



Summary Analysis of Amended Bill

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Sponsor:

Bill Number: AB 2259

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Amended: April 30, 2018

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Related Bills: See Prior Analysis

Subject: Still Birth Credit

Summary

This bill would, under the Personal Income Tax Law, allow a tax credit for certain costs related to a still birth.

Recommendation – No position.

Summary of Amendments

The April 30, 2018, amendments modified the credit and added a sunset date. As a result of the amendments, the policy concern provided in the department's analysis of the bill as introduced February 13, 2018, has been resolved. Except for the "Effective/Operative Date," "This Bill," and "Economic Impact" sections, the remainder of that analysis still applies. The "Implementation Considerations" and "Fiscal Impact" sections have been restated for convenience.

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, and before January 1, 2023.

This Bill

This bill would, for each taxable year beginning on or after January 1, 2018, and before January 1, 2023, allow a tax credit to a taxpayer who holds a Certificate of Still Birth in an amount equal to the actual amount of medical and burial or cremation costs paid or incurred, not to exceed \$2,000, during the taxable year in which the still birth occurred.

The bill states that Section 41 would not apply to this credit.

This credit would be repealed by its own terms on December 1, 2023.

Implementation Considerations

Implementing this bill would not significantly impact the department.

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.

Economic Impact

Revenue Estimate

This bill would result in the following revenue loss:

Estimated Revenue Impact of AB 2259 as Amended April 30, 2018
For Taxable years Beginning On or After January 1, 2018
Assumed Enactment after June 30, 2018

(\$ in Millions)

Fiscal Year	Revenue
2018-2019	- \$2.3
2019-2020	- \$1.5
2020-2021	- \$1.5

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. Research indicates that the average cost of medical bills and a burial would exceed the maximum credit allowed of \$2,000. It is assumed that all taxpayers would generate a \$2,000 credit, resulting in approximately \$5 million in credit generated in taxable year 2018. Utilization of the credit would be limited by tax liability. It is estimated that California taxpayers would claim 30 percent of the credit in the year generated and the remainder would go unused, resulting in an estimated \$1.4 million revenue loss in taxable year 2018.

The tax-year estimates are converted to fiscal-year revenue estimates, rounded and reflected in the above table.

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