Expanding Sales Tax Not a Tax Increase? MEA President Needs To Go Back to School, Says Michigan Chamber of Commerce

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If Lu Battaglieri, president of the Michigan Education Association, thinks expanding Michigan's sales tax would not be a tax increase he needs to return to high school for a refresher course in basic economics, says the Michigan Chamber of Commerce.

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

Battaglieri appeared on WKAR's "Off the Record" television program last week where he was asked about school funding and Michigan's looming budget deficit. During his interview, Battaglieri again proposed expanding Michigan's sales tax base to advertising to help solve State Government's spending problem and protect the school aide fund.

"Currently, there is no sales tax on advertising. If Mr. Battaglieri has his way, there would be a 6% sales tax rate on advertising. That's a tax increase, pure and simple," said Michigan Chamber President & CEO Jim Barrett. "Also, Mr. Battaglieri is trying to rewrite legislative history by claiming that the legislature 'inadvertently' left services, such as advertising, 'off the table' when they enacted Michigan's sales tax."

"There is nothing inadvertent about not imposing the sales tax on advertising or other services," said Rich Studley, Senior Vice President of Government Relations for the Michigan Chamber. "On several occasions in the past, the Legislature has considered expanding the sales tax to services and rejected this idea. The current law clearly spells out what is taxable and what is not taxable."

According to the American Advertising Federation, no other states tax purchases of advertising time and space. "Why discourage businesses from advertising in Michigan?" Barrett remarked.

"During the 2002 election campaign, Governor Granholm suggested a 5% reduction in the state budget to meet any deficit situation. That was a good idea then and it's a good idea now," Barrett concluded.

The Michigan Chamber of Commerce is a statewide business organization which represents approximately 6,500 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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