



## **Analysis of Original Bill**

Author: Patterson

Sponsor:

Bill Number: AB 2259

Analyst: Jessica Deitchman

Phone: (916) 845-6310

Introduced: February 13, 2018

Attorney: Bruce Langston

Related Bills: See Legislative  
History

**Subject:** Still Birth Credit

### **Summary**

This bill, under the Personal Income Tax Law, would allow a credit to a taxpayer who holds a certificate of still birth.

**Recommendation – No position.**

### **Reason for the Bill**

The reason for the bill is to help those families mourning the loss of a child by offering a tax credit.

### **Effective/Operative Date**

As a tax levy, this bill would be effective immediately upon enactment and specifically operative for taxable years beginning on or after January 1, 2018.

### **Federal/State Law**

Existing state and federal laws provide various tax credits designed to provide tax relief for taxpayers who incur certain expenses (e.g., child adoption) or to influence behavior, including business practices and decisions (e.g., research credits or economic development area hiring credits). These credits generally are designed to provide incentives for taxpayers to perform various actions or activities that they may not otherwise undertake.

Current federal and state laws lack a comparable credit for a still birth.

### **This Bill**

This bill would, for each taxable year beginning on or after January 1, 2018, allow a credit to a taxpayer who holds a Certificate of Still Birth a credit in an amount equal to the credit allowed for a personal exemption for a dependent, for the taxable year in which the certificate is issued.

The bill states that provisions of section 41 does not apply to this credit.

## Implementation Considerations

Implementing this bill would not significantly impact the department's programs and operations.

## Legislative History

Research of California legislation found no proposed or enacted legislation similar to this bill.

## Other States' Information

The states surveyed include *Florida, Illinois, Massachusetts, Michigan, Minnesota, and New York*. These states were selected due to their similarities to California's economy, business entity types, and tax laws.

*Florida, Illinois, Massachusetts, Michigan and New York* lack a credit similar to the one this bill would allow.

*Minnesota*, provides a \$2,000 refundable credit to certain stillbirths that occurred on or after January 1, 2017.

## Fiscal Impact

This bill would require some changes to the existing tax forms and instructions, and information systems. As the bill continues to move through the legislative process, costs will be identified and an appropriation will be requested, if necessary.

## Economic Impact

### Revenue Estimate

This bill would result in the following revenue loss:

Estimated Revenue Impact of AB 2259 as Introduced on February 13, 2018

Assumed Enactment after June 30, 2018, (\$ in Dollars)

Fiscal Year	Revenue
2018-2019	- \$410,000
2019-2020	- \$420,000
2020-2021	- \$430,000

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill.

## Revenue Discussion

Based on data from Centers for Disease Control and Prevention, it is estimated that there would be 2,450 still births in California in 2018. Based on the dependent exemption credit, it is estimated that the still birth credit would be \$363 per still birth, or generate approximately

\$900,000 in credits in 2018. Utilization of the credit would be limited by tax liability. It is estimated that 45 percent of California taxpayers would have sufficient tax liability to claim the credit in the year generated and the remainder would go unused, resulting in an estimated \$410,000 revenue loss in taxable year 2018.

Because this provision would have a limited impact on taxable income, taxpayers are not expected to adjust their withholding or estimated payments. Therefore, the entire fiscal effect of this bill is expected to occur when taxpayers file their tax return.

### **Support/Opposition**

Support: None Provided.

Opposition: None Provided.

### **Arguments**

Proponents: Some may argue that families mourning the loss of a child should be afforded some financial relief by receiving a tax credit.

Opponents: Some may argue that providing a tax credit limited to those families that hold a still birth certificate may be overly narrow and inadvertently exclude families that need assistance.

### **Policy Concerns**

This bill lacks a sunset date. Sunset dates generally are provided to allow periodic review of the effectiveness of the credit by the Legislature.

### **Legislative Staff Contact**

Jessica Deitchman  
Legislative Analyst, FTB  
(916) 845-6310  
[jessica.deitchman@ftb.ca.gov](mailto:jessica.deitchman@ftb.ca.gov)

Jame Eiserman  
Revenue Manager, FTB  
(916) 845-7484  
[jame.eiserman@ftb.ca.gov](mailto:jame.eiserman@ftb.ca.gov)

Diane Deatherage  
Legislative Director, FTB  
(916) 845-6333  
[diane.deatherage@ftb.ca.gov](mailto:diane.deatherage@ftb.ca.gov)