

REPORT OF THE SALES & USE TAX AND INCOME TAX SUBCOMMITTEE

(Long, Hosey, Stavrinakis, Taylor & Crawford - Staff Contact: Jane Leneave)

SENATE BILL 32 Pregnancy Care Tax Credit

Summary of Bill:

This bill enacts the Pregnancy Resource Act and creates an income tax credit for voluntary cash contributions made to qualifying pregnancy resource centers, crisis pregnancy centers, maternity homes, or residential programs for human trafficking victims. A taxpayer may claim a nonrefundable income tax credit equal to up to 50% of the taxpayer's total state income tax liability for cash contributions made to an eligible charitable organization, with unused credit carried forward for five consecutive years from the close of the tax year in which the credits were earned. Eligible charitable organizations must be 501(c)(3) nonprofits and must meet certain criteria related to child protection, adoption, prevention of abuse or trafficking, or support for carrying a pregnancy to term, preventing abortion, and promoting healthy childbirth. In addition, organizations are prohibited from providing, funding, or supporting abortions and must limit administrative expenses to no more than 20% of contributions received under the program. No more than 25% of the aggregate amount of tax credits may be allocated to a single charitable organization, with the exception of credits that are not allocated before June 1, 2026, which are allowed to be allocated without regard to the 25% restriction in the same calendar year.

Estimated Fiscal Impact:

The bill will reduce General Fund individual and corporate income tax revenue by a total of up to \$3.5 million in FY 26/27 and annually thereafter until December 31, 2030, after which the credit is repealed. The timing of the revenue may be affected because taxpayers may carry forward credits for five tax years from the close of the tax year in which the credits were earned.

Subcommittee Action/Explanation:

Passed favorably.

Full Committee Action/Explanation:

N/A

Other Notes/Comments:

- The bill requires each eligible charitable organization to provide DOR with a written certification confirming that it meets all eligibility criteria. The bill will have no expenditure impact on DOR as the agency will be able to administer with existing staff and resources.
- Data shows that there were 29 such organizations headquartered in the state with a total annual reported contribution of approximately \$13,690,000 based on filings from either 2022 or 2023. Secretary of State reports filings of 13 additional charitable organizations headquartered out of state that indicate being either a pregnancy resource center or a crisis pregnancy center, and that may also receive contributions from SC taxpayers.
- Bill passed unanimously in the Senate 45-0.



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

STATEMENT OF ESTIMATED FISCAL IMPACT

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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

| | | |
|------------------------|---------------------------|--|
| Bill Number: | S.0032 | Amended by the Senate on April 1, 2025 |
| Subject: | Pregnancy Care Tax Credit | |
| Requestor: | House Ways and Means | |
| RFA Analyst(s): | Jolliff | |
| Impact Date: | March 31, 2026 | |

Fiscal Impact Summary

This bill as amended creates an income tax credit for taxpayers who make cash contributions to eligible charitable organizations that are a pregnancy resource center, a crisis pregnancy center, maternity home, or residential program for human trafficking victims. The amount of the tax credit that can be claimed by a taxpayer is limited to 50 percent of the taxpayer's total tax liability for the tax year. Further, the bill limits the aggregate amount of the tax credit allocated in a calendar year to \$3,500,000. The bill also allows unused tax credits to be carried forward for five consecutive years from the close of the tax year in which the credits are earned. The credit is repealed on December 31, 2030, except that any credits earned before the repeal may be claimed for the allowable carryforward period. The bill takes effect upon approval by the Governor and first applies to tax year 2025.

The bill requires each eligible charitable organization to provide the Department of Revenue (DOR) with a written certification confirming that it meets all eligibility criteria. Additionally, DOR is required to compile a list of eligible charitable organizations and make the list publicly available. The bill will have a minimal expenditure impact on DOR to administer, which can be accomplished with existing staff and resources.

