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House Bills 5391 and 5392 (as passed by the House)
Sponsor: Representative Gary Woronchak (H.B. 5391)
Representative Clark Bisbee (H.B. 5392)
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 3-7-00

CONTENT

House Bill 5391 would amend the Income Tax Act to increase the special exemption for seniors and disabled persons from \$900 to \$1,800; and allow taxpayers to claim the exemption for dependents who were senior citizens or disabled. The bill also would increase from \$900 to \$1,800 the exemption for persons with unemployment compensation of 50% or more of Federal adjusted gross income. **House Bill 5392** would amend the Income Tax Act to define "dependent", for purposes of the special exemption.

Currently, the Act allows a taxpayer to claim a standard personal exemption (currently \$2,800) for each personal and dependent deduction allowed on his or her Federal income tax form. A taxpayer may claim an additional exemption of \$900 for each of the following categories under which he or she qualifies: a) is 65 or older; b) is deaf; c) is paraplegic, quadriplegic, hemiplegic, blind, or (if under 65) totally and permanently disabled; or d) has unemployment compensation that amounts to 50% or more of the taxpayer's Federal adjusted gross income.

House Bill 5391 provides that for tax years after 1999, a taxpayer could claim an additional exemption of \$1,800 if the taxpayer, or a dependent of the taxpayer, were 65 years old or older. The taxpayer or dependent of the taxpayer, but not both, could claim the additional exemption. Further, the bill would allow a taxpayer to claim another additional exemption of \$1,800 if the taxpayer, or a dependent of the taxpayer, were deaf, a paraplegic, a quadriplegic, a hemiplegic, blind, or totally and permanently disabled. The taxpayer or dependent of the taxpayer, but not both, could claim this additional exemption.

House Bill 5392 provides that, for purposes of the additional exemptions proposed in House Bill 5391, "dependent" would mean an individual for whom the taxpayer could claim a dependency exemption on the taxpayer's Federal income tax return, as provided in the Internal Revenue Code.

MCL 206.30 (H.B. 5391)
Proposed MCL 206.30c (H.B. 5392)

Legislative Analyst: G. Towne

FISCAL IMPACT

These bills would reduce income tax revenue an estimated \$20.8 million in FY 1999-2000 and \$27.7 million in FY 2000-01, according to the Department of Treasury. This loss in revenue would affect General Fund/General Purpose revenues.

Fiscal Analyst: J. Wortley

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.