

Testimony Submitted by Dan Jarvis  
House Bill 4644  
Families, Children and Seniors  
May 11, 2021

Good morning Mr. Chairman and members of the committee. My name is Dan Jarvis and I'm the Legislative Director for Michigan Family Forum. I am here today to voice our support for HB 4644. This legislation is a simple way to encourage pregnant women to seek reproductive healthcare early in their pregnancy and to help young growing families. It does this by reducing a family's tax burden if the pregnant woman gets prenatal care by the 12<sup>th</sup> week of her pregnancy. Each year, over 50,000 pregnant women and their families could benefit from this legislation. It costs money to carry a pregnancy to term, and this bill will help offset some of those expenses. This legislation would have reduced a family's tax burden by roughly \$200 in the 2020 tax year.

Simply Googling the words "US declining birth rate" will bring up startling headlines. The U.S. birthrate is plummeting. So is Michigan's. Those articles show it is the economic burdens of life that are a significant factor in the declining birth rate. We must take steps to help young families be able to afford to grow. As the population declines and grows older, our workforce and our tax base shrinks. We need young people to create a strong economy, to care for the elderly and to provide a healthy tax base. It is imperative that we work to reduce the economic burden of raising children by allowing income earners to keep a little more of the money they earned.

This measure will help low-income women. A single, first-time mother would only need to earn \$9,500 dollars in order to take full advantage of this tax deduction. If that same woman wants to get the full benefit of the new deduction and Michigan's EITC, she would need to earn just over \$10,000. To put that in perspective, a woman would have to work only 20 hours per week at Michigan's minimum wage of \$9.65 to gain full benefit of this legislation. A couple filing jointly with a household income of \$20,000 and expecting their second child would be able to take full advantage of the new exemption and the EITC. For low-income earners, the tax relief is meaningful, representing 20 hours at minimum wage.

It is no surprise that this proposal is very popular among lower income households with 71% saying this proposal would be helpful in offsetting pregnancy-related costs.

In 2019, over 11,000 births in Michigan were preterm births. The March of Dimes estimates that each preterm birth in Michigan costs \$63,000, compared to \$10 - \$12,000 for a normal delivery. That is over \$500,000,000 in added costs for preterm deliveries in Michigan. The financial costs are only the beginning of the struggles for many of these families who will be dealing with the effects of preterm births throughout the child's life.

Whether the family uses the money to purchase necessary equipment or to pay for a longer maternal leave, either option provides a healthier start for mom and baby.

While many women already get prenatal care by the first trimester, many women do not. There are many reasons why women do not get prenatal care by the first trimester. The top four reasons cited by women are "too many other things," "not enough money," "didn't know I was pregnant," and "could not get an appointment." Where those reasons are in the woman's capacity to control, the exemption provides a financial incentive to more diligently pursue early prenatal care. This bill will not solve the prenatal care problem, but it is a step in the right direction.

As a state, we expect women who are pregnant to get prenatal health care, not only for their own well-being, but also for the well-being of the fetus. We expect this in the same way that we expect men and women to provide for their other children. Just as we provide tax exemptions to offset the costs of providing for children, the state should recognize that there are also costs associated with a pregnancy. Michigan should expand the tax exemption that other children have, to a fetus that is intended to be carried to term.

Studies show that incentives are effective in getting women to initiate early prenatal care. This is particularly true of cash incentives.

Three reasons you should vote "Yes" on HB 4644:

- 1.) This tax reduction is directly tied to women acquiring preventative healthcare, which we know helps both the mother and the child who are receiving it. That healthcare reduces long-term costs and health challenges that can burden families for many years.

2.) This tax relief targets a critical population, growing families. These young, growing families are at the beginning of their working years. They are experiencing increased costs and increased stress when they are expecting a newborn. This legislation could help alleviate those costs.

3.) This tax relief will decrease state expenditures and increase revenue. Every preterm or low-weight birth that we prevent will save the state 10's of thousands of dollars. At the same time, every birth is a person who will help generate economic activity and broaden the tax base.

Finally, it should be noted that this measure is similar to Public Act 589 of 2018 which provides an exemption for families that have a stillborn child. That measure passed the House and Senate unanimously in 2018. Several of you on this committee voted for that legislation. It is reasonable to allow a woman to count a stillborn child as an exemption. It is even more reasonable to allow a woman who is taking appropriate steps deliver a healthy baby, to count that child as an exemption as well.

Please vote "Yes" on HB 4644.

Thank you.

