



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 238** HLS 25RS 145

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: June 14, 2025	7:24 AM	Author: MCFARLAND
Dept./Agy.: Dept. of Revenue / Dept. of Children & Family Services		
Subject: Income Tax: Foster Care Adoptions and Donations		Analyst: Noah O'Dell

TAX/INCOME TAX

EN NO IMPACT GF RV See Note

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Provides relative to tax benefits for adoption of children from foster care and donations to foster care charitable organizations

Current law authorizes a tax deduction of \$5,000 for taxpayer that adopt a child who is in foster care and provides relative to necessary documentation to verify the adoption, if requested, by the Dept. of Revenue (LDR). Current law authorizes a a nonrefundable tax credit equal to the amount of the donation, limited to \$50,000, provided by a taxpayer to certain foster care charitable organizations. The total amount of credits each year is limited to \$500,000. Qualified foster care charitable organizations are defined. LDR is required to provide a standardized format for the receipt for donations.

Proposed law appears to make technical revisions related to the administration of the deduction and tax credit administered by LDR, clarifies the definition of tax dependents in light of state tax reform, and requires certain reporting of foster care adoption and data by the Department of Children and Family Services (DCFS) to the Department of Revenue.
Effective upon governor’s signature and applicable to tax years beginning on or after January 1, 2025

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	\$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	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	\$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

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. DCFS is able to provide the necessary adoption and nonprofit data to LDR under current budget and departmental responsibilities at no additional cost.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. The bill allows for certain exceptions regarding documentation when applying for the tax deduction for adoption from foster care, replaces the need to apply to LDR to be eligible recipients under the foster care charitable organizations credit with a licensed “child placing agency to provide adoption and foster care services” designation from DCFS, specifies information that must be provided on the receipt to donors, and revises the definition of qualifying foster care charitable organizations. DCFS reports six organizations currently meet the criteria of qualifying foster care charitable organizations. None of the changes in the proposed measure are anticipated to materially affect SGF revenue loss associated with the income tax deduction and credit.

For informational purposes, the Tax Exemption Budget for 2024-2025 published by LDR indicates the tax revenue loss associated with the deduction for the adoption of children from foster care and tax credit for donations to foster care charitable organizations is reported to be approximately \$40,000 and \$15,000 respectively in FY24.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	
<input 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