

Michigan Chamber of Commerce and Anderson Economic Group Release Analysis of Granholm Tax Plan

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The Michigan Chamber of Commerce and the Anderson Economic Group (AEG) today released the first comprehensive review by the private sector of Governor Granholm's 2007 tax restructuring plan.

"Our evaluation of the governor's main proposal to replace Michigan's Single Business Tax (SBT) is that her plan includes both positive and negative features," said Patrick Anderson, Principal of AEG. "On the plus side, the plan relies primarily on taxes with low rates and broad bases to raise revenue. It would also provide personal property tax relief for commercial and industrial property owners.

"On the down side, the governor's plan misses the mark with a proposed new tax on assets that would deter investment in the state," continued Anderson. "Another serious problem we identified is the proposed excise tax on services that would tax business-to-business transactions, raising the cost of doing business." Anderson noted that a typical professional services firm would pay six different business taxes, compared to just two in Ohio.

"This review was prepared in partnership with the Michigan Chamber. It is our hope that the information contained in this report will help decision makers break the legislative logjam on this key issue," said Anderson.

"The Michigan Chamber is increasingly concerned that it is now mid-March and neither the State House nor Michigan Senate has passed legislation to replace the SBT, which expires December 31, 2007," said Michigan Chamber President & CEO Jim Barrett. "Business taxpayers will need at least six months to prepare and comply with an entirely new business tax law.

"We strongly urge the Michigan Senate to pass Senate Bill 151, sponsored by State Senator Jud Gilbert, to replace the SBT and provide broad-based personal property tax relief," Barrett continued. "We also strongly urge the State House to move forward with the governor's proposal, minus the assets tax and the excise tax on services.

"If the House and Senate will take these steps, the AEG report clearly identifies the common elements each of the major business tax proposals that could be a sound policy basis for resolving this issue in a timely manner," Barrett concluded.

The AEG report is available on the Michigan Chamber's web site at:
http://www.michamber.com/nr/studies/2007AEG_Review_GovTaxPlan_PUBLIC.pdf.

The Michigan Chamber of Commerce is a statewide business advocacy organization representing over 7,000 employers, trade associations and local chambers of commerce. The Michigan Chamber was established in 1959 to be a strong advocate for Michigan's job providers in the legislative, political and legal process. In addition to business advocacy, the Michigan Chamber provides members with a full range of services and benefits, including insurance, seminars, and publications.

Anderson Economic Group, LLC is an East Lansing-based consulting firm that specializes in economics, public policy, financial valuation, market research, and land use economics. For more information, see the AEG web site at: www.AndersonEconomicGroup.com.

SOURCE: Michigan Chamber of Commerce

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