

RÉSUMÉ DIGEST

ACT 423 (SB 123)

2025 Regular Session

Jackson-Andrews

New law authorizes a credit of 95% of donations a taxpayer makes during a taxable year to public schools which receive a letter grade of "D" or "F" for the most recent year, pursuant to the Louisiana School and District Accountability System. In order to qualify for the credit, the donation must be made by a taxpayer who is required to file a Louisiana income tax return.

New law provides that the tax credit is earned for the taxable year of the donation.

New law requires that donations be used by the public school for the costs and expenses of any of the following:

- (1) Purchasing instructional materials and supplies used in classrooms or in tutorial programs to enhance student learning.
- (2) Establishing and maintaining tutorial programs designed to enhance student academic achievement.
- (3) Establishing and maintaining in-school child care programs for student parents.
- (4) Establishing and maintaining school-based health clinics.
- (5) Meeting any of the requirements prescribed for academically unacceptable schools prescribed in existing law.

New law requires the Dept. of Revenue (DOR) to provide the format for a receipt issued by the public school to the taxpayer indicating the amount of the donation and the letter grade of the public school that received the donation. Further requires the receipt to include certification from the public school that the donation will be used for one of the authorized purposes provided for in new law.

New law requires the governing authority of the public school receiving a donation eligible for the credit to provide a public report to DOR and the Dept. of Education prepared by a CPA and submitted no later than the last day of February of each year. Further requires the report be submitted in an electronic format approved by DOR and requires the report to include:

- (1) The name and address of the public school receiving the donation.
- (2) The total number and total dollar amount of donations received during the previous calendar year.
- (3) Total amount of donations made by each taxpayer during the previous calendar year.
- (4) The name, address, and the federal employer identification number or the last four digits of the social security number of each taxpayer who donates.

New law limits the total amount of credits that may be granted to \$1M per calendar year. Requires DOR to approve credits on a first-come, first-serve basis and if the total amount of tax credit requests exceed the limit, DOR is required to treat the excess as having been applied for on the first day of the subsequent year.

New law requires DOR to treat all requests received on the same business day as received at the same time and if the aggregate amount of the requests received on a single business day exceeds the total amount of available tax credits, DOR shall issue tax credits on a pro rata basis.

New law requires a taxpayer seeking a tax credit to apply for the tax credit electronically on a form prescribed by DOR. Requires the taxpayer to submit a copy of the receipt issued to him by the public school.

New law provides that no credits shall be granted pursuant to new law for taxable periods beginning on or after Jan. 1, 2028.

New law applies to taxable periods beginning on or after Jan. 1, 2026.

Effective January 1, 2026.

(Adds R.S. 47:6302)