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EXPAND ADDITIONAL EXEMPTION

House Bill 5391

Sponsor: Rep. Gary Woronchak

House Bill 5392

Sponsor: Rep. Clark Bisbee

Committee: Tax Policy

Complete to 2-18-00

A SUMMARY OF HOUSE BILLS 5391 AND 5392 AS INTRODUCED 2-17-00

The Income Tax Act provides a taxpayer a personal exemption (currently \$2,800) on the state tax form for each personal and dependency deduction allowed on the federal income tax form and also allows a taxpayer an additional exemption of \$900 for each of the following three categories that applies: 65 years of age or older; paraplegic, quadriplegic, hemiplegic, blind, or totally and permanently disabled; and deaf. However, a taxpayer cannot claim both the 65 and older exemption and the totally and permanently disabled exemption. (A “taxpayer” is both the person filing and his or her spouse, if filing a joint return. That is, a person and his or her spouse can each claim each applicable exemption)

House Bill 5391 would 1) increase the additional exemption to \$1,800 from \$900; and 2) permit the taxpayer to claim the additional exemption if a dependent of the taxpayer was included in one of the eligible categories. However, the taxpayer and the dependent could not both claim the additional exemption. House Bill 5392 would specify that the term “dependent” would mean an individual for whom the taxpayer could claim a dependency exemption on the taxpayer’s federal income tax return. The bills would apply to tax years beginning after 1999.

Also under House Bill 5391, the additional exemption for being deaf would be included within the larger category of blind, paraplegic, quadriplegic, and hemiplegic, and totally and permanently disabled rather than being a separate additional exemption. A person whose return includes unemployment compensation amounting to 50 percent or more of adjusted gross income can currently claim an additional exemption of \$900. That would remain unchanged by the bill.

MCL 206.30 and 206.30e

Analyst: C. Couch

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