



**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**

Fiscal Note On: **SB 105** SLS 23RS 7  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 27, 2023	6:54 PM	<b>Author:</b> JACKSON
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Income Tax Dependent Deduction: Unborn Child		

TAX/INCOME/PERSONAL OR -\$2,300,000 GF RV See Note Page 1 of 1  
 Expands the income tax deduction for a dependent minor child to include an unborn child. (1/1/24)

Proposed law provides a dependent deduction for certain pregnancies prior to the birth of the dependent, for conceptions occurring on or after January 1, 2024.

Effective January 1, 2024.

<b>EXPENDITURES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	INCREASE	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	(\$2,300,000)	(\$2,300,000)	(\$2,300,000)	(\$2,300,000)	<b>(\$9,200,000)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>	<b>(\$2,300,000)</b>	<b>(\$2,300,000)</b>	<b>(\$2,300,000)</b>	<b>(\$2,300,000)</b>	<b>(\$9,200,000)</b>

**EXPENDITURE EXPLANATION**

Costs to the agency for administration of the deduction have not been determined. LFO anticipates up-front expenditures related to system modification and testing and forms modification. Additionally, some continuing expenditures related to medical records review on occasions where verification is required are anticipated. LDR is expected to utilize self-generated revenue for any additional expenses which could reduce state general fund revenue by lowering reversions.

**REVENUE EXPLANATION**

Proposed law would make available an additional dependent deduction for a large proportion of total pregnancies. The dependent deduction amounts to a deduction of \$1,000 of taxable income per dependent, which is equivalent to \$31 per dependent at an average effective income tax rate of 3.1%.

Proposed law prohibits the deduction for certain pregnancies, however virtually all pregnancies that progress beyond 6-12 weeks will presumably qualify. The most recent data available on the Department of Health's website indicated approximately 63,000 live births, 1,000 perinatal or fetal deaths, and approximately 10,000 induced terminations of pregnancy in a given year.

LFO notes that this data predates the Dobbs v. Jackson decision, which triggered laws making abortions illegal in the state. Although proposed law provides that a pregnancy ending in an abortion is ineligible for the deduction in proposed law, LFO assumes that the pregnant individuals will generally follow current law. LFO thus includes the number of abortions in its estimate of eligible pregnancies.

The figures imply approximately 74,000 eligible pregnancies, and a revenue impact of approximately \$2.3 million annually.

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}

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