



Michigan Report

Information Pertinent to Legislative and State Department Activities Since 1906

Volume #46, Report #223, Article #02 --Tuesday, November 13, 2007

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MAYBE NEXT TUESDAY ON SERVICES TAX

Neither the Senate nor the House convened for a voting session on Tuesday, but officials were optimistic a compromise on repealing and replacing the service tax could be forged this week and members could be in to vote on that solution Tuesday, November 20.

Both chambers adjourned until that day.

That optimism was not universal, with at least one official saying on background that no solution could be expected until November 27 at the earliest.

But discussions were underway on Tuesday and a Senate committee hearing on the sales tax on services was scheduled for Thursday, so the optimism did have some basis for being. A Senate spokesperson also said it is that chamber's goal to have the tax resolved before Thanksgiving falls on November 22.

House Speaker Andy Dillon (D-Redford Twp.) said he was prepared to have members work Tuesday, but found out late Monday the Senate was not going to be voting on a service tax replacement and instead wanted to meet in workgroups on the matter this week.

Mr. Dillon said he asked Rep. Steve Bieda (D-Warren) and Rep. Paul Condino (D-Southfield) to be in Lansing Tuesday, but did not know if those two had met with anyone from the Senate on the service tax issue.

Senate Republicans on a services tax workgroup met Tuesday and will meet again on Wednesday to discuss the tax and changes they could suggest.

The only official action on the services tax that took place on Tuesday was that the Senate Finance Committee put out a notice that it would take testimony on HB 5408 at a Thursday hearing.

After that hearing is held, a bipartisan, bicameral meeting of different leading parties on the tax would be held to see what agreements could be reached.

What changes Senate Republicans may make to the House proposal on the services tax have not been revealed, but several individuals suggested they may scrap the surcharge to the Michigan Business Tax for a change in the MBT rates.

Such a change could be done easily, one official said, and could meet the revenue neutrality requirements that Governor Jennifer Granholm has made for a replacement for the services tax.

Matt Marsden, spokesperson for Senate Majority Leader Mike Bishop (R-Rochester), said there was no question the nearly 33 percent surcharge rate the House approved concerned Senate members.

The discussions underway offer the Senate the chance "to look at all opportunities" to make changes to the tax, Mr. Marsden said.

"Some good progress" was made in the discussions on Tuesday, he said, though he would not outline what that progress was.

Rep. Rick Jones (R-Grand Ledge) and Rep. Paul Opsommer (R-DeWitt) staged a mini protest on the House not being in session Tuesday, arguing besides the service tax and presidential primary issues, the chamber could be focusing on how to cut the budgets for the departments of Natural Resources and Environmental Quality, which are predicated on fee increases that have not been approved by the Legislature.

But Mr. Dillon said a lot of policy work was being done this week even if lawmakers weren't at their seats voting. He also asked House Republicans to be part of a solution, instead of being critical.

And Mr. Marsden said Senate members are being told to be prepared to come into session on Tuesday, November 20.

One Senate official pessimistically said he did not expect any action to resolve the issue until November 27 at the earliest, however.

Meanwhile, the Thursday meeting of the Senate Finance Committee is planned to take testimony only on HB 5408. Because the bill will not have been technically referred to the committee by then, no action could be taken on the measure.

But Mr. Marsden said the hearing is critical to ensure that the Legislature is not accused of trying to rush through a proposal without public input.

Meanwhile, Governor Jennifer Granholm said Monday that she wanted the Legislature to return to finish work on the tax.

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