The bill will reduce General Fund individual and corporate income tax revenue by a total of up to \$3,500,000 beginning in FY 2026-27 and annually thereafter until FY 2030-31, after which the credit is repealed. However, the timing of the revenue impact may be affected because taxpayers may carry forward the credits for five tax years.

Explanation of Fiscal Impact

Amended by the Senate on April 1, 2025

State Expenditure

This bill creates an income tax credit for taxpayers who make cash contributions to 501(c)(3) charities that are a pregnancy resource center, a crisis pregnancy center, maternity home, or residential program for human trafficking victims. The bill limits the aggregate amount of the tax credit allocated in a calendar year to \$3,500,000. Additionally, the bill specifies that no more than 25 percent of the aggregate amount of tax credits may be allocated to a single charitable organization. However, any credits not allocated before June 1, 2026, may be allocated without regard to the 25 percent limit in the same calendar year.

The bill requires each eligible charitable organization to provide DOR with a written certification confirming that it meets all eligibility criteria. In order to be recertified, the eligible charitable organization must provide the department with the number and total amount of voluntary cash contributions in the previous tax year as well as a copy of a compilation, review, or compliance audit of the organization's financial statements relating to the grants received, conducted by a certified public accounting firm. Additionally, DOR is required to compile a list of eligible charitable organizations and make the list publicly available.

The bill will have a minimal expenditure impact on DOR as the agency will be able to develop forms and guidance for this tax credit as well as manage the additional requirements with existing staff and resources.

State Revenue

This bill creates an income tax credit for taxpayers who make cash contributions to 501(c)(3) charities that are a pregnancy resource center, a crisis pregnancy center, maternity home, or residential program for human trafficking victims. The amount of the tax credit that can be claimed by a taxpayer is equal to the dollar contributions to the charitable organizations and is limited to 50 percent of the taxpayer's total tax liability for the tax year. Further, the bill limits the aggregate amount of the tax credit allocated in a calendar year to \$3,500,000. Additionally, the bill specifies that no more than 25 percent of the aggregate amount of tax credits may be allocated to a single charitable organization, with the exception of credits that are not allocated before June 1, 2026, which are allowed to be allocated without regard to the 25 percent restriction in the same calendar year. The bill also allows unused tax credits to be carried forward for five consecutive years from the close of the tax year in which the credits are earned. The credit is repealed on December 31, 2030, except that any credits earned before the repeal may be claimed for the allowable carryforward period. The bill takes effect upon approval by the Governor and first applies to tax year 2025.

Based upon filings with the Secretary of State of non-profit charitable organizations that self-identify as a pregnancy resource center, a crisis pregnancy center, maternity home, or residential program for human trafficking victims, there were approximately 30 such organizations headquartered in the state. Annual reported contributions totaled approximately \$14,743,000 based on filings from either 2022 or 2023. Also, there were 14 additional potentially qualifying charitable organizations headquartered out of state that may also receive contributions from SC taxpayers. Based on these data, we expect the contributions eligible for the new tax credit may reach the annual cap of \$3,500,000. Therefore, the bill will reduce General Fund revenue from individual and corporate income taxes by up to \$3,500,000 beginning in FY 2026-27 and annually thereafter until FY 2030-31, after which the credit is repealed. However, taxpayers may carry forward the credit for five years, which may affect the timing of the revenue impact.

Local Expenditure and Local Revenue

N/A



Frank A. Rainwater, Executive Director

South Carolina General Assembly
126th Session, 2025-2026

S. 32

STATUS INFORMATION

General Bill

Sponsors: Senators Grooms, Leber, Rice, Reichenbach, Climer, Garrett, Jackson and Zell
Document Path: SR-0079KM25.docx

Introduced in the Senate on January 14, 2025
Introduced in the House on April 23, 2025
Last Amended on April 1, 2025
Currently residing in the House Committee on **Ways and Means**

