

Department of Legislative Services
2022 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 408 (Senator Elfreth)
Budget and Taxation

Income Tax Credit - Parent of Stillborn Child

This bill allows the parent of a stillborn child to claim a refundable income tax credit equal to \$1,000. **The bill takes effect July 1, 2022, and applies to tax year 2022 and beyond.**

Fiscal Summary

State Effect: General fund revenues decrease by \$225,000 annually beginning in FY 2023 due to tax credits claimed against the personal income tax. General fund expenditures increase by \$40,000 in FY 2023 for one-time tax form changes and computer programming modifications at the Comptroller’s Office.

(in dollars)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
GF Revenue	(\$225,000)	(\$225,000)	(\$225,000)	(\$225,000)	(\$225,000)
GF Expenditure	\$40,000	\$0	\$0	\$0	\$0
Net Effect	(\$265,000)	(\$225,000)	(\$225,000)	(\$225,000)	(\$225,000)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: No similar State income tax credit exists.

State Revenues: Tax credits may be claimed beginning in tax year 2022. As a result, general fund revenues may decrease by \$225,000 annually beginning in fiscal 2023.

This estimate is based on national health statistics and the revenue impact of a similar tax credit available in Minnesota.

State Expenditures: The Comptroller's Office reports that it will incur a one-time general fund expenditure increase of \$40,000 in fiscal 2023 to add the tax credit to personal income tax forms. This includes data processing changes to the income tax return processing and imaging systems and systems testing.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Comptroller's Office; Minnesota Department of Revenue; U.S. Centers for Disease Control and Prevention; Department of Legislative Services

Fiscal Note History: First Reader - February 11, 2022
fnu2/jrb

Analysis by: Robert J. Rehrmann

Direct Inquiries to:

(410) 946-5510

(301) 970-5510