

January 28, 2019

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 37 (Hertaus), As Proposed to be Amended (H0037A1)

	Fund Impact			
	<u>F.Y. 2020</u>	<u>F.Y. 2021</u>	<u>F.Y. 2022</u> (000's)	<u>F.Y. 2023</u>
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. To qualify for the credit, the individual must have been eligible to claim the child as a dependent.

For nonresident 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, a qualifying individual must meet the following criteria:

- Must be either a resident or a nonresident spouse of a resident who is a member of armed forces of the United States or the United Nations.
- Must be the one who gave birth resulting in stillbirth.
- Must be listed as a parent on the certificate of birth.

For a stillbirth occurring in Minnesota, if the person who gave birth is not listed as a parent on the certificate of birth, then the first parent listed on the certificate of birth is 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.

For part-year residents, the credit is allocated based on the percentage of income attributable to Minnesota.

Stillbirth means a birth for which a fetal death report would be required if the birth occurred in Minnesota.

EXPLANATION OF THE BILL (Cont.)

Certificate of birth means a Certificate of Birth Resulting in Stillbirth issued by the Minnesota Department of Health, or for a birth occurring in another state or country, a similar certificate under that state's or country's law.

REVENUE ANALYSIS DETAIL

- The bill changes eligibility for the credit in several ways. The number affected by the bill is unknown, but is assumed to be negligible.
- Retroactive impacts are allocated to fiscal year 2020. All other tax year impacts are allocated to the following fiscal year.

Number of Taxpayers: About 196 credits were claimed for tax year 2017.

Minnesota Department of Revenue
Tax Research Division
www.revenue.state.mn.us/research/stats/Pages/Revenue-Analyses.aspx