

LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT

LS 6678

BILL NUMBER: HB 1425

NOTE PREPARED: Dec 17, 2025

BILL AMENDED:

SUBJECT: Social Service Provider Tax Credit.

FIRST AUTHOR: Rep. Smith H

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: The bill allows a qualified taxpayer to claim a credit against the taxpayer's state tax liability for designated contributions to qualified nonprofit organizations that provide:

- (1) comprehensive case management services for at risk families;
- (2) family support services;
- (3) in-school programs, community based events, or online resources to assist fathers in learning and improving parenting skills; or
- (4) programs that provide mutual support systems among mothers in raising children or information for mothers to enhance child development.

Effective Date: January 1, 2027.

Explanation of State Expenditures: *Department of State Revenue (DOR):* The bill establishes a new nonrefundable tax credit. The DOR will experience additional workload and expenses to put the bill's changes in place. The DOR should be able to make these changes within current resource levels.

Explanation of State Revenues: The bill provides a nonrefundable tax credit for contributions to qualified nonprofit organizations in tax years 2027 through 2035. The bill could reduce state General Fund revenues by up to \$5 M beginning in FY 2028. The credit may be carried forward.

The tax credit may be applied against a taxpayer's liability for the following taxes:

- Corporate income tax,
- Individual income tax,
- Financial institutions tax,
- Insurance premiums tax.

The tax credit is limited to the lesser of the total amount of contributions made by the taxpayer to a qualified nonprofit organization during a taxable year or 50% of the taxpayer's state tax liability. A taxpayer may apply for a credit of up to \$1 M in a fiscal year. The total amount of credits awarded annually is capped at \$5 M each fiscal year.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue.

Local Agencies Affected:

Information Sources:

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