

Alberta Darling

Wisconsin State Senator

Co-Chair, Joint Committee on Finance

TESTIMONY BEFORE THE SENATE COMMITTEE ON REVENUE, FINANCIAL INSTITUTIONS, AND RURAL ISSUES

Senate Bill 138

Wednesday, October 11, 2017

Thank you Chairman Marklein and committee members for holding a public hearing on Senate Bill 138. The legislation before you today creates a refundable tax credit for parents of a stillborn child.

Under current law, parents receive a \$1,000 federal tax credit for eligible children. This money is of particular use for new parents, as the credit can aid with the high cost of child birth. However, in Wisconsin, if a child is stillborn, parents are not eligible for this tax credit. By comparison, parents of a child who dies shortly after birth are eligible for this deduction, along with maternity leave.

Senate Bill 138 addresses this inequity by creating a tax credit for parents of stillborn children. A stillbirth is a birth that occurs in Wisconsin for which a fetal death report is required, meaning a miscarriage after at least 20 weeks. In addition to the trauma of a miscarriage, parents of a stillbirth undergo many, if not all, of the same medical costs that parents of a healthy newborn child undergo. Yet, our tax code does not currently recognize these bereaved parents simply because their child did not take his or her first breath.

Senate Bill 138 creates a \$2,000 refundable tax credit for the parents of a stillborn child in Wisconsin. The stillborn tax credit is more than the federal tax credit because even though parents miss work when they have a stillbirth, they may not be eligible for maternity leave. As such, the increased funds are meant to help absorb the costs of lost wages for the time missed during the miscarriage and recovery. Finally, the amendment simply makes it clear that the \$2,000 tax credit cannot be claimed by both unmarried parents and that individuals must submit the fetal death report as proof of eligibility for their tax claim. This amendment will ensure that the credit cannot be abused and will only go to deserving parents.

I'd like to thank the many brave parents of stillborn children who reached out with their support of this bill. I would also like to thank Representative Ballweg for her leadership on this issue. In passing SB 138, Wisconsin can join other states like Minnesota, Indiana, and Michigan in aiding parents of stillborn children. I hope I can count on your support for SB 138.



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WISCONSIN STATE REPRESENTATIVE

41ST ASSEMBLY DISTRICT

Senate Bill 138: Creating a Stillbirth Tax Credit
Testimony of State Representative Joan Ballweg
Senate Committee on Revenue, Financial Institutions and Rural Issues
October 11th, 2017

Thank you, Chair Marklein, and members of the Committee on Revenue, Financial Institutions and Rural Issues for holding this public hearing on SB 138.

SB 138 creates a \$2000 refundable tax credit for the parents of a stillbirth. The proposal defines stillbirth as a birth that occurs in this state that results in a stillbirth for which a fetal death report is required. Sadly in Wisconsin, there are an average of 348 fetal deaths per year. Not only is this a difficult time for parents coping with the loss of their child, but parents of stillborn children undergo many, if not all, the same expenses that parents of a healthy newborn child undergo, such as medical costs and lost wages from missing time at work.

Yet, our tax code creates inequalities between parents by not giving aid to parents simply because their child did not take his or her first breath. For example, there are numerous tax benefits related to children and/or pregnancy if the child survived, like the child tax credit, child and dependent care tax credit, personal exemptions, dependent deductions, and itemized deductions of medical expenses. I believe the tax credit created by SB 138 will treat parents more fairly. By helping to cover some of the expenses, it will grant at least some financial relief to those struggling with the loss of a child. Also, it provides an acknowledgement from the state that these children deserve to be recognized. There are at least five other states, including Minnesota and New Jersey, that we modeled parts of this bill after, that grant a one-time tax credit for stillborn children.

At the request of Department of Revenue (DOR), we introduced an amendment that requires the claimants to provide proof of eligibility for the taxable year to which the claim relates with his or her tax return. This proof of eligibility may be demonstrated by a fetal death report. Also included in the amendment is language that specifies if parents of a stillbirth are unmarried that the maximum amount that may be claimed by each parent is \$1,000 for each stillbirth, which is half of the \$2,000 credit. This was our original intent, but the fiscal estimate from the DOR alerted us to the fact that the bill without the amendment would allow unmarried parents to each claim the full \$2000 credit, thereby increasing the fiscal estimate by \$300,000.

Pro-Life Wisconsin, Wisconsin Right to Life, Wisconsin Family Action Inc., and the Wisconsin Catholic Conference registered in support of this bill.

Thank you for your consideration of SB 138.