

April 24, 2018

|                                  | Yes | No |
|----------------------------------|-----|----|
| DOR Administrative Costs/Savings | X   |    |

Department of Revenue

Analysis of S.F. 3850 (Rest) As Proposed to be Amended (SCS3850A-3)

|              | <b>Fund Impact</b>      |                         |                         |                         |
|--------------|-------------------------|-------------------------|-------------------------|-------------------------|
|              | <b><u>F.Y. 2018</u></b> | <b><u>F.Y. 2019</u></b> | <b><u>F.Y. 2020</u></b> | <b><u>F.Y. 2021</u></b> |
|              |                         | (000's)                 |                         |                         |
| General Fund | Negl.                   | Negl.                   | Negl.                   | Negl.                   |

Effective retroactively beginning with tax year 2016.

## **EXPLANATION OF THE BILL**

**Current Law:** A refundable individual income tax credit of \$2,000 is allowed for an individual who is a parent of a stillborn child if the Minnesota Department of Health issued a Certificate of Birth Resulting in Stillbirth for that child, and the individual would have been eligible to claim the child as a dependent. For nonresidents or part-year residents, the credit must be allocated based on the percentage of their income that is attributable to Minnesota.

**Proposed Law:** Under the bill, the individual who gave birth resulting in stillbirth is eligible for the credit. The individual must also be listed as a parent on the certificate of birth resulting in stillbirth issued by the Minnesota Department of Health.

If no individual meets both of those requirements, then the first parent listed on the certificate of birth resulting in stillbirth will be eligible for the credit. For stillbirths occurring in a state other than Minnesota for which no certificate of birth was issued, the individual who gave birth resulting in stillbirth is eligible for the credit.

“Stillbirth” means a birth for which a fetal death report would be required if the birth occurred in Minnesota. A qualifying individual has to be 1) a resident, or 2) a nonresident spouse of a resident who is a member of armed forces of the United States or the United Nations. For a part-year resident, the credit is allocated based on the percentage of income attributable to Minnesota.

## **REVENUE ANALYSIS DETAIL**

- About 250 credits were claimed in tax year 2016, totaling about \$500,000.
- The number of returns affected by the bill is unknown, but is assumed to be negligible.
- The bill extends the credit to residents who give birth in another state, but also generally restricts eligibility to the parent and to residents. The net revenue impact is assumed to be slightly positive.

Source: Minnesota Department of Revenue  
Tax Research Division  
[www.revenue.state.mn.us/research\\_stats/Pages/Revenue-Analyses.aspx](http://www.revenue.state.mn.us/research_stats/Pages/Revenue-Analyses.aspx)