

BILL SUMMARY
2nd Session of the 57th Legislature

Bill No.:	HB 4003 Rep. Wallace
Version:	INT
Request Number:	4003
Author:	Rep. Fetgatter
Date:	2/21/2020
Impact:	Tax Commission:

Revenue Decrease
FY-22: (\$29.8 Million)

Research Analysis

HB4003, as introduced, authorizes an income tax deduction for qualified infertility treatment expenses effective tax year 2021. Eligible taxpayers must receive an infertility diagnosis from a U.S. licensed physician and receive the treatment from a licensed medical practitioner. The measure also directs the Oklahoma Tax Commission to promulgate rules that outline a specific list of treatments and expenses that would qualify for the deduction.

Prepared By: Quyen Do

Fiscal Analysis

Analysis provided by the Tax Commission:

HB 4003 proposes to amend 68 O.S. § 2358 by enacting a new income tax deduction for qualified infertility treatment expenses paid or incurred by individual taxpayers effective for tax year 2021 and subsequent tax years. Under current law, no specific deduction for infertility treatment expenses is allowed to calculate Oklahoma taxable income.¹

Qualified infertility treatment expenses are amounts paid or incurred by taxpayers for the treatment of infertility from a licensed medical practitioner with respect to a diagnosis of infertility by a physician licensed in the United States.²

Qualified infertility treatment expenses paid or incurred by an individual cannot be deducted under this measure if:

- The expense has been used as a deduction or credit to reduce the taxpayer's taxable income under another provision of law.
- The taxpayer has been reimbursed for such expense by a federal, state, local or private program.
- The taxpayer has been reimbursed for such expense under the provisions of any insurance policy.

To estimate the revenue impact of this proposal, the number of women potentially seeking infertility treatment in Oklahoma was calculated and an estimated average cost³ was applied to arrive at the potential decrease in income tax collections. This is outlined in Table 1 below:

Table 1	
Estimate of Eligible Population	
Number of women child-bearing age in Oklahoma ⁴	642,533
Estimated % using infertility treatments ⁵	12.7%
Potential total number of individuals using infertility treatment	81,602
Less: Taxpayers itemizing and claiming medical ⁶	2,897
Estimated number of individuals using infertility treatments	78,705
Revenue Impact	
Estimated average cost of one in vitro fertilization cycle ⁷	\$12,400
Potential tax savings assuming 3.05% average tax rate	\$378
Estimated number of individuals using infertility treatments	78,705
Estimated total decrease in income tax collections	\$29,766,167

No changes to withholding or estimated tax payments are anticipated as a result of this measure, so the full impact of this measure should occur in FY22 when the tax year 2021 returns are filed.

¹ For a taxpayer that claims itemized deductions on the taxpayer's federal income tax return, medical and dental expenses not reimbursed or paid by others may be claimed as an itemized deduction in an amount that is greater than 7.5% of taxpayer's federal adjusted gross income.

² Specific qualified infertility treatment expenses, i.e. types of treatment, are not defined in this measure. The Tax Commission will be required to promulgate rules which must contain a specific list of infertility treatment expenses which may be presumed to qualify for the deduction.

³ Because data is not available as to the cost of multiple types of infertility treatments or the frequency of infertility treatments, the average cost of one in vitro fertilization cycle was used. This may understate the actual cost of this deduction, since it is possible a taxpayer may undergo multiple IVF cycles in a single tax year or receive more than one type of infertility treatment in a tax year.

⁴ Annual Estimates of the Resident Population for Selected Age Groups by Sex for the United States, States, Counties and Puerto Rico Commonwealth and Municipios: April 1, 2010 to July 1, 2018 Source: U.S. Census Bureau, Population Division Release Date June 2019

⁵ Center for Disease Control and Prevention FastStats *Percent of women aged 15-49 who have ever used infertility services* <https://www.cdc.gov/nchs/fastats/infertility.htm>

⁶ Oklahoma Tax Commission and IRS SOI Data. Analysis of itemized deduction claimers that also claimed medical expenses.

⁷ American Society for Reproductive Medicine <https://www.reproductivefacts.org/faqs/frequently-asked-questions-about-infertility/q06-is-in-vitro-fertilization-expensive/>

Prepared By: Mark Tygret

Other Considerations

None.