

Michigan Chamber of Commerce Discovers Serious Flaw in Senate Tax Plan

The following statement was issued today by Michigan Chamber President & CEO Jim Barrett in response to Michigan Senate passage of a package of bills to restructure business taxes:

"Agree or disagree on the merits of the business tax plan advocated by Senate Majority Leader Ken Sikkema, it now appears as though the members of the Michigan Senate that questioned the wisdom of bypassing the committee process had a good point.

"We have not yet completed our review of all the tax bills that passed the Senate yesterday, without the public scrutiny that comes with a committee meeting or public hearing. However, we are sorry to report that a key bill in the package contains a serious flaw that would prevent most of the promised tax relief from ever being delivered to Michigan's job providers.

"The Michigan Chamber of Commerce has been informed by a prominent Michigan economist, who is very knowledgeable about state tax laws, that House Bill 5108 (as passed by the Senate) contains a major drafting error that will ensure the revenue trigger for business tax relief is never met. To be specific, Section 74 (1) © of the bill multiplies base year revenue by the Consumer Price Index (CPI) plus one percent. The CPI is a number that is always over 100 (unless there has been deflation), which means the trigger for future tax relief will never be met. What the bill should have provided for is a trigger based on the percentage change in the price index plus one percent.

"Yesterday, the Michigan Senate hastily approved a complicated tax trigger that doesn't work. We encourage the State House to stay the course on a plan that will guarantee job providers more tax relief on a clear timetable."

The Michigan Chamber is a statewide business organization which represents more than 6,800 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.

SOURCE: Michigan Chamber of Commerce

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