

HB356 INTRODUCED



1 HB356
2 P24QGGG-1
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4 Standridge, Kirkland, Brown, Yarbrough, Colvin, Paschal,
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7 RFD: Ways and Means Education
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SYNOPSIS:

This bill would provide a state income tax credit to individuals and businesses that make voluntary cash contributions to an eligible pregnancy center or residential maternity facility.

A BILL
TO BE ENTITLED
AN ACT

Relating to income tax; to enact the Pregnancy Resource Act; to provide a state income tax credit to individuals and businesses that make contributions to eligible charitable organizations that operate as a pregnancy center or residential maternity facility; and to specify the obligations of the Department of Revenue in implementing the act.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) This section shall be known and may be cited as the "Pregnancy Resource Act."

(b) For the purposes of this section, the following words and phrases have the meanings ascribed in this section unless the context clearly indicates otherwise:

- (1) "Department" means the Department of Revenue.
- (2) "Eligible charitable organization" means an



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29 organization that is all of the following:

30 a. Exempt from federal income taxation under Section
31 501(c)(3) of the Internal Revenue Code.

32 b. An Alabama nonprofit formed under Title 10A, Chapter
33 3, Code of Alabama 1975.

34 c. A pregnancy center or residential maternity facility
35 that does all of the following:

36 1. Regularly answers a dedicated phone number for
37 clients.

38 2. Maintains in this state its primary physical office,
39 clinic, or residential home, which is open for clients for a
40 minimum of 20 hours a week, excluding state holidays.

41 3. Offers services, at no cost to the client, for the
42 express purpose of providing assistance to women in order to
43 carry their pregnancy to term, encouraging parenting or
44 adoption, preventing abortion, and promoting healthy
45 childbirth.

46 4. Utilizes trained and licensed medical professionals
47 to perform any available medical procedures.

48 (c)(1) The tax credit authorized in this section shall
49 be available to both of the following:

50 a. A taxpayer who is an individual taxpayer, except
51 that a husband and wife who file separate returns for a
52 taxable year in which they could have filed a joint return may
53 each claim only one-half of the tax credit that would have
54 been allowed for a joint return.

55 b. A taxpayer who is a business enterprise engaged in
56 commercial, industrial, or professional activities and



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57 operating as a corporation, limited liability company,
58 partnership, or sole proprietorship.

59 (2) Except as otherwise provided in this section, a
60 credit is allowed against the state income tax imposed by
61 Section 40-18-2, Code of Alabama 1975, for voluntary cash
62 contributions made by a taxpayer during the taxable year to an
63 eligible charitable organization. The amount of credit that
64 may be claimed by a taxpayer in a taxable year shall not
65 exceed 50 percent of the total state income tax liability of
66 the taxpayer. Any tax credit claimed under this section but
67 not used in any taxable year may be carried forward for five
68 consecutive years from the close of the tax year in which the
69 credits were earned.

70 (3) A contribution for which a credit is claimed under
71 this section may not be used as a deduction by the taxpayer
72 for state income tax purposes.

73 (4) No tax credit provided by this section may be
74 transferred to another taxpayer.

75 (d) Taxpayers taking a credit authorized by this
76 section shall provide the name of the eligible charitable
77 organization and the amount of the contribution to the
78 department on forms provided by the department.

79 (e) (1) An eligible charitable organization shall
80 provide the department with a written certification that it
81 meets all criteria to be considered an eligible charitable
82 organization. The organization shall also notify the
83 department within 60 days of any changes that may affect
84 eligibility under this section.



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85 (2) The eligible charitable organization's written
86 certification must be signed by an officer of the organization
87 under penalty of perjury. The written certification shall
88 include all of the following:

89 a. Verification of the organization's status under
90 Section 501(c)(3) of the Internal Revenue Code.

91 b. A statement that the organization does not provide,
92 pay for, refer for, promote or provide coverage of drug
93 induced or surgical abortions and does not financially or
94 otherwise support, partner with, or affiliate with any other
95 entity that provides, pays for, refers for, promotes or
96 provides coverage of abortions, including nonsurgical
97 abortions and abortifacients.

98 c. A statement that the organization maintains its
99 principal office or presence in this state and that at least
100 50 percent of its clients claim to be residents of this state.

101 (f) The department shall review each written
102 certification and determine whether the organization meets all
103 the criteria to be considered an eligible charitable
104 organization and notify the organization of its determination.
105 The department may also periodically request recertification
106 from the organization. The department shall compile and make
107 available to the public a list of eligible charitable
108 organizations.

109 (g) Tax credits authorized by this section that are
110 earned by a partnership, limited liability company, S
111 corporation, or other similar pass-through entity, shall be
112 allocated among all partners, members, or shareholders,



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113 respectively, either in proportion to their ownership interest
114 in such entity or as the partners, members, or shareholders
115 mutually agree as provided in an executed document.

116 (h) A taxpayer shall apply for credits with the
117 department on forms prescribed by the department. In the
118 application, the taxpayer shall certify to the department the
119 dollar amount of the contributions made or to be made during
120 the calendar year. Within 30 days after the receipt of an
121 application, the department shall allocate credits based on
122 the dollar amount of contributions as certified in the
123 application. However, if the department cannot allocate the
124 full amount of credits certified in the application due to the
125 limit on the aggregate amount of credits that may be awarded
126 under this section in a calendar year, the department shall so
127 notify the applicant within 30 days with the amount of
128 credits, if any, that may be allocated to the applicant in the
129 calendar year. Once the department has allocated credits to a
130 taxpayer, if the contribution for which a credit is allocated
131 has not been made as of the date of the allocation, then the
132 contribution must be made not later than 90 days from the date
133 of the allocation. If the contribution is not made within such
134 time period, the allocation shall be cancelled and returned to
135 the department for reallocation. Upon final documentation of
136 the contributions, if the actual dollar amount of the
137 contributions is lower than the amount estimated, the
138 department shall adjust the tax credit allowed under this
139 section.

140 (i) The aggregate amount of tax credits that may be



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141 allocated by the department under this section during a
142 calendar year shall not exceed ten million dollars
143 (\$10,000,000). No more than 50 percent of the total amount of
144 credits provided for by this section may be allocated for
145 contributions to a single eligible charitable organization
146 during a calendar year.

147 (j) The department may enact rules as necessary to
148 implement and administer the provisions of this section.

149 (k) The tax credits allowed under this section shall be
150 effective January 1, 2025, for the 2025 tax year and shall
151 continue through the 2029 tax year, unless extended by act of
152 the Legislature.

153 Section 2. This act shall become effective on January
154 1, 2025.