Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 4644 (Substitute H-1 as passed by the House)
Sponsor: Representative Rodney Wakeman
House Committee: Families, Children, and Seniors
Senate Committee: Finance

Date Completed: 10-5-21

CONTENT

The bill would amend the Income Tax Act to allow a taxpayer who was at least 12 weeks pregnant as of the last day of the tax year to claim an additional exemption for that tax year.

Under Section 30 of the Act, "taxable income" means, for a person other than a corporation, estate, or trust, adjusted gross income as defined in the internal revenue code subject to the following adjustments. From that calculation, a personal exemption of $3,700 multiplied by the number of personal and dependency exemptions must be subtracted. The number of exemptions allowed is determined as specified under Section 30.

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

In order to claim the exemption, the taxpayer would have to request a medical statement from the taxpayer's physician verifying that the taxpayer was at least 12 weeks pregnant as of the last day of the tax year and would have to attach the statement to the annual return filed under the Act for the same tax year for which the exemption was claimed. The statement would have to be signed and dated by a physician. ("Physician" would mean an individual licensed to engage in the practice of medicine or the practice of osteopathic medicine and surgery under Article 15 (Occupations) of the Public Health Code.)

MCL 206.30 Legislative Analyst: Christian Schmidt

FISCAL IMPACT

The bill would reduce General Fund revenue by approximately $10.2 million per year, assuming the impact largely would be reflected in refunds. Over the 2016-2020 period, Michigan averaged approximately 109,400 births per year. However, assuming an average 40 weeks for a pregnancy, those babies conceived during the first 12 weeks of the year would be born before the end of the tax year, and those babies conceived during the last 12 weeks of the year would not meet the eligibility requirements of the bill. As a result, only about half of each years' births would be eligible for the bill's provisions.

Fiscal Analyst: David Zin

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