

Tax-exemption regulations anger vet

By Jackie Klein
Staff writer

Taxpaying enterprises are forced to compete with tax-exempt agencies "masquerading under the guise of non-profit organizations," a Farmington Hills veterinarian claimed in a discussion before a House Special Committee on Small Business, held in Southfield May 12.

During the discussion, the committee heard concerns about public sector competition with private enterprise.

Five hearings are scheduled in various locations to get public views on this issue and air suggested ways to further eliminate and streamline state, rules and regulations. The hearings set the groundwork for phase two of business reform legislation, said state Rep. Debbie Stabenow, D-Lansing, who is chairing the ad hoc committee.

"Michigan Humane Society clinics have gone beyond their scope and are beating taxpaying veterinarians out of clients," said Dr. Jack Richardson, a Farmington Hills veterinarian.

"THE PURPOSE of the society was to provide homes for animals. Now you can write a check to the society, claim an IRS deduction and get vaccinations and other services

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— Dr. Jack Richardson, veterinarian

for your pet. You see Mercedes driving up to these clinics for tax write-offs."

The YMCA, which was formed to provide recreation for orphans, is now family organizations competing with private racquet and health clubs, Richardson contended.

"There has to be some way for those in direct competition with tax-paying businesses to lose their exempt status," he said. "It's hard to stay in competition when agencies advertise that they can do it cheaper."

"They get a lot of media hype and donations, and we have to drop our fees. I don't know of any indigent pet owners in Farmington Hills. We all have to play by the same set of rules and some agencies far exceed their humane responsibilities."

A HUMANE Society audit indicated contributions are tax deductible but not fees for services, said state Rep. David Cubow, D-Detroit.

Public service announcements for agencies are required by federal law, said Rep. Maxine Berman, D-Southfield. The state is stuck with federal stamps of approval, she maintained.

Other veterinarians claimed that the Michigan Humane Society is able to build elaborate facilities while keeping its tax exempt status. The question is, according to one speaker, "Is it proper to compete with the private sector to do good deeds?"

Federal laws are weak, Stabenow said, and it's up to the IRS to determine what constitutes business related activities.

THE PRINCIPLE is whether government should compete with private enterprise, said Earl Krep, president of the Oakland County Chamber of Commerce.

"The Humane Society gets facilities but doesn't pay taxes," he said. The Oakland County Parks and Recreation Department in 1970 bought golf courses and liquor licenses.

"A compromise was reached. Private enterprise could bid for cat-

ing services. But we can't afford more government intervention such as grants to parks and recreation to support the land it buys to compete with the private sector."

"LIBRARIES SELL video tapes, all inmates make furniture for sale. This committee has opened up a real Pandora's box."

"The small businessman is the main source of employment in this country, provides more income and pays taxes. Should government be competing? The public is being double dipped and small business is knocked off the block."

Since state and federal funding was cut, many agencies have to generate their own revenue and may be forced to compete with the private sector, Stabenow said.

Michael Heide, president of the state-licensed Michigan Hearing Aid Society, said tax-exempt clinics are competing with private industry in this field.

"Universities and tax-exempt clinics used to refer hearing impaired persons to the private sector for devices," he said.

"IN ORDER to circumvent license requirements, these agencies now act as sales agents by supplying mail order forms to clients for wholesale hearing aids which are de-

livered to clinics for fitting and follow-up."

Tax-exempt clinics also are competing with the private sector by providing hearing tests to industry at low prices, he said.

Stabenow suggested a change in the federal definition of non-profit as well as tightening of IRS restrictions.

Larry Andrick, president of the

Michigan Retailers Association, said there are many examples of unfair competition.

The committee should focus on one issue at a time and involve the private sector in discussions with agencies, he advised.

"The bottom line is to have a level playing field with everyone playing by the same rules," he said.

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