

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4869-01  
Bill No.: SB 1064  
Subject: Children and Minors; Revenue Dept.; Taxation and Revenue - Income  
Type: Original  
Date: February 8, 2008

Bill Summary: Would create an income tax dependency exemption for stillborn children.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(Less than \$32,976)	(Less than \$32,976)	(Less than \$32,976)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Less than \$32,976)</b>	<b>(Less than \$32,976)</b>	<b>(Less than \$32,976)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

### ASSUMPTION

Officials from the **Office of Administration, Division of Budget and Planning** (BAP), assume there would be no added cost to their organization as a result of this proposal.

BAP officials noted that this proposal would create a single-year dependency exemption for taxpayers with a stillborn child. According to the CDC, 25,655 fetal deaths occurred in 2004. In 2004, Missouri's population was 1.96% of the US, according to the US Census. That same data shows that Missouri's population grew by 2.3% from 2004 to 2007. Therefore, in 2007 there were an estimated  $25,655 * .0196 * 1.023 = 515$  stillbirths in Missouri. The current dependency exemption is \$2100, therefore \$1,081,500 would be exempted from tax. At an average 4.5% tax rate, general and total state revenues would be reduced by \$48,668 annually.

Officials from the **Department of Social Services** assume this proposal would have no fiscal impact on their organization. The proposal would create an income tax deduction for a stillborn child in the year of the child's birth, if the child otherwise would have been a member of the taxpayer's household.

Officials from the **Department of Health and Senior Services** and the **Department of Revenue** assumed that this proposal would have no fiscal impact on their organizations.

**Oversight** has estimated the fiscal impact of this proposal to the state. According to the Department of Health website, there are an average of 458 fetal deaths per year. Using that rate, the Missouri childhood dependency exemption, and the maximum income tax rate of six percent, the maximum reduction in income tax revenue for this proposal would be  $(458 \times \$1,200 \times 6\%) = \$32,976$ . Oversight assumes the impact would not exceed this amount.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>GENERAL REVENUE FUND</b>			
<u>Revenue reduction - Department of Revenue</u>			
Income tax reduction from dependency exemption for stillborn child	<u>(Less than \$32,976)</u>	<u>(Less than \$32,976)</u>	<u>(Less than \$32,976)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(Less than \$32,976)</u></b>	<b><u>(Less than \$32,976)</u></b>	<b><u>(Less than \$32,976)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal would create an income tax dependency exemption for stillborn children.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration  
Division of Budget and Planning  
Department of Health and Senior Services  
Department of Revenue  
Department of Social Services



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Director  
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