

FISCAL NOTE
Requested by Legislative Council
01/24/2019

Amendment to: HB 1276

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Engrossed HB 1276 changes the income tax law governing the deduction allowed to individuals who suffer a stillbirth.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The stillborn child income tax deduction was created in 2017. The deduction, which is available to an individual who gives birth to a stillborn child, is equal to the federal dependency exemption amount under federal income tax law. The federal Tax Cuts and Jobs Act passed at the end of 2017 changed the federal dependency exemption amount to zero for the 2018 through 2025 tax years, effectively making the stillborn child deduction equal to zero for the same tax years. For this reason, the state deduction was available only for the 2017 tax year.

Section 1 of Engrossed HB 1276 amends the existing law to replace the language referencing federal dependency exemption with the amount of \$4,150, which is the amount the federal dependency exemption would have been absent the federal legislation. Starting with the 2019 tax year, this amount is to be adjusted annually for inflation.

Section 2 of the bill makes the \$4,150 deduction effective retroactively to the 2018 tax year.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

If enacted, Engrossed HB 1276 will have no fiscal impact for the 2019-21 biennium. The bill reinstates a deduction that was already in the law for the previous 2017-19 biennium. The forecast was not adjusted for the removal of this deduction; its reinstatement will not change revenues.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*
- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

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