

Legislative Analysis



PREGNANCY INCOME TAX EXEMPTION

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4644 (proposed substitute H-1)
Sponsor: Rep. Rodney Wakeman
Committee: Families, Children and Seniors
Revised 5-17-21

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

SUMMARY:

House Bill 4644 would amend Part 1 of the Income Tax Act to provide an additional exemption under certain circumstances for a taxpayer who is pregnant.

The act allows a taxpayer to claim the following exemptions against taxable income:¹

- A personal exemption for each taxpayer.
- A dependency exemption for each individual who is a dependent of the taxpayer for the tax year.
- For tax years beginning on and after January 1, 2019, an additional exemption for a certificate of stillbirth from the tax year.

Under the bill, for tax years beginning on and after January 1, 2022, a taxpayer who is at least 12 weeks pregnant as of the last day of the tax year and who has been under the care and observation of a physician since at least the twelfth week of pregnancy could claim an additional exemption for that tax year.

To claim the exemption under the bill, the taxpayer would have to request a signed and dated medical statement from her physician verifying that she is at least 12 weeks pregnant as of the last day of the tax year. The taxpayer would also have to attach the medical statement to the annual return for the year for which the exemption is claimed.

MCL 206.30

FISCAL IMPACT:

Based on the average number of live births in Michigan (and adjusting for twins, triplets, etc.), assuming they are evenly distributed throughout the year, and adjusting for taxpayers who would be unable to apply an additional exemption given existing taxable incomes, the bill would reduce income tax revenue by roughly \$8 to \$9 million on a full fiscal year basis. Because the reduction is likely to occur through refunds, the impact is expected to be borne by the general fund.

Legislative Analyst: E. Best
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 The exemption amount is adjusted annually. It was \$4,750 for the 2020 tax year and is \$4,900 for the 2021 tax year.