

Michigan House Should Stand Up for Job Providers and Pass Michigan Business Tax Surcharge Reduction Says Michigan Chamber

LANSING, Mich., Oct. 6 /PRNewswire--USNewswire/ -- The Michigan Chamber of Commerce today applauded the Michigan Senate's effort last week to pass legislation which would expedite the phase out the Michigan Business Tax surcharge and prohibit the Administration from applying a tax on a tax. The statewide business organization is now looking to the Michigan House to pass this important legislation.

"We are asking the Michigan House to come back from the campaign trail, stand up for Michigan employers and Michigan jobs and pass this legislation," said Tricia Kinley, Director of Tax & Budget Policy. "Michigan job providers are being saddled with skyrocketing MBT increases that they simply can't absorb."

On October 2, the Michigan Senate passed Senate Bill 1242 which would reduce and eliminate the onerous 22 percent MBT surcharge by 2011. Currently, the surcharge cannot be reduced until 2017. The bill passed with bi-partisan support by a vote of 27-11. In addition, the Senate passed Senate Bill 1038 which would, among other things, prohibit the Administration from assessing the new MBT on taxes collected on behalf of the state by Michigan's retailers and vendors. SB 1038 passed with bi-partisan support by a vote of 26-12.

"In April, the Michigan Chamber conducted a member survey about the impact of the new MBT," noted Kinley. "Approximately 80 percent of the 700 members who responded to the poll said they are worse off under the new MBT compared to the old Single Business Tax.

"A second Michigan Chamber member survey, to which 300 members responded, indicated that MBT and surcharge were the number one problem facing Michigan," Kinley added. "The Legislature and Governor must get serious about improving the business climate for all Michigan employers, not just a select few. The Senate action sends that message."

"The new MBT is turning out to be a mess," said Jim Holcomb, Vice President of Business Advocacy & Associate General Counsel for the Michigan Chamber. "Job providers are being forced to cancel wage increases and capital investment because their taxes are increasing dramatically. Meanwhile, the state government budget has grown by over \$1.7 billion since the MBT was put into place."

"It's time for legislators and the Governor to reduce the MBT, enact real reforms and stop handing out unaffordable tax breaks to out-of-state Hollywood film makers who are unlikely to make Michigan their permanent business location," Holcomb concluded.

The Michigan Chamber of Commerce is a statewide business advocacy organization representing over 7,100 employers of every type and size in all 83 counties in Michigan.

First Call Analyst:
FCMN Contact:

SOURCE: Michigan Chamber of Commerce

CONTACT: Tricia Kinley of Michigan Chamber of Commerce,
+1-517-371-7669

Web site: <http://www.michamber.com/>

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