

DEPARTMENT OF TAXATION

2023 Fiscal Impact Statement

1. **Patron** Mamie E. Locke

3. **Committee** Senate Finance and Appropriations

4. **Title** Tax Credit for the Loss of a Stillborn Child

2. **Bill Number** SB 908

House of Origin:

X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would establish a refundable individual income tax credit in the amount of \$2,000 for taxpayers who have suffered the loss of delivering a stillborn child. The credit would be allowed only if the child would have become a dependent of the taxpayer. For married taxpayers filing separate income tax returns, only one of the taxpayers would be permitted to claim this credit on their tax return.

This bill would be effective for taxable years beginning on and after January 1, 2023, but before January 1, 2028.

6. **Budget amendment necessary:** Yes.

Items: 274 and 276, Department of Taxation

7. **Fiscal Impact Estimates are:** Preliminary. (See Line 8.)

7a. **Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2023-24	\$114,037	0	GF

8. **Fiscal implications:**

Administrative Costs

This bill would result in administrative costs to the Department of Taxation ("the Department") of \$114,037 in Fiscal Year 2024. Such costs would primarily consist of updating the Department's forms and systems to implement the credit. Any costs thereafter would be considered routine.

Revenue Impact

This bill would have an unknown negative General Fund revenue impact beginning in Fiscal Year 2024. It is unknown to what extent taxpayers would qualify for and claim this credit. According to data from the Centers for Disease Control and Prevention, there were approximately 466 fetal deaths in Virginia in 2020. Based on this information, the

Department estimates that the negative revenue impact associated with this legislation could be as high as \$932,000 annually.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Proposed Legislation

This bill would establish a refundable individual income tax credit in the amount of \$2,000 for taxpayers who have suffered the loss of delivering a stillborn child. The credit would be allowed only if the child would have become a dependent of the taxpayer. For married taxpayers filing separate income tax returns, only one of the taxpayers would be permitted to claim this credit on their tax return.

This bill would define "stillborn child" as a child of the taxpayer

- Who suffered a spontaneous death;
- Who reached no less than 20 complete weeks of gestation calculated from the date the mother's last normal menstrual period began to the date of delivery or weighed 350 grams or more;
- For whom a Certificate of Birth Resulting in Stillbirth has been requested and issued or for whom other documentation verifying a loss of delivering a stillborn child on forms prescribed by the Department can be produced; and
- Whose death was not the result of an induced termination of the pregnancy.

Taxpayers would only be allowed to claim the credit in the taxable year in which the loss of delivering a stillborn child occurred and if the child would have become a dependent of the taxpayer as defined in 26 U.S.C. § 152 of the Internal Revenue Code. For any taxable year in which married persons file separate Virginia income tax returns, the credit would be allowed against the tax liability for only one of such separate tax returns. If more than one child is stillborn in one tax year, the taxpayers would be allowed to claim one credit per stillborn child.

This bill would require the Department to develop guidelines, exempt from the Administrative Process Act, implementing the tax credit.

This bill would be effective for taxable years beginning on and after January 1, 2023, but before January 1, 2028.

Similar Legislation

House Bill 1915 is identical to this bill.

cc : Secretary of Finance

Date: 1/21/2023 JLOF
SB908F161