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### **‘Babies in the Budget’ Have Been Heard: Indiana Nonprofits Celebrate Newborn Tax Credit Passing Committee Unanimously**

Indianapolis, IN – Today, Senate Bill 497 – legislation that would establish a newborn tax credit for families earning up to 720% of the Federal Poverty Level (\$225,000 for a family of four) – passed unanimously from the Senate Tax and Fiscal Policy Committee. While the law will not impact filers until they file their 2025 taxes next year, it holds great implications for families in Indiana: households with a newborn are able to claim an additional \$500 per child in their first taxable year. This legislation comes at a time when diaper costs for newborns can extend over \$1,000, and childcare in subsequent years can stretch well past ten thousand dollars.

“We are so thrilled that legislators have listened to the financial needs of newborns and their parents in Indiana and passed SB 497 out of committee,” said Olivia Smith, Tax and Budget Policy Analyst at Indiana Community Action Poverty Institute. “We know parents face unique financial challenges when welcoming a new child into their family, so by investing in them with a Newborn Tax Credit, the Indiana Legislature has demonstrated a real commitment to our youngest Hoosiers, as well as the Hoosier parents of today. We are excited for this tax credit to become part of the budget conversation in the Indiana General Assembly.”

The possibility for this legislation to serve as a core foundation for reducing experiences of poverty among generations of future Hoosiers was highlighted as another benefit by David Plasterer, Senior Policy Associate at RESULTS. “Welcoming a new child is one of the most important times in a family’s life,” said Plasterer. “It is also a time when the harms of poverty can do irreversible damage. We know the first year of life is when children are most likely to experience poverty. SB 497 provides flexible tools during that first year so that families can decide how best to support themselves. RESULTS urges the Indiana legislature to include SB 497 in any budget bill this year.”

Ryan Reding Myers, Government Relations and Public Policy Manager at United Way of Central Indiana, echoed these sentiments: “The United Way of Central Indiana is excited to see SB 497

move out of committee, and grateful to Senator Walker for his efforts to bring this bill forward. The Newborn Tax Credit would provide valuable support for new parents and help ease some of the numerous costs of welcoming a new child at a critical time for families' financial security and children's healthy development."

"The proposed Newborn Tax Credit in Indiana has the potential to be a game-changer for Hoosier families, providing immediate financial relief when they need it most," added Paige Wilkins, CEO of Healthier Moms and Babies. "At Healthier Moms and Babies, we serve over 1,000 of the most vulnerable families in Northeast Indiana, and we see firsthand how additional financial support—such as tax refunds—helps parents afford essentials like food, diapers, and medical care. By putting money back into the hands of parents during their child's critical first year, we can alleviate financial stress, improve child well-being, and strengthen families across our state."

As with Healthier Moms and Babies, the Lafayette Urban Ministry sees over 1,000 families each year. The Ministry's Volunteer Legislative Liaison, Patti O'Callaghan, described these families as "hard-working Hoosiers who are doing the best that they can to provide for their families – often working multiple jobs." SB 497, O'Callaghan said, would benefit these hard-working households. "It is particularly difficult for parents of newborns with expenses for medical care, diapers, childcare, and time off work. Financial relief to young families is not only the morally right thing to do, it is also fiscally responsible to invest in families with children."

Other organizations expressing support for the bill also cited the importance of promoting financial stability for families, with Alexander Mingus, the Executive Director of Indiana Catholic Conference noting, "Stable families are the building block of society, and it is good that the state is supporting this role by helping families with some of the costs that come with children. Thank you to all the committee members for advancing this pro-family legislation!"

"Indiana Family Institute is working to create a state where families can thrive, and the newborn tax credit in SB 497 puts money back in the pockets of parents during a time when expenses related to childbirth and childcare are growing faster than salaries, said Josh Hershberger, General Counsel for the Indiana Family Institute. "This is a common sense piece of legislation and a much-needed relief for Hoosier parents."

The broad coalition of support also included organizations such as Indiana Coalition Against Domestic Violence, who recognized the potential for its passage as a key piece of legislation that would facilitate household well-being. "The infant tax credit offers the state of Indiana an opportunity to relieve some of the financial strain on new families," said Laura Berry, Executive Director of the Indiana Coalition Against Domestic Violence. "At the coalition, we know that when families can meet basic needs, the risk of using or experiencing violence in their home decreases, also decreasing the chances of adverse childhood experiences. When new parents are confident that they can pay the bills, they are better parents, neighbors, and employees."

Some organization leaders also reflected on personal impacts arising from the legislation in addition to the state-wide benefits. "On a personal level, with my wife and I expecting our first baby this April, we understand the very real and significant costs that come with having a baby today. I want our daughter to be born in an Indiana that provides economic opportunity for all new Hoosiers, and the Newborn Tax Credits in SB 497 would help make that a reality," said Andrew Bradley, Senior Director of Policy and Strategy for Prosperity Indiana, co-chair of the Indiana Assets and Opportunity Network. "The Newborn Tax Credit in SB 497 is one of Prosperity Indiana's [top member priorities](#) for 2025. At 13.3%, Indiana puts the [fifth-highest tax burden](#) on low-income households in the U.S. as a percentage of their income. A state Child Tax Credit in the form of SB 497's Newborn Tax Credit is a critical opportunity for Indiana to re-imagine how our state tax and budget structure can work together to unlock the economic potential of Hoosier families," concluded Bradley.

Ultimately, babies across the state will be clapping their hands with joy at this good news—and we will be too.

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### **About the Indiana Community Action Poverty Institute**

The Indiana Community Action Poverty Institute engages in research and promotes public policies to help Hoosier families achieve and maintain financial well-being. We believe that when Hoosiers are financially stable, they can achieve their full potential and better contribute to their communities. The Institute is a program of the Indiana Community Action Association.