



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 1176 (as reported without amendment)
Sponsor: Senator Tony Stamas
Committee: Finance

Date Completed: 4-17-06

RATIONALE

According to the Department of Community Health, about 750 stillbirths occur annually in Michigan. In addition to coping with the trauma of the stillbirth, the parents of a stillborn child face the expense of a funeral as well as the prenatal and preparation expenses faced by all expectant parents. Some people believe that the parents of a stillborn child should receive an income tax credit to assist them with these expenses.

CONTENT

The bill would amend the Income Tax Act to allow a taxpayer to claim a \$150 credit in the tax year for which he or she had a certificate of stillbirth from the Department of Community Health, as provided under Section 2834 of the Public Health Code (described below). A taxpayer could claim the credit for tax years beginning after December 31, 2005.

If the amount of the credit exceeded the taxpayer's tax liability for the tax year, the excess portion would have to be refunded.

Proposed MCL 206.275

BACKGROUND

Section 2834 of the Public Health Code requires that a fetal death occurring in the State be reported to the State Registrar within five days after delivery. Fetal death reports are permanent vital records and must be incorporated into the State's system of vital statistics. (The Code defines "fetal death" as the death of a fetus that has completed at least 20 weeks of gestation or weighs at least 400 grams. The State Registrar is a person appointed by the

Director of the Department of Community Health to administer the system of vital statistics.)

Section 2834 requires the Department, with the information reported to it under these provisions, to create a certificate of stillbirth which must conform as nearly as possible to recognized national standardized forms and include at least the following information:

- The name of the fetus, if it was given a name by the parent or parents.
- The number of weeks gestation completed.
- The date of delivery and weight at the time of delivery.
- The name of the parents.
- The name of the health facility in which the fetus was delivered or the name of the health professional in attendance if the delivery was outside a health facility.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Reportedly, the cost of a typical funeral in Michigan runs between \$7,000 and \$8,000, which can be a difficult financial burden for grieving parents already facing the numerous other expenses related to pregnancy and childbirth. The parents of a child who is born alive yet dies shortly after birth are allowed to claim an income tax exemption for that child for that tax year, even if he or she only took a few breaths. It is unfair that these parents may receive an exemption that helps them to pay the

expenses, when the parents of a stillborn child may not. The proposed credit would help the parents of a stillborn child with the costs of the pregnancy, childbirth, and funeral.

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The bill would reduce income tax revenue by an estimated \$112,000 annually, beginning in FY 2006-07. This estimate is based on the \$150 refundable income tax credit proposed in this bill and the fact that there are about 750 stillbirths in Michigan annually, according to the Department of Community Health. About 80% of this loss in revenue would affect the General Fund/General Purpose budget and the remaining 20% would affect the School Aid Fund. There would be no direct impact on local government.

Fiscal Analyst: Jay 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.