

Legislative Analysis



ADDITIONAL EXEMPTION FOR TAXPAYER WITH STILLBIRTH CERTIFICATE

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House Bill 4522 (reported from committee as substitute H-2)
Sponsor: Rep. Mary Whiteford
Committee: Tax Policy
Complete to 3-30-18

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4522 would amend the Income Tax Act (MCL 206.30) to allow a taxpayer to claim an additional exemption in the tax year in which the taxpayer has a certificate of stillbirth from the Department of Health and Human Services, as provided under the Public Health Code. The exemption would be available for tax years beginning on and after January 1, 2018.

BRIEF BACKGROUND:

The personal exemption for tax year 2018 will be \$4,050, and the personal exemption will be increased under current law to \$4,400 in 2019, \$4,750 in 2020, and \$4,900 in 2021. An exemption reduces taxable income.

Public Act 319 of 2006 amended the Income Tax Act to provide for a refundable tax credit for a taxpayer who had a stillbirth certificate from the then Department of Community Health. A tax credit reduces tax liability. The credit was in an amount equal to 4.50% of the personal exemption amount, rounded to the nearest \$10 increment.¹ Public Act 38 of 2011 eliminated the credit.

FISCAL IMPACT:

During the last two tax years for which the stillbirth credit was available to filers, credits were claimed on fewer than 300 returns each year, and the total value of the credits claimed was about \$51,000 in TY 2010 and \$47,000 in TY 2011. Similar or moderately higher fiscal impacts would be expected going forward.

POSITIONS:

Representatives of the following entities indicated support for the bill (3-14-18):

Michigan Family Forum
Right to Life of Michigan
Michigan Catholic Conference

A representative of the Department of Treasury indicated a neutral position on the bill.

Legislative Analyst: Patrick Morris

Fiscal Analyst: Jim Stansell

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

¹ Since the individual income tax rate is 4.25%, the additional personal exemption proposed in the bill is similar in financial effect to the prior credit of 4.50% of the personal exemption amount.