



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 123** SLS 25RS 408
Bill Text Version: **ENROLLED**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: June 11, 2025 11:19 AM	Author: JACKSON-ANDREWS
Dept./Agy.: Department of Revenue / Department of Education	
Subject: Income Tax Credit: Donations to Certain Public Schools	Analyst: Noah O'Dell

TAX/TAXATION EN -\$1,000,000 GF RV See Note Page 1 of 1
Authorizes an income tax credit for donations to certain public schools. (1/1/26)

Proposed law authorizes a nonrefundable income tax credit for 95% of the amount made in donations to public schools receiving a grade of “D” or “F” in the prior year, and requires the recipient schools to utilize such donations for eligible purposes, including childcare for student parents, and school-based health clinics, among others. The Department of Revenue (LDR) is required to provide a standardized donation receipt format. Schools are required to have a CPA complete a report for submission to LDR and the Department of Education (DOE) detailing all donations by March 1 each year. Taxpayers are required to apply to LDR in the first two months of the calendar year following year in which the credit is earned. Total credits that are limited to \$1 million each year with credits issued on a first-come, first-served basis with no limit to the amount of credits an individual taxpayer can claim. Effective January 1, 2026 and applicable to taxable periods beginning on or after January 1, 2026. No credits will be granted for taxable periods beginning on or after January 1, 2028.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$118,317	\$96,116	\$99,000	\$0	\$313,433
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	\$118,317	\$96,116	\$99,000	\$0	\$313,433

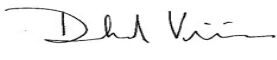
REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	(\$1,000,000)	(\$1,000,000)	\$0	\$0	(\$2,000,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	(\$1,000,000)	(\$1,000,000)	\$0	\$0	(\$2,000,000)

EXPENDITURE EXPLANATION
The bill is anticipated to increase \$118,317 SGR and one (1) T.O. in the Department of Revenue (LDR) in FY27. One time costs of \$25,000 are expected in FY27 related to computer system development, modification, and testing. LDR reports one Revenue Tax Specialist 1 with salary and related benefits of \$93,317 will be necessary beginning in FY27 to review and process applications/returns claiming the credit. The department reports the ability to absorb this amount within its current budget but may require additional resources if the aggregate impact of all bills enacted during this session is substantive.

REVENUE EXPLANATION
The bill is anticipated to decrease SGF revenue by \$1M in FY27 and \$1M in FY28. Taxpayers may receive an income tax credit for 95% of the amount provided as donations to “D” or “F” graded public schools in 2026 and 2027. The maximum amount of credits that may be issued in any given year is limited to \$1M, but the exact amount of claimed credits is dependent upon taxpayer donation behavior. LFO anticipates sufficient volume in the proposed 95% credit program to reach the annual maximum amount of \$1M each year. With excess credits allowed to roll into the next year, the credits may be granted to capacity before the sunset date.

No carryforward provision is stated in the proposed measure. There is no cap on the maximum amount any single taxpayer can claim, although aggregate credits are limited to \$1M each year. The last year for eligible donations is 2027, with the last year of anticipated revenue loss occurring in FY28 when returns are filed. In order to be eligible for the credit taxpayers must apply to LDR in the first two months of the year, following the calendar year in which the donation was made.

Note: The SGF impact may originate as the LDR retention of 1% of income and sales tax collections initially classified as SGR but ultimately reverted to the SGF for use in the budget. Should LDR reversions cease, this could become an SGR impact.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}	<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}		
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}	<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}		Deborah Vivien Chief Economist