



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

## BILL ANALYSIS



Telephone: (517) 373-5383  
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House Bills 5699 and 5700 (as reported without amendment)  
Sponsor: Representative Edward McBroom (H.B. 5699)  
Representative Holly Hughes (H.B. 5700)  
House Committee: Tax Policy  
Senate Committee: Finance

**CONTENT**

House Bill 5699 would amend the Income Tax Act to reduce the individual income tax rate from 4.35% to 4.25% on October 1, 2012, rather than January 1, 2013, when the rate is currently scheduled to decrease.

House Bill 5700 would amend the Act to allow a taxpayer to claim a personal exemption in the amount provided under current law or in the following amount, whichever was greater, for each personal or dependency exemption allowable on the taxpayer's Federal income tax return:

- \$3,950 beginning on and after October 1, 2012, and before January 1, 2014.
- \$4,000 beginning on and after January 1, 2014.

Currently, the amount of the personal exemption is \$3,700. For each tax year beginning on and after January 1, 2013, the exemption must be adjusted for inflation.

MCL 206.51 (H.B. 5699)  
Proposed MCL 206.30a (H.B. 5700)

Legislative Analyst: Suzanne Lowe

**FISCAL IMPACT**

Although the bills are not tie-barred to each other, if both bills were enacted they would reduce General Fund and School Aid Fund revenue by approximately \$102.0 million in FY 2012-13, \$35.0 million in FY 2013-14, \$32.0 million in FY 2014-15, and \$8.0 million in FY 2015-16. The reduction in General Fund revenue would total approximately \$89.0 million in FY 2012-13, \$27.0 million in FY 2013-14, \$24.0 million in FY 2014-15, and \$6.0 million in FY 2015-16, while the reduction in School Aid Fund revenue would total approximately \$13.0 million in FY 2012-13, \$8.0 million in both FY 2013-14 and FY 2014-15, and \$2.0 million in FY 2015-16.

The bills would have no fiscal impact on local government.

Date Completed: 6-13-12

Fiscal Analyst: David Zin