

# Michigan Chamber Urges Legislature to Close 'Granholtm Loophole' Which Condones the Laundering of Tax Dollars for Political Campaigns

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Shortly after launching her 2002 gubernatorial campaign, Attorney General Jennifer Granholm has approved a sweetheart deal that allows the state's big-city mayors to use tax dollars to pay off the \$1 million debt incurred by the Michigan Municipal League's ill-fated 2000 ballot proposal (00-2), says the Michigan Chamber of Commerce.

(Photo: <http://www.newscom.com/cgi-bin/prnh/20000320/DEM039> )

"Jennifer Granholm's anti-taxpayer opinion creates the largest loophole in the Michigan Campaign Finance Act's 25-year history," said Robert LaBrant, Senior Vice President and General Counsel for the Michigan Chamber. "Her opinion (No. 7080) sanctions the laundering of city and village tax dollars through the Michigan Municipal League. The Michigan Chamber will seek to have the Legislature close the 'Granholtm loophole' during this current legislative session."

"Attorney General Granholm's opinion has gutted Section 57 of the Michigan Campaign Finance Act," continued LaBrant. "She has given a green light to public bodies to launder taxpayer dollars through local governmental lobby groups to engage in political activity that is otherwise prohibited. Attorney General Granholm has taken the old legal maxim that you can't do indirectly what the law prohibits you from doing directly and stands it on its head. The Attorney General has opened the door to widespread abuse of municipal tax dollars to fund ballot question campaigns."

Michigan Chamber President & CEO Jim Barrett said: "When individuals and businesses pay taxes to cities, they expect those hard-earned tax dollars to be used to provide essential services, such as police and fire protection."

"In a deliberate attempt to circumvent Michigan's Campaign Finance Act, last year cities and villages used tax dollars to advocate a dangerous amendment to the State Constitution," continued Barrett. "Jennifer Granholm could have righted this wrong. Instead this week's politically-inspired AG opinion has opened the door to further misuse of tax dollars for political purposes by local governments and public school districts. In her quest for the 2002 gubernatorial nomination, she may, with this opinion, have endeared herself to big city mayors. However, she has done a terrible injustice to every Michigan taxpayer."

"Last year, big city mayors used tax dollars to push a ballot proposal that was unfair to police officers and firefighters. At the same time, some public school districts used tax dollars to campaign against a ballot proposal to expand parental choice of schools," added Barrett.

"The 'Granholtm loophole' opens the door to the very real possibility that, in 2001 or 2002, big city mayors or the education establishment will channel tax dollars through the non-profit associations they control to finance state and/or local campaigns to raise taxes, increase government spending or lift limits on government borrowing. The Legislature can and should prevent this from happening by passing legislation to close the 'Granholtm loophole,'" concluded Barrett.

The Michigan Chamber of Commerce is a statewide business organization which represents approximately 7,000 employers, trade associations and local chambers of commerce. The Michigan Chamber was established in 1959 to be an advocate for Michigan's job providers in the legislative, political and legal process.

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