

GREEN SHEET REDIGEST

HB 595

2019 Regular Session

Wright

TAX CREDITS: Establishes an income tax credit for contributions to certain foster care charitable organizations

DIGEST

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 \$500,000 per calendar year.

Proposed law requires the credits to be granted on a first-come, first-served basis. If the total amount of credits claimed in a calendar year exceeds the amount of tax credits authorized for that year, the excess shall be treated as having been claimed on the first day of the subsequent year. All requests received on the same business day shall be treated 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, tax credits shall be approved on a pro rata basis.

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.

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 25 qualified individuals in this state and spends at least 75% of its budget on services to qualified individuals in this state. Further provides that a foster care organization that does not spend at least 75% 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 75% 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 donations from La. taxpayers will be spent on services for La. residents.

Proposed law requires a foster care organization to annually certify to the DOR that the organization meets specific criteria in order to maintain its status as a foster care organization for purposes of the tax credit in proposed law.

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, no later than Jan. 31, following the year in which the donation is received, 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 requires a foster care organization to submit a report to DOR that is prepared by an independent CPA regarding the donor and the donation. Proposed law specifies the information which shall be included in the report.

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)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill

1. Add provisions relative to the payment of tax credits on a first-come first-served basis.
2. Add requirement that the foster care charitable organization annually certify that it is in compliance with the provisions of proposed law no later than Jan. 31st following the year in which the donation was received by the organization.
3. Authorize, rather than require, DOR to promulgate rules and regulations to implement the provisions of proposed law.

The Committee Amendments Proposed by House Committee on Appropriations to the engrossed bill

1. Specify the information that the foster care charitable organization must provide in order to qualify for the tax credit.
2. Require submission of a report prepared by an independent CPA to DOR that includes specific information regarding the donor and the donation.
3. Delete a child at significant risk of entering a foster care placement program from the definition of a "qualified individual".

The House Floor Amendments to the reengrossed bill

1. Reduce the number of qualified individuals that a foster care organization must provide services to in order to be considered a qualifying foster care charitable organization for purposes of proposed law from 100 to 25.
2. Increase the amount a foster care organization must spend providing services to qualified individuals in order to be considered a qualifying foster care charitable organization for purposes of proposed law from 50% of its budget to 75% of its budget.
3. Make technical amendments.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Judiciary B to the re-engrossed bill

1. Reduces annual cap on credits from \$1,000,000 to \$500,000.