Summary: Pregnancy Care Tax Credit

HISTORY OF LEGISLATIVE ACTIONS

| <u>Date</u> | <u>Body</u> | <u>Action Description with journal page number</u> |
|-------------|-------------|--|
| 12/11/2024 | Senate | Prefiled |
| 12/11/2024 | Senate | Referred to Committee on Finance |
| 1/14/2025 | Senate | Introduced and read first time (Senate Journal-page 37) |
| 1/14/2025 | Senate | Referred to Committee on Finance (Senate Journal-page 37) |
| 3/26/2025 | Senate | Committee report: Favorable with amendment Finance (Senate Journal-page 13) |
| 3/28/2025 | | Scrivener's error corrected |
| 4/1/2025 | Senate | Committee Amendment Adopted (Senate Journal-page 19) |
| 4/1/2025 | Senate | Read second time (Senate Journal-page 19) |
| 4/1/2025 | Senate | Roll call Ayes-45 Nays-0 (Senate Journal-page 19) |
| 4/3/2025 | | Scrivener's error corrected |
| 4/15/2025 | Senate | Read third time and sent to House (Senate Journal-page 55) |
| 4/23/2025 | House | Introduced and read first time (House Journal-page 55) |
| 4/23/2025 | House | Referred to Committee on Ways and Means (House Journal-page 55) |

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VERSIONS OF THIS BILL

[12/11/2024](#)
[03/26/2025](#)
[03/28/2025](#)
[04/01/2025](#)
[04/03/2025](#)

1 ~~Indicates Matter Stricken~~

2 Indicates New Matter

3

4 COMMITTEE AMENDMENT ADOPTED

5 April 1, 2025

6

S. 32

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8

9 Introduced by Senators Grooms, Leber, Rice, Reichenbach, Climer, Garrett, Jackson and Zell

10

11 S. Printed 4/1/25--S.

[SEC 4/3/2025 12:50 AM]

12 Read the first time January 14, 2025

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A BILL

11 TO AMEND THE SOUTH CAROLINA CODE OF LAWS SO AS TO ENACT THE “PREGNANCY
12 RESOURCE ACT”; BY ADDING SECTION 12-6-3383 SO AS TO PROVIDE FOR A TAX CREDIT
13 FOR VOLUNTARY CASH CONTRIBUTIONS MADE TO A PREGNANCY RESOURCE CENTER
14 OR CRISIS PREGNANCY CENTER AND TO PROVIDE GUIDELINES FOR THE CREDIT.

15 Amend Title To Conform

16

17 Be it enacted by the General Assembly of the State of South Carolina:

18

19 SECTION 1. This act may be cited as the “Pregnancy Resource Act.”

20

21 SECTION 2. Article 25, Chapter 6, Title 12 of the S.C. Code is amended by adding:

22

23 Section 12-6-3383. (A) As used in this section:

24

(1) “Department” means the Department of Revenue.

25

(2)(a) “Eligible charitable organization” means:

26

(i) an organization that is exempt from federal income taxation under Section 501(c)(3) of the
27 Internal Revenue Code and is a pregnancy resource center, crisis pregnancy center, maternity home, or
28 residential program for human trafficking victims. To be considered an “eligible charitable
29 organization,” the organization must:

30

(A) certify that no more than twenty percent of the contributions received under this section
31 will be spent on administrative purposes; and

32

(B) file the organization’s publicly available Internal Revenue Service filings with the
33 Secretary of State annually; and

34

(ii) provides services for:

35

(A) the prevention and diversion of children from custody with the Department of Social
36 Services;

37

(B) the safety, care, and well-being of children in custody of the Department of Social
38 Services;

39

(C) the express purpose of creating permanency for children through adoption;

40

(D) the prevention of abuse, neglect, abandonment, exploitation, or trafficking of children;

1 or

2 (E) the provision of assistance related to carrying a pregnancy to term, preventing abortion,
3 and promoting healthy childbirth.

