



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 659** HLS 21RS 860
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.: **w/ PROP HSE FLOOR AMD**
 Sub. Bill For.: **REVISED**

Date: May 6, 2021	10:58 AM	Author: WILLARD
Dept./Agy.: Revenue		Analyst: Greg Albrecht
Subject: Tax Credit For Children		

TAX/INCOME-CREDIT EG -\$60,600,000 GF RV See Note Page 1 of 1
 Establishes an income tax credit for taxpayers claiming a dependent less than eighteen years of age

Proposed law (with House floor amendment HFAHB659 416 2022) provides a \$300 refundable tax credit for each child under 7-years old claimed as a dependent on state personal income tax returns. Single filers claiming the credit must have gross income no greater than \$40,000, and no greater than \$80,000 for joint filers.

Applicable to taxable years beginning on or after January 1, 2021.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	(\$60,600,000)	(\$60,600,000)	(\$60,600,000)	(\$60,600,000)	(\$60,600,000)	(\$303,000,000)
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	(\$60,600,000)	(\$60,600,000)	(\$60,600,000)	(\$60,600,000)	(\$60,600,000)	(\$303,000,000)

EXPENDITURE EXPLANATION

The Dept. of Revenue indicates that the costs to modify and test tax systems to incorporate the additional credit provided by the bill would be approximately \$26,000 of staff time.

REVENUE EXPLANATION

An estimate of the fiscal exposure of the bill's tax credit can be determined utilizing dependent claims on state tax returns (2019 tax year) and Census estimates of population by age.

2020 Census estimates indicate that 8.3% of the U.S. population is under seven years old. Applying that share to the population reflected on 2019 state tax returns (taxpayers, spouses, and dependents) results in 311,000 persons on state returns within those age cohorts. Some 65% of the total population reflected on returns are within the FAGI income ranges of \$0-\$40,000 for single & married filing separately filers, and \$0 - \$80,000 for joint & qualifying surviving spouse and head of household filers. Thus an estimated 202,166 children under seven years old are reflected on state tax returns. At \$300 per child, the aggregate credit exposure to state revenues is \$60.6 million per year.

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}

Christopher A. Keaton
Legislative Fiscal Officer