LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

Fiscal Note On: **HB** **117** HLS 21RS 5
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: April 24, 2021 11:48 AM	**Author:** ECHOLS
Dept./Agy.: Revenue / Foster Care	
Subject: Tax Credit For Foster Caregivers	**Analyst:** Greg Albrecht

TAX CREDITS OR DECREASE GF RV See Note
Establishes an income tax credit for certain foster care expenses

Proposed law provides a nonrefundable tax credit for foster care givers who provide a residence for a child in the custody of the Dept. of Children and Family Services (DCFS). The credit amount is $5,475 per child, and the credit claimant must have provided residence for the child for at least 8 months in a year. Unused credit amounts can be carried over for five years.

Applicable to tax years beginning on or after January 1, 2022.

EXPENDITURES	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

REVENUES	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	DECREASE	DECREASE	DECREASE	DECREASE	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**					**$0**

EXPENDITURE EXPLANATION

The Dept. of Revenue indicates that the costs to modify and test tax systems to incorporate this additional credit provided by the bill would be approximately $26,000 of staff time.

REVENUE EXPLANATION

According to DCFS, over the last five years there have been an average of 2,084 children with placements in the same foster home for at least eight consecutive months. These children as a group could result in $11.4 million of aggregate tax credit per year. The actual amount of tax credit realized in any single year is likely to be less than this aggregate. Not all of these children would necessarily spend eight consecutive months in a given home in a given tax year. Time in residence that crossed tax years (generally calendar years for individuals) would appear to prohibit eligibility for the bill's credit. In addition, the credit amount of $5,475 is sufficient to exhaust the entire annual tax liability of 93% - 95% of all resident filers in the state. This implies carryover of unused credit amounts generated each year, into subsequent years, but with insufficient liabilities to ever be fully utilized. The extent to which these factors diminish the annual maximum revenue loss exposure is indeterminable, but a 50% reduction would leave $5.7 million per year of potential revenue loss; a 75% reduction would leave nearly $2.9 million of annual revenue loss.

Senate	Dual Referral Rules	House
☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}		☐ 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}
☒ 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}		☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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