

Department of Finance and Administration

Legislative Impact Statement

Bill: SB261

Amendment Number: S1

Bill Subtitle: TO PROVIDE FOR AN INCOME TAX CREDIT FOR AN UNBORN CHILD; AND TO PROVIDE THAT THE "DEPENDENT" INCLUDES AN UNBORN CHILD FOR PURPOSES OF THE PERSONAL INCOME TAX CREDIT.

Basic Change :

Sponsors: Sen. J. Payton and Rep. Haak

Senate Amendment No. 1 --- SB261-S1 (engrossed S2/21/23) amends the expanded definition of "dependent" to include an "unborn child of a woman who, as of the last day of the tax year, was at least 12 weeks pregnant, as documented in the woman's medical records."

Original Bill --- SB261 allows a "child at any stage of development who is carried in the womb" to qualify as a dependent for income tax purposes.

Currently, the definition of "dependent" is tied to the federal definition found in 26 U.S.C. § 152 as in effect on January 1, 2005. SB261 adds without limitation a "child at any stage of development who is carried in the womb" as a dependent for the purposes of computing state income tax.

SB261 is effective for tax years beginning on or after January 1, 2023.

Revenue Impact :

FY2024 - \$650,000 General Revenue Reduction

Taxpayer Impact :

A taxpayer whose dependent was carried in the womb for at least 12 weeks during the taxable year may claim a personal tax credit in the amount of \$29.

Resources Required :

Computer programs, tax forms, and instructions will need to be updated. Programming for the Arkansas Integrated Revenue System (AIRS) will be required at an estimated cost of \$8,000.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Department employees will need to be educated as well as the tax community.

Other Comments :

None.

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Legal Analysis :

None.