

# House and Senate personal exemption increases have too high a price tag for state budget

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### Contact:

**Alex Rossman**

[arossman@mlpp.org](mailto:arossman@mlpp.org)

517.487.5436

## **The League continues support of Governor Snyder's plan, opposes any hit to funds for roads, schools and public safety**

LANSING—The Michigan League for Public Policy issued the following statement on competing House and Senate bills ([HB 5420](#) and [SB 748](#)) to increase Michigan's personal exemption. Initially proposed to counter state income tax increases related to the hastily-passed federal tax plan, the increases to the exemption proposed this week pose a threat to an [already-strained state budget](#) and all that it supports in residents' daily lives. This statement can be attributed to Michigan League for Public Policy President & CEO Gilda Z. Jacobs.

“The League continues to support the governor's proposal, which would clarify that the personal exemption is still in place and would increase it to \$4,500 in 2021—a move that is universal in its benefits to taxpayers and neutral in its budget impact. Other proposals in the House and Senate would create deep revenue losses that would likely lead to cuts to the schools our kids attend, the roads we drive on, the police officers and firefighters that keep our communities safe, and more.

“Our opposition to these House and Senate bills may not be politically popular, but it is fiscally responsible, a value we have adhered to for more than a century. We speak for all Michigan residents, especially the workers, families and seniors who are struggling the most. These proposals come with a greater cost to the state, our services and our people than individuals stand to gain from these personal exemption increases.

“This situation is further complicated by the fact that we don't yet understand the fiscal impact of the recent federal tax changes here in Michigan. And because a federal budget has not yet been adopted—and deep cuts to vital programs are likely coming—we don't know the impact of these changes on Michigan, which relies on about 40 percent of its budget from federal funds.”

League Legislative Coordinator Rachel Richards testified in opposition to HB 5420 this morning. The League also came out in support of Governor Rick Snyder's initial proposal to restore and moderately increase the state personal exemption.

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**The Michigan League for Public Policy, [www.mlpp.org](http://www.mlpp.org), is a nonprofit policy institute focused on economic opportunity for all. It is the only state-level organization that addresses poverty in a comprehensive way.**