

# HB 1174 -- TAX CREDITS FOR CERTAIN BENEVOLENT ORGANIZATIONS

SPONSOR: Toalson Reisch

Beginning January 1, 2022, a taxpayer will be allowed to claim a tax credit against the taxpayer's state tax liability in an amount equal to 50% of the taxpayer's contribution to a 501(c)(3) tax-exempt organization, including any faith-based organization, peer- or community-based organization, or recovery community center or outreach that provides recovery support services and assistance to justice-involved individuals and people in recovery from substance use disorders that does not have an annual budget in excess of \$5 million, does not have any employees who receive more than \$100,000 in compensation annually, and is not licensed with this state as clinical treatment providers. A organization does not need to be contracted with this state as a recovery support services provider, but must meet the qualifications to be contracted with this state as a provider. No housing organization will be eligible unless accredited by the National Alliance of Recovery Residences (NARR) or Adult and Teen Challenge (ATC) USA.

No contribution can be used to purchase goods or services from or to produce a direct financial benefit for the contributor. An organization must use the taxpayer's contribution to assist people in recovery from substance use disorders by providing such people with recovery support services including, but not limited to, supportive housing.

Tax credits under this bill are nonrefundable but may be carried forward to the next four tax years. Except for any excess credit carried forward, a taxpayer will not be allowed to claim a tax credit under this bill unless the total amount of the taxpayer's contribution or contributions in the tax year to one or more organizations has a value of at least \$250.

The Director of the Department of Mental Health will determine, at least annually, which organizations in this state may be classified as organizations qualified under requirements of this bill. The Director may require an organization seeking to be classified as a qualified organization to provide any information that is reasonably necessary for the Director to make such a determination.

The Director of the Department of Mental Health will establish a procedure, in consultation with the Department of Revenue, by which a taxpayer can determine if an organization has been classified as a qualified organization.

Upon receipt and acceptance of a contribution from a taxpayer, such an organization will issue to the taxpayer a statement evidencing

the receipt of such contribution, including the monetary value of such contribution. However, a organization is permitted to decline a contribution from a taxpayer.

Each qualified organization will provide information to the Director of the Department of Revenue relating to the identity of each taxpayer making a contribution to the qualified organization who is claiming a tax credit under this bill and the amount of such taxpayer's contribution.

The Director of the Department of Revenue will not authorize more than \$2.5 million in tax credits in any calendar year. Tax credits will be authorized on a first-come, first-served basis. In any given tax year, no more than 20% of the total tax credits available under this bill will be authorized for contributions to any particular qualified organization.

The new program established under this bill will automatically sunset on December 31st, six years after the effective date of this bill unless reauthorized by an act of the General Assembly.