

# THE JACOBS CAPITOL REPORT

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## House And Senate Pass Business Tax Bills Democrats And Republicans Offer Different Tactics

In a belated flurry of activity this week, the House and Senate each passed their own legislative plans to replace the phased-out Single Business Tax (SBT).

The Democratic House plan seeks to replace the SBT with a tax on business income and net worth. The legislation calls for taxes on business equipment to be reduced, shifting more of the business tax burden to out-of-state firms. The tax bill passed the chamber on a 61-48 vote (four Republicans crossed over in support) and now moves on to the Senate.

Responding to the House action, the Republican-controlled Senate voted 20-17 (one Republican voted 'no') in favor of a plan that replaces the expiring SBT with a tax on gross receipts and business income. It also gradually cuts the levy on business capital by more than \$500 million.

Republican senators touted their "BEST" plan as a business-friendly vehicle aimed at long-term economic development in Michigan. Senate Democrats expressed concern that the tax cut would damage the state's schools, public safety, and other tax-funded programs and services.

"'BEST' ought to stand for 'Bill to Eliminate Schools and Teachers,'" quipped Senator Gilda Z. Jacobs (D-Huntington Woods).

The Senate Republican plan does not fully replace the SBT, which raises approximately \$1.9 billion in state revenue. Rather, the GOP plan would generate \$1.43 billion, with less money coming in each year as a phased-in reduction in the personal property tax on business equipment takes effect.

The governor's office clearly favors the House Democratic plan, which would replace all current SBT revenues.

"The Michigan Business Tax approved by the House of Representatives brings us closer to answering an important question for Michigan's business community, which is longing to know what their tax liability will be when

the Single Business Tax (SBT) expires this year,” said Governor Jennifer Granholm. “We look forward to working through the details of this plan as it moves through the Senate, where we hope it will be given speedy consideration. Having a strong compromise on the SBT replacement means we can turn our full attention to resolving the rest of the gaping hole in Michigan's budget.”

Differences between the House and Senate approaches will likely be resolved in a joint House-Senate conference committee later this month.

## GOVERNOR TOUTS MICHIGAN SUMMER VACATIONS

### Why Not Spend Your Vacation Here?

"Michigan citizens spend millions of dollars every year on travel outside of our two peninsulas," said Governor Jennifer Granholm. "With so much to see and do right here in our own backyard, we have thousands of reasons to spend those dollars here at home."

It's still a secret that Michigan has a tourism product worthy of national attention. Sadly, many of our own residents aren't aware of the great attractions Michigan has to offer:

- Michigan's unique geography provides visitors more miles of freshwater shoreline than any state in the country.
- Michigan ranks among the national leaders in total number of golf courses and number of golf courses per capita.
- Michigan retains its title as the number one boating state in the country with over 901,060 boats registered to private individuals.
- With over 40 downhill ski resorts, Ski magazine has named Michigan as the Midwest's Top Ski Destination!
- Michigan boasts over 5,800 miles of snowmobile trails located in state & national forests, and is one of only three states that offer a large system of interconnected and groomed snowmobile trails.

Regardless of the season, Michigan offers some of the best in vacation and recreational opportunities nationwide. Unfortunately, not enough people know that this great tourism product exists.

For more information on Michigan travel, please visit:  
<http://www.michigan.gov/som/0,1607,7-192-29907---,00.html>.

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## WIT, WISDOM, ETC . . .

### Quotables

“There are two things that are important in politics. The first is money, and I can't remember what the second one is.”

~Mark Hanna

“Never keep up with the Joneses. Drag them down to your level.”

~Quentin Crisp

### Quote of the Week: Emile Zola

"The artist is nothing without the gift, but the gift is nothing without work."

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State Senator Gilda Jacobs represents the 14th Senate District, which includes Beverly Hills, Bingham Farms, Farmington, Farmington Hills, Ferndale, Franklin, Hazel Park, Huntington Woods, Lathrup Village, Oak Park, Pleasant Ridge, Royal Oak Township, Southfield, and Southfield Township. She is the Minority Vice Chair of the Families & Human Services Committee and the Campaign & Election Oversight Committee. She also serves on the Finance, Economic Development & Regulatory Reform, and Health Policy Committees.

Constituents of the 14th District may contact Senator Jacobs at  
[sengjacobs@senate.michigan.gov](mailto:sengjacobs@senate.michigan.gov)  
or toll-free at 1-888-937-4453.

This newsletter is produced in single-space form in order to save paper and transmission costs.

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