

Another Obstacle At The Capitol: The Rush To Repeal The Service Tax

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By Lauren Zakalik of WILX News 10 Lansing

"We all understand the worst thing that could happen to the state is the service tax," says senate majority leader Mike Bishop (R-Rochester).

A rare agreement amongst many state Democrats and Republicans is the newly-created and yet-to-be-implemented 6 percent service tax should be repealed.

But legislators now have only 11 days, many of those over the Thanksgiving break, to come up with a replacement for the 614-million-dollar hole the cancelled tax would leave in the budget.

"The house sent over a plan that just wasn't workable," Bishop says. "We're doing the right thing by standing up to mammoth taxes."

Tuesday, the Republican-led Senate passed a replacement for the service tax that relies solely on revenue from the new Michigan Business Tax.

But Senate Minority Leader Mark Schauer says their temporary plan leaves a \$400 million hole in the budget, which Republicans say isn't true. Schauer warns the plan would warrant huge cuts to health care, education, higher learning and other areas.

The political backpedaling is frustrating business owners, who can't plan their finances accurately because they don't know if they'll be paying the tax or not.

The treasury is sending out letters to businesses alerting them of the tax that is set to begin December 1st.

"If I were a business, I'd be expecting that tax to go into effect," Schauer says. "There's no policy direction at all."

Just because the House and Senate have both agreed to repeal the tax, doesn't mean it's a done deal.

They need a replacement everyone can agree on, and in true Michigan legislature form, that solution might come down to the wire.