

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2353H.011
 Bill No.: HB 1176
 Subject: Tax Credits; Taxation and Revenue - Income; Taxation and Revenue - General;
 Department of Revenue, Charities
 Type: Original
 Date: February 9, 2025

Bill Summary: This proposal modifies provisions relating to an income tax credit for contributions to Pregnancy Resource Centers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue Fund*	\$0	(\$3,060,345)	(\$3,060,345)
Total Estimated Net Effect on General Revenue	\$0	(\$3,060,345)	(\$3,060,345)

*Oversight reflects the difference between current 70% and proposed 100% in contribution tax credits available to taxpayers beginning in FY 2027.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 135.630 The Pregnancy Resource Center Tax Credit

Officials from **Department of Revenue (DOR)** assume this proposal changes the Pregnancy Resource Center Tax Credit program. The Pregnancy Resource Center Tax Credit program gives a taxpayer who makes a contribution to a pregnancy resource center a tax credit equal to 70% of the contribution amount.

This tax credit was created in 2006 and given a \$2 million cap. The cap was raised to \$2.5 million in 2014 with it raised to \$3.5 M in 2018. The cap was removed starting July 1, 2021.

For informational purposes DOR is providing the amount issued and redeemed for this credit.

Year	Issued	Total Redeemed
FY 2024	\$11,245,025.24	\$7,533,879.98
FY 2023	\$10,098,879.47	\$8,131,329.41
FY 2022	\$10,910,488.95	\$5,757,203.91
FY 2021	\$3,358,998.95	\$2,900,451.16
FY 2020	\$3,274,044.98	\$2,381,620.61
FY 2019	\$2,498,735.54	\$1,259,766.60
FY 2018	\$2,499,393.98	\$2,094,375.23
FY 2017	\$2,443,386.34	\$2,183,504.71
FY 2016	\$2,499,441.93	\$1,845,874.70
FY 2015	\$2,326,435.41	\$1,581,045.10

This proposal increases the percent of the contribution from 70% to 100% for the amount of the tax credit a person receives. An increase of \$3,060,345. It is unclear if this would encourage more taxpayers to contribute and claim the tax credit. The three-year average of the redemptions of the program has been \$7,140,804. Since this program does not have an annual cap, it is expected to result in additional impact to the state.

The Department will need to update their computer programs (\$1,832) and forms (\$2,200) for each credit. DOR estimates the total cost of the changes at \$4,032.

Oversight notes the proposal allows for 100% contribution tax credit amount against the taxpayer's tax liability.

Oversight notes the average 3 year redemption below:

Year	Redemption
2024	\$7,533,880
2023	\$8,131,329
2022	\$5,757,204
Average	\$7,140,804

Oversight notes the \$7,140,804 redemption total at 70% would equal \$10,201,149 at 100% (\$7,140,804 / .70). The increase is estimated at \$3,060,345 (\$10,201,149 - \$7,140,804). Therefore, Oversight will note the estimated average difference of \$3,060,345 beginning FY 2027 and thereafter in the fiscal note.

Officials from the **Department of Social Services, Office of the Secretary of State** and the **Oversight Division** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
<u>Costs</u> – Section 135.630 Pregnancy Resource Center	<u>\$0</u>	<u>(\$3,060,345)</u>	<u>(\$3,060,345)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>(\$3,060,345)</u>	<u>(\$3,060,345)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

A direct fiscal impact to small businesses would be expected as a result of this proposal upon qualified donation made.

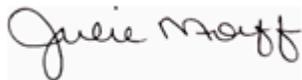
FISCAL DESCRIPTION

Currently, a taxpayer may be allowed a tax credit in an amount equal to 70% towards a contribution to a pregnancy resource center. Beginning January 1, 2026, the tax credit increases to 100%.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of the Secretary of State
Joint Committee on Administrative Rules
Oversight Division
Department of Health and Senior Services



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February 9, 2025



Jessica Harris
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February 9, 2025