

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6011

BILL NUMBER: HB 1030

NOTE PREPARED: Oct 9, 2007

BILL AMENDED:

SUBJECT: Tax Deduction for Stillborn Child.

FIRST AUTHOR: Rep. Torr

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill provides a \$1,000 deduction from adjusted gross income for each stillborn child born to a taxpayer during a taxable year.

Effective Date: January 1, 2009.

Explanation of State Expenditures: The Department of State Revenue (DOR) will incur additional expenses to revise tax forms, instructions, and computer programs to reflect the new deduction. The DOR's current level of resources should be sufficient to implement the new deduction.

Explanation of State Revenues: *Summary* - The bill creates an Adjusted Gross Income (AGI) Tax deduction equal to \$1,000 for individual taxpayers who have a stillbirth during the taxable year. The deduction could potentially reduce AGI Tax revenue by about \$17,000 to \$20,000 annually beginning in FY 2010.

Background Information - The deduction is equal to \$1,000 in the taxable year for which a certificate of birth resulting in stillbirth is issued to the taxpayer by a local health department. This would reduce the taxpayer's income tax liability by \$34 for that year. According to State Department of Health data, an average of about 540 stillbirths occurred annually in Indiana from 2000 to 2005. The revenue loss estimate assumes between 500 and 600 stillbirths per year and assumes that the deduction is claimed by all eligible taxpayers. Since the deduction is effective beginning in tax year 2009, the fiscal impact would begin in FY 2010. Eighty-six percent of the revenue from the AGI Tax on individuals is deposited in the state General Fund, and 14% of the revenue is deposited in the Property Tax Replacement Fund.

Explanation of Local Expenditures: Because the proposed deduction would serve to decrease taxable income, counties imposing local option income taxes may, as a result, experience a minimal decrease in revenue from these taxes.

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue.

Local Agencies Affected: Counties with a local option income tax.

Information Sources: *Indiana Mortality Report, 2000-2005*, Indiana State Department of Health, Epidemiology Resource Center, Data Analysis Team.

Fiscal Analyst: Jim Landers, 317-232-9869.