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## FISCAL IMPACT REPORT

SPONSOR: Atkins DATE TYPED: 03/05/01 HB 646/HCPAC  
 SHORT TITLE: Income Tax Credit for Pre-Marital Education SB \_\_\_\_\_  
 ANALYST: Williams

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ (4,000.0)	\$ (10,000.0)	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to SB 497, HB 771

### SOURCES OF INFORMATION

LFC Files  
 Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of HCPAC Amendments

The House Consumer Public Affairs Committee amendments clarify a qualifying program must be conducted by a certified marriage therapy representative.

#### Synopsis of Original Bill

The bill authorizes a premarital education or marriage maintenance program credit. The credit would be \$100 upon completion of the program. The credit would be effective beginning tax year 2001. The program must:

- provide a minimum of six hours of education or counseling in no less than three separate sessions;
- be conducted by an official of a religious institution or designee or a license/certified marriage and family therapist, psychiatrist, psychologist, professional clinical mental health counselor, independent social worker or family life educator
- provide written certification on a TRD form

#### Significant Issues

Married couples could claim a \$200 credit.

### **FISCAL IMPLICATIONS**

The fiscal impact initially assumed approximately 250,000 married returns and 285,000 single and head of household returns have at least \$100 in liability. If all of these taxpayers decided to participate in this program to reduce taxes, the bill could reduce recurring general fund revenues by \$54,000.0. However, the fiscal impact could be reduced if the provisions of the bill were more restrictive and the taxpayers claiming the credit were only those people whose primary motivation was to seek counseling. In that case, TRD estimates the general fund revenue loss at \$4,000.0 in FY02 and \$10,000.0 in FY03.

### **ADMINISTRATIVE IMPLICATIONS**

TRD reports minimal impact.

### **TECHNICAL ISSUES**

TRD notes this approach as currently draft could be an incentive for tax avoidance.

TRD notes concerns regarding state support of religion, and suggests the credit be restricted to state-licensed therapists. Further, TRD suggests deleting the language allowing credits to be “spent” in a program sponsored by a religious group.

Premarital education, marriage maintenance and religious institution should be defined if included in the bill.

### **OTHER SUBSTANTIVE ISSUES**

Due to the way the credit is structured, it would not benefit taxpayers without state tax liability.

AW/ar