



MISSISSIPPI DEPARTMENT OF REVENUE

Tax Policy and Economic Development Notice 80-21-02 October 26, 2021

Children's Promise Act Notice – 2022

The Children's Promise Act authorizes a credit for businesses that donate to an Eligible Charitable Organization (ECO) or an Educational Services Charitable Organization (ESCO). Miss. Code Ann. Section 27-7-22.41 was amended to increase the aggregate credits that may be allocated to ECOs and ESCOs to \$16,000,000 for the 2022 calendar year.

Up to \$8,000,000 of the tax credits allocated during a calendar year may be allocated for contributions to ECOs that are either licensed by or under contract with the MS Department of Child Protection Services and provide services related to adoption and/or foster care related activities. No more than twenty-five percent (25%) of the credits may be allocated for contributions to a single ECO, resulting in a per ECO cap of \$2,000,000.

Up to \$8,000,000 of the tax credits allocated during a calendar year may be allocated for contributions to ESCOs. No more than five percent (5%) of the credits may be allocated for contributions to a single ESCO, resulting in a per ESCO cap of \$400,000.

Of the \$8,000,000 available for ESCOs, \$2,000,000 is allocated solely for contributions to Magnolia Speech School and \$1,200,000 is allocated solely for ESCOs that provide services to children who have a chronic illness or physical, intellectual, developmental, or emotional disability. Any contributions included in the \$2,000,000 credits not allocated before April 1, 2022, will be made available to all ESCOs. Any contributions included in the \$1,200,000 credits not allocated before April 1, 2022, will be made available to ESCOs that provide services to children in a foster care placement program established by the Department of Child Protection Services, children placed under the Safe Families for Children model, or children at significant risk of entering a foster care placement program established by the Department of Child Protection Services.

The Department expects the caps will be quickly reached. To provide all taxpayers an equal opportunity to obtain an allocation of the credit, the Department is publishing these guidelines on how it will determine who will receive allocations.

Application must be made on the official forms. The 2022 Application for Allocations to Eligible Charitable Organizations can only be used for contributions to ECOs and the 2022 Application for Allocations to Educational Services Charitable Organizations can only be used for contributions to ESCOs. If an application contains an ECO or ESCO entered on the incorrect form, then that single contribution will be removed from consideration for the allocation. The applications will only include one alternative charitable organization for each contribution made. If applications from last year are submitted only the primary choice and the first alternative will be considered. Additional information, including the application, technical bulletin, and a listing of all Eligible Charitable Organizations, is located at <https://www.dor.ms.gov/business/eligible-charitable-organizations-childrens-promise-act>.

Allocations are on a first come, first served basis based on the time and date the application is received by the Department. The Department will begin accepting applications for the 2022 calendar year on Friday, January 1st at 12:00 AM CST by email only. The Department will not be responsible for any technological problems preventing an e-mail from being delivered. E-mailed applications should be sent to contributiontaxcredit@dor.ms.gov. The date and time received shown on the Department's e-mail system will be used as the official receipt time. Since the Department is closed on January 1st and has no way to accept physical applications until January 4th, applications by hand delivery or mail will be accepted beginning January 4th at 8:00 AM CST. Applications received by hand delivery or mail will be stamped as received with the date and time such application is actually received by the Office of Tax Policy and Economic Development. Any applications, whether through e-mail or physical submission, received prior to these dates and times will be returned as ineligible for the 2022 allocation.

Submissions should include only one taxpayer's application. Any e-mail or package that contains more than one taxpayer's application must designate the order in which the applications are to be considered received. If no designation is made, the e-mail will be returned to make the designation.

Proration of the allocation of the credit will only occur if the caps are reached in a way that the Department cannot determine which application was received first. For instance, if the remaining balance of the credit is requested by mail with multiple separate application packets being received at the same time such applications will receive a prorated amount. Prorated amounts will be calculated on actual donations made, not proposed donations.

Taxpayers planning to apply on January 1, 2022, may send a test e-mail to contributiontaxcredit@dor.ms.gov during regular business hours. The Department will respond with the time received shown on our e-mail system. The Department's email system is unable to accept emails over 15MB.