

Legislative Analysis



INCOME TAX EXEMPTION: CARE FOR PARENT OR GRANDPARENT PREVENTING INSTITUTIONALIZATION

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House Bill 4014

Sponsor: Rep. Rick Shaffer

Committee: Tax Policy

Complete to 6-10-08

A SUMMARY OF HOUSE BILL 4014 AS INTRODUCED 1-22-07

The bill would amend the Income Tax Act to allow a taxpayer to claim an additional exemption of \$1,800, if the taxpayer provides primary care for an eligible parent or grandparent, and if that care prevents the institutionalization (e.g. nursing home care or assisted living services) of the parent or grandparent. (An exemption reduces the taxable income on which income tax liability is based.)

An “eligible parent or grandparent” would be defined to mean a taxpayer’s parent or grandparent who lives in his or her own home, is a senior citizen (at least 65 years of age), and is eligible for nursing home care paid for by Medicaid.

To claim the exemption, the taxpayer must attach an affidavit to his or her tax return stating certain identifying information for the eligible parent or grandparent, that person’s relationship to the taxpayer, the specific types of primary care provided, and the approximate costs of the care. Only one exemption per eligible parent or grandparent could be claimed. [For instance, if two siblings jointly provide care to an eligible parent, only one of them would be able to receive the exemption.]

The provision of “primary care” would be defined to mean activities of daily living (ADL’s) provided on a daily basis to the eligible parent or grandparent by the taxpayer or a dependent child of the taxpayer. Such ADL’s would include personal care (such as bathing and dressing); meal planning and preparation; grocery shopping and delivery and other errands; trips for medical appointments; housework; administration of medication and medication reminders; companionship, reading, hobbies, and social activities; yard work; pet care, pet exercise, and veterinary appointments; and help with bill paying and other financial matters.

[Note: A version of this tax exemption proposal has passed the House in the previous two legislative sessions.]

MCL 206.30

FISCAL IMPACT:

This bill would reduce income tax revenue by approximately \$1 to \$3 million on an annual basis. This bill would primarily affect General Fund/General Purpose revenue. It would have no direct fiscal impact on local units of government.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.