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HEARING AWAITS ON SERVICE TAX

Silence was once again largely the story on Wednesday on potential changes to Michigan's extended sales tax on services, even as meetings continued on potential changes. Officials now await a hearing before the Senate Finance Committee on Thursday for some clue as to how the Senate may act on HB 5408.

Discussions were held Wednesday as they had earlier on how to proceed, but no one in the Senate was saying anything about what the chamber might do to make changes.

The tax is now scheduled to take effect on December 1, 16 days away.

The House measure repeals the tax and replaces it with a surcharge of nearly 33 percent on a company's Michigan Business Tax assessment. The surcharge would be capped at \$2 million for each affected company.

Senate leaders have expressed dismay at the surcharge rate, but so far have not indicated what they would support to replace it. There have been some indications they might back a change in the MBT rate to meet the more than \$650 million in revenues the services tax is expected to raise.

A spokesperson for Senate Majority Leader Mike Bishop (R-Rochester) could not be reached for comment.

Meanwhile, Rep. Steve Bieda (D-Warren), chair of the House Tax Policy Committee, said Wednesday he has been in meetings all day with "everybody and their mother" and talks have been productive.

But no consensus has been reached on how to deal with repealing and replacing the service tax, Mr. Bieda said and with the Senate Finance Committee holding a hearing Thursday, it appears more concerns will be erred and Senate members can hear for themselves publicly on where different business groups are at with the proposal.

"There's been some positive movement," he said. "We all recognize there are issues to be worked out."

Asked if he is optimistic the Legislature will have something to act on before Thanksgiving, Mr. Bieda said he's always optimistic. Mr. Bieda said he has an open door policy and plans to be in Lansing all week and into the weekend working on the service tax issue.

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