

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1457

**Bill Subtitle: TO CREATE PAISLEY'S LAW; TO AMEND THE INDIVIDUAL INCOME TAX LAWS;
AND TO CREATE AN INCOME TAX CREDIT FOR A STILLBORN CHILD.**

Basic Change :

Sponsors: Rep. Eaves, Cloud, Bentley, Vaught, Dotson, Clowney, Scott

HB1457 creates an individual income tax credit for a stillborn child. The bill provides the credit against the taxpayer's income tax liability in the amount of \$500 for a stillborn child for whom a certificate of birth resulting in stillbirth has been issued under § 20-18-410 and who would have been a dependent of the taxpayer during the taxable year.

This bill is effective for tax years beginning on or after January 1, 2021.

Revenue Impact :

FY2022 - \$139,500 Reduction in State General Revenue.

[Revenue impact is based on the Centers for Disease Control's National Center for Health Statistics, Infant Mortality Rates by State. There were 279 stillborn infants in Arkansas in 2018.]

Taxpayer Impact :

A taxpayer that receives a certificate of birth resulting in stillbirth for the taxable year for a child who would have been a dependent of the taxpayer would be eligible to claim a \$500 non-refundable income tax credit.

Resources Required :

Computer programs tax forms, and instructions will need to be updated.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Computer programs, tax forms and instructions and training manuals will need to be updated. Department employees will need to be educated as well as the tax community.

Other Comments :

None.

Legal Analysis :

HB1457 creates "Paisley's Law," a five hundred dollar (\$500) income tax credit for a stillborn child who was in gestation for 20 weeks or more, for whom a certificate of birth resulting in stillbirth has been

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issued under § 20-18-410, and who would have been a dependent of the taxpayer during the taxable year.

The bill provides that a taxpayer may claim an income tax credit for a stillborn child only for the taxable year in which the stillbirth occurs and that the amount of the income tax credit may not exceed a taxpayer's total income tax liability. In the case of taxpayers who file their income tax return jointly, the credit could only be claimed once. In the case of taxpayers who are married filing separately, or individual unmarried taxpayers, it is unclear which taxpayer would be entitled to claim the credit.