

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2727S.01I
Bill No.: SB 681
Subject: Tax Credits; Taxation and Revenue - Income
Type: Original
Date: April 14, 2025

Bill Summary: This proposal modifies provisions relating to tax credits 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	Could exceed (\$3,060,345)	Could exceed (\$3,060,345)
Total Estimated Net Effect on General Revenue	\$0	Could exceed (\$3,060,345)	Could exceed (\$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 Pregnancy Resource Center Tax Credit

Officials from the **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 at 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 we are 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 percentage 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 to the Department's computer programs (\$1,832) and forms (\$2,200) for each credit. DOR estimates the total cost of the changes at \$4,032.

Officials from the **Office of Administration – Budget & Planning (B&P)** assume this proposal would increase the contribution percentage granted for the pregnancy resource tax credit starting with tax year 2026. Currently a tax credit is granted for 50% of a donation, with no limit on the amount authorized, issued, or redeemed. Under this proposal a tax credit would be granted for 100% of a donation.

In FY24, \$7,533,880 was redeemed for this tax credit program. Based on this, B&P estimates that there were \$15,067,760 in qualifying donations. Therefore, B&P estimates that provision would have resulted in additional credits of \$7,533,880 (\$15,067,760 new credits - \$7,533,880 existing credits) starting with tax year 2026.

B&P notes that while this proposal would begin for tax year 2026, the increased donations would not be taken until taxpayers file their annual return in the winter / spring of 2027. Therefore, this proposal could reduce TSR and GR by \$7,533,880 annually beginning in FY27.

Oversight notes that average cost of the redemption from FY 2022-2024 was \$7,140,804 at 70%.

Oversight notes that this proposal beginning on or after January 1, 2026, a taxpayer shall be allowed to claim a tax credit equal to 100% percent of contributions.

Oversight notes that the 100% redemption would allow taxpayers to receive an additional \$3,060,345 (\$10,201,345 - \$7,140,804) for the same period of the time (FY 2022- FY 2024). Therefore, **Oversight** will reflect the estimated difference that could be less or exceed the \$3,060,345 (rounded to near dollar), beginning FY 2027.

Officials from the **Office of the Secretary of State**, the **Joint Committee on Administrative Rules**, and the **Oversight Division**, and the **Department of Social Services** each assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

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

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Current law authorizes a taxpayer to claim a tax credit in an amount equal to seventy percent of contributions made to pregnancy resource centers. For all tax years beginning on or after January 1, 2026, this act authorizes such tax credit in an amount equal to one hundred percent of such contribution.

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

Oversight Division

Office of the Secretary of State

Department of Revenue

Office of Administration – Budget & Planning

Department of Social Services

Joint Committee on Administrative Rules



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April 14, 2025



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