less than anticipated, the division may be able to implement the income tax credit utilizing existing staff.

REVENUE EXPLANATION

The bill is anticipated to decrease SGF revenue by an indeterminable amount beginning in FY27 when 2026 tax returns are filed. Taxpayers may receive an income tax credit for donations to qualified nonprofit organizations use to provide certain services. These organizations have to be licensed by DCFS and provide specifically enumerated services to female adolescent victims of human trafficking. The maximum amount of credits that may be claimed any given year is limited to \$300,000, but the exact amount of claimed credits is dependent upon taxpayer donation behavior. LFO has no basis for speculating how much taxpayers will donate to such organizations for the purposes enumerated in the bill in any given year nor the amount of tax liability against which to claim the credits. The credit has no sunset provisions.

For informational purposes, DCFS reports there are 21 licensed residential facilities that serve females. LFO assumes a percentage of these facilities do not offer all of the services required in order for donations to be eligible for the credit.

Note: The SGF impact may originate as the LDR retention of 1% of income and sales tax collections initially classified as SGR but ultimately reverted to the SGF for use in the budget. Should LDR reversions cease, this could become an SGR impact.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	<div>Deborah Vivien Chief Economist</div>