



**State of Arkansas
Department of Finance and Administration
Fiscal Impact Statement**

Bill: HB1404

Bill Subtitle: TO CREATE A TAX CREDIT FOR CONTRIBUTIONS TO A PREGNANCY HELP ORGANIZATION.

Sponsors:

Rep. Cooper and Sen. Payton

Basic Change:

HB1404 creates a nonrefundable tax credit for a contribution to a qualifying pregnancy help organization, including a maternity home, an adoption agency, and a social services agency that provides material support and other assistance to individuals facing an unintended pregnancy. Contributions qualifying for the credit include donations of cash, stock, bonds, or other marketable securities or real property. HB1404 allows a credit equal to 50% of the total amount of contributions a taxpayer made to a pregnancy help organization during the tax year.

A pregnancy help organization means an organization that:

- Exists as of January 1, 2023;
- Seeks to provide a range of services to individuals facing an unintended pregnancy with the intention of encouraging pregnant women to give birth to their unborn children; and
- Does not perform, prescribe, encourage, or provide referrals for abortions, or affiliate with an organization that performs, prescribes, encourages, or provides referrals for abortions.

HB1404 is effective for tax years beginning on or after January 1, 2025.

Fiscal Impact:

FY2026 - \$10M General Revenue Reduction

Taxpayer Impact:

A taxpayer who contributes to an eligible pregnancy help organization can reduce his or her tax liability by claiming a non-refundable credit for 50% of the amount contributed.

Resources Required:

Computer programs, tax forms, and instructions will need to be updated. Arkansas Integrated Revenue System (AIRS) programming would be required for a new income tax credit and is estimated to cost \$8,000.

Time Required:

Adequate time is provided for implementation.

Procedural Changes:

Department employees will need to be educated as well as the tax community.



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Other Comments:

None.

Legal Analysis:

HB1404 does not specify whether an eligible donation to a pregnancy help organization would also qualify for a charitable deduction for income tax purposes. HB1404 may also benefit from an amendment to provide guidance on the proper method for establishing the value of a non-cash donation made to a pregnancy help organization.