

Fiscal Estimate Narratives

DOR 6/29/2023

LRB Number	23-2486/1	Introduction Number	SB-0344	Estimate Type	Original
Description designating an unborn child as a dependent for income tax purposes and increasing the income tax exemption for a dependent					

Assumptions Used in Arriving at Fiscal Estimate

Under this bill, for purposes of claiming an income tax exemption, subtraction, or credit, the term "dependent" includes an unborn child, and an unborn child is considered a dependent beginning in the taxable year in which a person who is qualified to perform an ultrasound detects a fetal heartbeat in the unborn child.

The bill also increases the individual income tax exemption for a taxpayer's dependent from \$700 to \$1,000. Under the bill, no individual may claim the exemption for an unborn child unless the individual submits with his or her tax return an attestation from a person qualified to perform an ultrasound that the person has detected a fetal heartbeat. In addition, no individual may claim the exemption for a pregnancy that ends in an abortion.

Based on a simulation using the 2019 individual income tax model, adjusting the dependent exemption level from \$700 to \$1,000, would reduce revenue by approximately \$19.5 million annually beginning in fiscal year 2024. Including newly eligible dependents, increases that figure to \$20.2 million annually.

DOR anticipates incurring one-time administrative costs to develop materials and procedures for claiming unborn children. The department also anticipates \$94,000 in new, ongoing costs review claims associated with the bill.

Because this bill reduces tax revenue, it may impact the state's maintenance of effort requirement under the American Rescue Plan Act. The Dept of Administration should review this bill for this specific purpose to provide further clarity on the matter.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description designating an unborn child as a dependent for income tax purposes and increasing the income tax exemption for a dependent		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
II. Annualized Costs:		
	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$See Text	\$
Agency/Prepared By		
Authorized Signature		Date
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