
DIGEST

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HB 595 Original

2019 Regular Session

Wright

Abstract: Authorizes a nonrefundable income tax credit for donations a taxpayer makes to a foster care organization equal to the actual amount of the donation used by the organization to provide services to a qualified individual, or \$100,000, whichever is less.

Proposed law authorizes a nonrefundable income tax credit for donations a taxpayer makes during a taxable year to qualifying foster care charitable organizations, hereinafter "foster care organizations". In order to qualify for the credit, the donation shall be made by a taxpayer who is required to file a La. income tax return.

Proposed law provides that the amount of the credit shall be equal to the amount of the donation used by the foster care organization to provide services to a qualified individual, or \$100,000, whichever is less. The total amount of credits granted pursuant to proposed law shall not exceed \$1,000,000 per calendar year.

Proposed law authorizes a taxpayer to carry forward the amount of the tax credit not used as an offset against the taxpayer's tax liability as a credit against subsequent income tax liabilities for a period not to exceed five taxable years.

Proposed law defines a "qualified individual" as a child in a foster care placement program established by the Dept. of Children and Family Services (DCFS) or a child at significant risk of entering a foster care placement program established by the DCFS.

Proposed law defines a "foster care organization" as a charitable organization exempt from federal income tax under federal law that, each operating year provides services to at least 100 qualified individuals in this state and spends at least 50% of its budget on services to qualified individuals in this state. Further provides that a foster care organization that does not spend at least 50% of its overall budget in La. is to be considered a foster care organization for purposes of proposed law if the organization spends at least 50% of its state budget on services to qualified individuals in La. and the organization certifies to the Dept. of Revenue (DOR) that 100% of the donation from La. taxpayers will be spent on services for La. residents.

Proposed law defines "services" as cash assistance, medical care, child care, food, clothing, shelter, job placement, and job-training services or any other assistance reasonably necessary to meet immediate basic needs that are provided for a qualified individual and used in La.

Proposed law requires the foster care organization to issue a receipt to a taxpayer indicating the

actual amount of the taxpayer's donation that is used by the organization to provide services to a qualified individual and to annually certify to DOR that the foster care organization meets all of the requirements of proposed law.

Proposed law requires DOR to provide a standardized format for a receipt to be issued by the foster care organization to the taxpayer. Further requires DOR to require a taxpayer to provide a copy of the receipt when claiming the credit.

Proposed law authorizes DOR to promulgate rules and regulations in accordance with the APA to implement the provisions of proposed law.

Effective Jan. 1, 2020 and applicable to donations made by a taxpayer to a qualifying foster care charitable organization on and after Jan. 1, 2020.

(Adds R.S. 47:6040)