



# 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.*

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<b>Bill Number:</b>	S.0032	Introduced on January 14, 2025
<b>Subject:</b>	Pregnancy Care Tax Credit	
<b>Requestor:</b>	Senate Finance	
<b>RFA Analyst(s):</b>	Manic	
<b>Impact Date:</b>	March 12, 2025	

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### Fiscal Impact Summary

This bill creates an income tax credit for taxpayers who make cash contributions to eligible charitable organizations that are either a pregnancy resource center or a crisis pregnancy center. 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 tax year 2025 to \$3,500,000 and increases this limit to \$10,000,000 beginning in tax year 2026. 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 bill takes effect upon approval by the Governor.

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 is not expected to have an expenditure impact on DOR as we expect 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.

The bill will reduce General Fund individual and corporate income tax revenue by a total of up to \$3,500,000 in FY 2025-26 for tax year 2025 and up to \$10,000,000 annually beginning in FY 2026-27 for tax years 2026 and beyond. 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

#### Introduced on January 14, 2025

##### State Expenditure

This bill creates an income tax credit for taxpayers who make cash contributions to eligible non-profit charitable organizations that are exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and are either a pregnancy resource center or a crisis pregnancy center. 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 tax year 2025 to \$3,500,000 and increases this annual limit to \$10,000,000 beginning in tax year 2026. 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. 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 tax year 2026.

The bill requires each eligible charitable organization to provide 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.

We expect the bill will have no 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 eligible non-profit charitable organizations that are exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and are either a pregnancy resource center or a crisis pregnancy center. 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 tax year 2025 to \$3,500,000 and increases this limit to \$10,000,000 beginning in tax year 2026. 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. 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 tax year 2026.

Given the nature of the tax credit and the fact that the bill allows taxpayers to carry forward unused credits for five consecutive years, we expect taxpayers to take advantage of this tax credit and that credits may reach the annual aggregate amount of \$3,500,000 in tax year 2025 as well as \$10,000,000 beginning in tax year 2026. We have also obtained data from the public Internal Revenue Service filings with the Secretary of State (SOS) of non-profit charitable organizations that self-identify as pregnancy resource centers or crisis pregnancy centers. According to these data, 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. Also, SOS 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. Based on these data, we expect the historical annual level of contributions that exceeds \$10,000,000 to such charitable organizations to remain unchanged in the future.

In summary, based on the characteristics of the tax credit as well as the historical volume of charitable contributions reported in filings of pregnancy resource centers or crisis pregnancy centers published by SOS, we expect total tax credit allocations to reach the annual aggregate amount of \$3,500,000 in tax year 2025 and \$10,000,000 beginning in tax year 2026. Therefore, the bill will reduce General Fund revenue from individual and corporate income taxes by \$3,500,000 in FY 2025-26 and \$10,000,000 beginning in FY 2026-27. However, taxpayers may carry forward the credit for five years, which may affect the timing of the revenue impact.

**Local Expenditure**

N/A

**Local Revenue**

N/A



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