



Michigan Report

Information Pertinent to Legislative and State Department Activities Since 1906

Volume #46, Report #222, Article #01 --Friday, November 9, 2007

[<< back](#)

NEWSMAKER FRIDAY: BIEDA REFLECTS ON TAX POLICY CHALLENGES

Rep. Steve Bieda (D-Warren) hasn't had much of a life these days - that's if one doesn't consider talking about tax policy 24-7 as a life. Since taking over the helm of House Tax Policy this year when Democrats took control of the chamber, Mr. Bieda has been inundated with phone calls, e-mails, text messages and conversations - too numerous to count - about how the state goes about taxing people and businesses, but the third-term lawmaker probably wouldn't have it any other way.

Gongwer News Service sat down for an interview with Mr. Bieda the day after the House approved a surcharge on the Michigan Business Tax in exchange for repealing the 6 percent use tax on services to discuss the ups and downs of a year that has left the lawmaker clearly exhausted but still dedicated to dealing with the tasks at hand.

"Tax policy is an interesting, challenging area," Mr. Bieda begins. "It's an arcane field; as you learn more you see how things are tied together."

And learning is what Mr. Bieda has done over the course of several years, both in the public sector as the senior policy analyst and legal counsel for the House Democratic Caucus focusing on tax issues and in the private sector as an attorney specializing in tax planning and estates.

Mr. Bieda has served on the Tax Policy panel since he was first elected to the House in 2002 and he moved up to being the minority vice chair of the committee in 2005 after then House Speaker Craig DeRoche (R-Novi) removed then minority vice chair Rep. Paul Condino (D-Southfield) from the committee (See Gongwer Michigan Report, January 13, 2006).

Mr. Bieda said his background and the work he did as the lead Democrat on the committee fostered a good reputation when leadership teams were deciding to select a chair. But in taking the post, Mr. Bieda said he knew there would be many challenges ahead - particularly with the immediate elimination of the Single Business Tax and finding a replacement to fill the nearly \$2 billion hole in the budget.

The state's revenue shortfalls have created an atmosphere of "a lot of heavy lifting" when it comes to making tough decisions, Mr. Bieda said, particularly for a lawmaker hailing from Macomb County. But Mr. Bieda, an avid reader of statesmen biographies, said he realized early on as a lawmaker you have to think beyond yourself and get the job done.

Mr. Bieda said he sought out members of the business community, tax professionals and people he had known while on staff to grapple with replacement to the SBT.

He added, "I took people up on their offers to help."

The Detroit Regional Chamber had an idea for replacement, and through a workgroup, Mr. Bieda said he found a better niche than trying to think up something on his own with the chances of it being shot down by his own committee.

In reflecting back on those first meetings, Mr. Bieda said they were a bit awkward because it was the first time a lot of people had exposure to one another and the framework for what they were trying to do wasn't well established. The initial goal of the workgroup was to totally eliminate the commercial and industrial personal property tax and replace it with a different tax structure, but after the numbers were run, that goal seemed to be insurmountable, Mr. Bieda said.

But the end result was the largest cuts in personal property taxes in Michigan, Mr. Bieda said, and he's happy with that outcome because it put the state on par with surrounding states.

The personal property debate mirrors what has happened during many a tax debate in this state over the past year, with Governor Jennifer Granholm insisting that in tight budgetary times taxes repealed must be replaced in terms of revenues in order to invest in the state's infrastructure.

Mr. Bieda said he does see it as a balancing act between wanting to be cognizant of the burden businesses feel from taxes and wanting to be able to put more money toward things like education that will help turn the state's economy around.

On understanding the business perspective, Mr. Bieda said, "It's not to say I agree with them 100 percent of the time. I don't agree with anyone 100 percent, even myself."

But being open-minded and accessible - even if it means losing out on weekends and holidays - "is the fairest way," he said, adding it's also a two-way street.

Mr. Bieda said while the state's economy is going through rough times, he remembers growing up in a car family, living in a district with the General Motors Tech Center and a Chrysler stamping plant nearby and working on legislative staff when the Big Three controlled more than 70 percent of the marketplace. The state and nation are now seeing many problems when it comes to wage compensation, trade and share of the marketplace for domestic auto companies, but he has faith in the industry. While diversifying the state's economy is important, state policies still must reflect the significance of manufacturing and the auto sector in this state, he said.

However, Mr. Bieda also said he's been impressed by members of the business community for being forthright in recognizing the state needs revenues to invest and make the state a better place to live and work. "It's a very mature attitude," he said.

But that's not to say getting tax policy through has been a rosy situation, Mr. Bieda has faced several instances, both in committee and in public, when members from both sides of the aisle have gone after one another. Mr. Bieda, said while it sounds corny, he looks for the best in people and always hopes politics can be set aside in order to make the world a little better.

"Think beyond self and do what's best," he says is his motto.

The experience of working through a MBT, an income tax, service tax, its replacement and some other tax policies such as the pop-up property tax has opened Mr. Bieda up to more friendships, he said, both across the aisle and across the rotunda.

He said that's been a significant help to him. "It's a lot easier when you are dealing with the difficult issue to trust that person."

Asked whether all opposition to the new or increased taxes is merely political or if there are true believers, Mr. Bieda said in some cases it is a matter of ideological differences. But he said it doesn't make sense in situations in which revenues weren't voted on by some lawmakers but those same people voted to spend the new money in the budgets.

Mr. Bieda was the first lawmaker subject to a recall attempt for his differing opinion on raising taxes, but he argues while there are people who think he made the wrong choice, there are also people who feel they send their legislators to Lansing to use their knowledge and make tough decisions.

"We didn't put you up there to hide under your seat," he says of what voters have told him, adding some have expressed outright disgust at the recall attempt. However, the experience has been one of the most humble for the lawmaker, as his supporters along with his 75-year-old father showed up to support him during a recent petition clarity hearing.

"There was part of me thinking (at the hearing) I didn't do anything wrong, I just voted my conscience."

But the recall effort against Mr. Bieda by the Michigan Taxpayers Alliance, headed by former Rep. and Macomb County Commissioner Leon Drolet, has been a distraction, the lawmaker said.

Mr. Bieda said he believes the recall threats contributed to the brief shutdown of state government and the group was successful in intimidating some members.

"It's had a chilling effect on this institution," he said as lawmakers are people too and they do have to think about what their next job will be after leaving office.

While he believes the voters have a right to recall their elected officials, it should be because of major misconduct by a lawmaker and not for a differing opinion on a particular issue. Mr. Bieda supports making revisions to the state's recall laws.

How this year in terms of tax policy will shake out in the history books is too hard to grasp being so close to the process still, Mr. Bieda said, but it will be as historical as Proposal A of 1993. He said he hopes the cycle is viewed as a productive year.

As far as what's next for the lawmaker whose career in the House ends after 2008, Mr. Bieda said he's not sure whether he'll pursue further public office or go back to the private sector.

He hasn't had much time for that kind of thinking.

Gongwer News Service: State Government News Reporting Since 1906. Copyright, 2007

124 W. Allegan St., Suite 1200, Lansing, Michigan, 48933
Phone: 517-482-3500 Fax: 517-482-4367 Email: gongwer@gongwer.com