

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 530** HLS 19RS 804
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 23, 2019 9:33 AM	Author: HODGES
Dept./Agy.: Revenue	Analyst: Benjamin Vincent
Subject: Earned Income Tax Credit: Verification of Residency	

TAX CREDITS EG NO IMPACT GF RV See Note Page 1 of 1

Requires certain taxpayers claiming the earned income tax credit to provide the Dept. of Revenue with certain information regarding residency of dependents

Proposed law requires tax return filers who claim a dependent to provide a statement that the claimed dependent was physically present in the United States for at least six months of the tax year. Proposed law specifies that for the purposes of the Earned Income Tax Credit, a "qualified child" claimed must be physically present in the United States at the time the return is filed, and must have been present for at least 180 days in the tax year for which the credit is claimed, or present for at least 50% of the calendar days of the tax year since the birth of the child or other dependent. Proposed law additionally requires the filer claiming the qualified child to sign a statement attesting that the child meets these requirements, and authorizes the Secretary of the Department of Revenue (LDR) to promulgate rules and regulations to implement these provisions.

Effective January 1, 2020.

EXPENDITURES	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>5 -YEAR TOTAL</u>
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Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

LDR reports that the required taxpayer statement contemplated in proposed law would simply be added to the existing worksheet currently used by taxpayers to calculate the credit. There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

LDR reports that current rules for claiming a qualified child include a rule that the current child must have a social security number, and must have lived with the taxpayer claiming the credit for more than half of the year.

LDR also reports that the Secretary is already authorized by present law to recover any refunded or credited amount that is determined not to be an overpayment.

To the extent that it is voluntarily reported by filers, the requirement in proposed law that the child or dependent be present in the U.S. when the return is filed may result in disqualification for some taxpayers that claim the Earned Income Tax Credit. The anticipated impact of this provision is speculative, but is not anticipated to be material.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Gregory V. Albrecht
Chief Economist