

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB1031**

**Bill Subtitle: TO PROVIDE INCOME TAX RELIEF FOR PARENTS OF CHILDREN WHO ARE BLIND OR DEAF, OR BOTH; AND TO EXTEND THE INCOME TAX CREDIT FOR CHILDREN WITH A DEVELOPMENTAL DISABILITY TO INCLUDE CHILDREN WHO ARE BLIND OR DEAF, OR BOTH.**

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### **Basic Change :**

**Sponsor: Rep. Rye**

HB1031 amends § 26-51-503 to provide an income tax credit of \$500.00 for parents of children who are blind or deaf, or both. The bill will be effective for tax years beginning on or after January 1, 2019.

### **Revenue Impact :**

**FY2020** -\$750,000 Reduction in State General Revenues

### **Taxpayer Impact :**

An estimated 1,500 children are either legally blind or deaf, or both in Arkansas. Parents of those disabled children will need to file an individual income tax return to claim the \$500.00 credit for each child.

### **Resources Required :**

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

### **Time Required :**

Adequate time is provided.

### **Procedural Changes :**

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

### **Other Comments :**

The data used to estimate the number of children came from several sources. The approximate number of children under 21 years of age who are legally blind or deaf in the United States was 1 in 1,000. Based on this statistic, it is estimated that 730 legally blind and 730 legally deaf children reside in Arkansas. Additionally, according to the American Printing House for the blind, there are 600 legally blind children registered in Arkansas. DFA's data concerns children under 21 years of age. DFA is unable to determine the number of persons that are legally blind, deaf, or both over the age of 21 claimed as a dependent.

### **Legal Analysis :**

Under current Arkansas law, a \$500 income tax credit is available to a taxpayer that supports and cares for a dependent child with a developmental disability. This bill extends the \$500 credit to a

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taxpayer that supports and cares for a blind or deaf dependent child. The terms "blind" and "deaf" are defined in the bill and a child's blindness or deafness must be independently certified to qualify for the credit. The scope of the credit may be somewhat limited by new language in the bill that requires that the blind, deaf, or developmentally disabled dependent child reside in the taxpayer's home.