4 (B)(1) A taxpayer who makes voluntary cash contributions during the taxable year to an eligible
5 charitable organization is eligible for a nonrefundable tax credit not to exceed fifty percent of his total
6 tax liability for the taxes imposed by this chapter.

7 (2) Any credit claimed under this section but not used in any taxable year may be carried forward
8 for five consecutive years from the close of the tax year in which the credits were earned.

9 (C) A person taking a credit authorized by this section shall provide the name of the eligible
10 charitable organization and the amount of the contribution to the department on forms provided by the
11 department.

12 (D) Each year, an eligible charitable organization shall provide the department with a written
13 certification that it meets all criteria to be considered an eligible charitable organization. The
14 organization shall also notify the department of any changes that may affect eligibility under this
15 section. In order to be recertified, the eligible charitable organization must provide the department with
16 the number and total amount of voluntary cash contributions in the previous tax year as well as a copy
17 of a compilation, review, or compliance audit of the organization's financial statements relating to the
18 grants received, conducted by a certified public accounting firm.

19 (E) The eligible charitable organization's written certification must be signed by an officer of the
20 organization under penalty of perjury. The written certification shall include:

21 (1) verification of the organization's status under Section 501(c)(3) of the Internal Revenue Code;

22 (2) a statement that the organization does not provide, pay for, or provide coverage of abortions
23 and does not financially support any other entity that provides, pays for, or provides coverage of
24 abortions; and

25 (3) any other information that the department requires to administer this section.

26 (F) The department shall review each written certification and recertification and determine whether
27 the organization meets all the criteria to be considered an eligible charitable organization and notify the
28 organization of its determination. The department shall compile a list of eligible charitable
29 organizations and make the list available to the public.

30 (G) Tax credits authorized by this section that are earned by a partnership, limited liability company,
31 S corporation, or other similar pass-through entity, shall be allocated among all partners, members, or
32 shareholders, respectively, either in proportion to their ownership interest in such entity or as the
33 partners, members, or shareholders mutually agree as provided in an executed document.

34 (H) A person shall apply for credits with the department on forms prescribed by the department. In
35 the application, the taxpayer shall certify to the department the dollar amount of the contributions made
36 or to be made during the calendar year. Within thirty days after the receipt of an application, the

1 department shall allocate credits based on the dollar amount of contributions as certified in the
2 application. However, if the department cannot allocate the full amount of credits certified in the
3 application due to the limit on the aggregate amount of credits that may be awarded under this section
4 in a calendar year, the department shall so notify the applicant within thirty days with the amount of
5 credits, if any, that may be allocated to the applicant in the calendar year. Once the department has
6 allocated credits to a person, if the contribution for which a credit is allocated has not been made as of
7 the date of the allocation, then the contribution must be made not later than sixty days from the date of
8 the allocation. If the contribution is not made within such time period, then the allocation shall be
9 cancelled and returned to the department for reallocation. Upon final documentation of the
10 contributions, if the actual dollar amount of the contributions is lower than the amount estimated, then
11 the department shall adjust the tax credit allowed under this section.

12 (I) The aggregate amount of tax credits that may be allocated by the department under this section
13 during a calendar year shall not exceed three million five hundred thousand dollars. For credits
14 allocated during a calendar year for contributions to eligible charitable organizations, no more than
15 twenty-five percent of such credits may be allocated for contributions to a single eligible charitable
16 organization. However, credits not allocated before June 1, 2026 may be allocated without regard to
17 such restriction for the same calendar year.

18 (J) The department may adopt rules necessary to implement the provisions of this section.
19

20 SECTION 3. The provisions of this act are repealed on December 31, 2030, except that if the credit
21 allowed by Section 12-6-3383, as added by this act, is earned before the repeal, the provisions of
22 Section 12-6-3383(B)(2) continue to apply until the credits have been fully claimed.
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24 SECTION 4. This act takes effect upon approval by the Governor and first applies to tax years
25 beginning after 2024.
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