

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 314** HLS 21RS 354

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 24, 2021	11:58 AM	Author: WRIGHT
Dept./Agy.: Revenue		Analyst: Greg Albrecht
Subject: Tax Credit For Foster Care Charitable Organizations		

TAX CREDITS OR -\$500,000 GF RV See Note Page 1 of 1
Provides an income tax credit for contributions to certain foster care charitable organizations

Proposed law provides a nonrefundable tax credit for donations made to qualifying foster care charitable organizations. A donating taxpayer's credit is limited to the lesser of \$50,000 or the actual amount donated, with a five-year carryforward period for unused credit amounts. The total amount of credits that can be granted in a year is \$500,000. Provides various requirements for organizations seeking to qualify as foster care charitable organizations, and requires annual reporting by these organizations. Administered by the Dept. of Revenue.

Applicable to donations made on or after January 1, 2022.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$100,000	\$0	\$0	\$0	\$0	\$100,000
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	\$100,000	\$0	\$0	\$0	\$0	\$100,000

REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$2,000,000)
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	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$2,000,000)

EXPENDITURE EXPLANATION

The bill places responsibility for qualifying and monitoring compliance of foster care charitable organizations participating in the donation program with the Dept. of Revenue (rather than with the Dept. of Children and Family Services that already administers the state foster care services program). The Dept. of Revenue also manages the tax credit provisions of the program. The Dept. indicates over \$100,000 of staff time to develop a system to manage applications for qualification and monitoring for compliance, as well as to modify the tax systems to incorporate this additional tax credit. The level of participation by applicant organizations and donor tracking will determine actual administrative costs.

REVENUE EXPLANATION

The amount of donations that might qualify for the program is indeterminable at the outset of such a program. Charitable organization tax credit programs in general have become increasingly popular in recent years, and can show significant growth. This bill caps the annual credit costs of the proposed program at \$500,000 per year, and that amount represents the annual state fiscal exposure in the table above. Actual credit realizations may ramp-up over two or three years, but the program aggregate credit cap is not high, and might be achieved quickly if the program is popularized quickly. In addition, the Dept. of Children and Family Services provided a description of foster care support activities carried out around the state by ten existing charitable organizations. Presumably, these organizations would be potential applicants for qualifying into the program, and the donations that support their activities.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


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Legislative Fiscal Officer