

SB 142 STAFF MEASURE SUMMARY

Senate Committee On Human Services, Mental Health and Recovery

Prepared By: C. Ross, Counsel

Sub-Referral To: Joint Committee On Tax Expenditures

Meeting Dates: 3/25, 4/1

WHAT THE MEASURE DOES:

Continues tax credit for Child with a Disability from January 1, 2022 to January 1, 2028.

ISSUES DISCUSSED:

- Tax credit review process; overview of this credit; Legislative Revenue Office's Research Report No. 2-21
- Longstanding tax credits that are not about incenting behavior, that meet their purpose continuously (this credit enacted in 1985)
- Importance of credit to target population; making value statement that recognizes and respects circumstances of target population

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Most taxpayers can claim a personal exemption credit for themselves, and may claim a spouse, and dependents, as applicable. Taxpayers may not claim a personal exemption credit if they are claimed as a dependent on someone else's tax return, or if they are a single filer with an adjusted gross income (AGI) exceeding \$100,000, or a joint filer with AGI exceeding \$200,000. The Child with a Disability credit is in addition to the standard personal exemption credit. The purpose of the credit is to provide financial assistance or some offset against costs associated with the disability. Taxpayers with AGI up to \$100,000 may claim an additional personal exemption credit for each dependent child who is disabled, defined to include those who are eligible for early intervention services, or diagnosed as specified by Board of Education rules for purposes of special education. (Research Report No. 2-21, *Tax Credit Review: 2021 Session*, Legislative Revenue Office, January 28, 2021, pp. 47 - 51.)

The tax credit for Child with a Disability is currently scheduled to expire January 1, 2022. Senate Bill 142 extends the tax credit for Child with a Disability until January 1, 2028.