

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1398

Bill Subtitle: TO AMEND PAISLEY'S LAW; AND TO AMEND THE STILLBORN CHILD INCOME TAX CREDIT.

Basic Change :

Sponsor: Rep. Eaves

Act 935 of 2021 created an individual income tax credit for a stillborn child, known as Paisley's Law. Paisley's Law provides a credit against a taxpayer's individual income tax liability in the amount of \$500 for a stillborn child for whom a certificate of birth resulting in stillbirth has been issued and who would have been a dependent of the taxpayer during the taxable year. HB1398 amends Paisley's Law to:

- Increase the credit against the taxpayer's income tax liability from \$500 to \$1,500 for a stillborn child; and
- Require that all manuals, forms, and other documents created by a state agency identify the tax credit as "Paisley's Law."

HB1398 is effective for tax years beginning on or after January 1, 2023.

Revenue Impact :

FY2024 - \$257,000 General Revenue Reduction

Taxpayer Impact :

The available tax credit under Paisley's Law would be increased from \$500 to \$1,500.

Resources Required :

Computer programs, tax forms, and instructions will need to be updated. The Arkansas Integrated Revenue System (AIRS) will require programming at an estimated cost of \$8,000.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Income Tax rules will be updated. Department employees and the tax community will need to be educated. Individual Income Tax forms and instructions will need to be updated.

Other Comments :

None.

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Legal Analysis :

None.