

Michigan Chamber of Commerce Identifies \$1 Billion Alternative to Raising Business Taxes

The Michigan Chamber of Commerce today released a list of tax code reforms as an alternative to the business tax increases that were proposed yesterday by a Michigan League for Human Services-led effort. The list identifies over \$1 billion worth of tax exemptions enjoyed by non-profits, schools, and local governments that could be repealed in order to balance the state budget.

"This would be more than enough to cover Michigan's budget 'shortfall' and is what you might call a 'start at home' list of recommendations," said Tricia Kinley, Director of Tax Policy and Economic Development for the Michigan Chamber. "Year after year, the League leads the charge in calling for business tax increases on Michigan job providers under the guise of ending so-called 'loopholes.'"

"What the League fails to mention is that they're leading a coalition of tax-exempt organizations who enjoy some of the most lucrative tax 'loopholes' in the state," Kinley added. "They certainly have forgotten the old adage 'people who live in glass houses should not cast stones.'"

The League recommendations would result in tax increases on food vendors and distributors, telecommunications companies, small business owners, truck operators, and more, Kinley noted.

"It's time for The President's Council, State Universities of Michigan, the Michigan Municipal League, the Michigan Nonprofit Association, and the Michigan Education Association to consider the irony of their message and look at more productive ways to reform government and implement long-term cost-saving reform measures," continued Kinley.

"Government employee pension reform and a single school election date are two direct ways that local governments and schools could save money without tax increases," said Kinley. "Unfortunately, schools and local governments have shown minimal interest in meaningful cost-saving measures."

"Especially at a time when more and more schools, local governments, and non-profits are engaging in direct competition with private, taxpaying employers, maybe it's time that lawmakers consider repealing their tax exempt status and save Michigan billions of dollars," Kinley concluded.

The Michigan Chamber of Commerce is a statewide business advocacy organization representing over 7,100 employers, trade associations, and local chambers of commerce.

\$1 BILLION OF ALTERNATIVE TO RAISING BUSINESS TAXES

Repealing Lucrative Exemptions Offers Alternative to Business Tax Increases

Nonprofit Organizations - Exempts sales to nonprofit schools, hospitals, homes for the care of children or aged persons, and other benevolent institutions operated by an entity of government, a regularly-organized church, a religious or fraternal organization, a veteran's organization, a nonprofit corporation, or a parent-cooperative preschool. Savings: \$174,752,000.

Tax-Exempt Public Education Property - Exempts real property owned, leased, loaned or otherwise made available to school districts if the property is used primarily for public school purposes. Savings: \$455,000,000.

Tax-Exempt County and Municipal Property - Exempts real property owned by counties, townships, cities, villages, and school districts. Savings: \$244,000,000.

Tax-Exempt Other Real Tax Exempt Property - Exempts other real property including hospitals, charitable institutions, selected nonprofit organizations, cemeteries, and utilities. Savings: \$155,000,000.

Municipal Franchise Vehicles - Refunds gasoline tax to persons operating passenger vehicles under a municipal franchise, license, permit, agreement or grant, such as taxi cabs. Savings: \$430,000.

Public Vehicles - Exempts fuel purchased for motor vehicles owned or leased by state, federal, or local governments from motor fuel taxes. Savings: \$13,900,000.

TOTAL SAVINGS: \$1.04 billion

Source: Executive Budget Appendix on Tax Credits, Deductions, and Exemptions Fiscal Year 2008

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