Business tax complaints dry up

By TIM RICHARD

There was much snarling and gnashing of teeth among small businessmen when the so-called "single business tax" took effect this year—so much so that one would have thought repeal was just around the corner.

Gov. Milliken named Lt. Gov. James Damman, a hardware merchant in private life, to head a 37-member blue ribbon panel to review the act and recommend changes.

Methodically, Damman's panel sent out 4,000 questionnaires to a dozen different kinds of business across the state.

And nothing is happening.

"THERE HAS BEEN only a six per cent return," reported State Rep. Ruth McNamee (R-Birmingham), who added she has prodded firms in her 63rd House District to get their replies back to Lansing.

"This is not sufficient data to accomplish the kinds of adjustments they had hoped to formulate. They had hoped for a 60 per cent response.

"There was such a hue and cry when the tax took effect. My mail was extremely negative."

Rep. W.V. (Sandy) Brotherton (R-Farmington), a strong opponent of the SBT, added: "I want to find out what firms in my area were sent questionnaires." His district includes the Farmington community and western Southfield.

Brotherton said response has been so poor that "I've heard any decisions relating to any change have been put off until spring by the study committee."

PROFESSIONALS SUCH as Dr. Hugh Wren, former president of the Redford Township Chamber of Commerce, admittedly "shed a few tears" when they saw their first SBT forms. Why, then, did business opposition suddenly die out?

Brotherton and Mrs. McNamee both suggested the questionnaire's forms were so complicated they may have been brushed aside. Some businessmen told Mrs. McNamee they gave the forms to their accountants, but whether the accountants completed them and returned them to Lansing is questionable.

Brotherton thought the Damman task force should first have sent questionnaires to businessmen who complained to their legislators about the SBT, on the theory that those who complained would be certain to respond to such a formal survey.

There's still another possibility, Brotherton said: "They may have found the bill wasn't so bad."

THE SBT WAS designed to replace eight other taxes. One was the so-called "personal property tax," a local property tax on business inventory and equipment.

It's possible, he said, that once some businesses studied the full impact of the SBT, they may have decided they weren't hurt on balance.

Besides the personal property tax, SBT eliminated the income tax on corporations and financial institutions, the capital stock tax, the intangibles tax for persons subject to SBT, the tax on materials and supplies of public utilities and the domestic insurance company privilege fee.

IN GENERAL, SBT was designed to do several things:

1) Provide a more stable source of revenue than (for example) the corporate income tax, which behaves like a roller coaster over the business cycle; 2) provide tax breaks for firms investing in new plant and equipment, thus encouraging new investment in Michigan; and 3) dip deeper into the coffers of service-related businesses, which some argued weren't carrying their "share" of the load.

SBT is a specific tax of 2.35 per cent on (roughly) the value added to a product by a firm. Thus, a non-manufacturing firm with little capital equipment to depreciate would get nicked fairly hard.

THE BILL didn't work out quite that way, Brotherton said.

For one thing, the flow of new capital into plant and equipment doesn't seem to be occurring. And it won't, he said, until Michigan improves its unemployment compensation and workers compensation laws and speeds up paperwork under the Environmental Protection Act.

For another, it isn't producing all the revenue it was supposed to. "There were loopholes that resulted in less revenue than anticipated," he said.

Can it be amended piecemeal?

"People here are afraid a bill will be so saturated with amendments that it won't correct the inequities," said Brotherton, who has offered his own HB 6386 to exempt some income.

Sen. Robert Davis (R-Gaylord) has proposed SB 1328 to reduce the tax liability for small firms—those whose gross receipts are $1.5 million or less.

But Sen. Carl Pursell (R-Plymouth) points out the Davis bill would reduce state revenue by $50 million, which will make it unpopular with the Milliken Administration.

Rep. Thomas H. Brown (D-Westland) is offering a bill to exempt cooperative housing projects from the SBT. He contends co-ops are really homeowners' groups and shouldn't be taxed as businesses.

A SIX PER cent response to the survey means only about 240 replies have been received. Statisticians generally say they need at least 1,000 responses to draw any valid conclusions from a random survey.

Mrs. McNamee said the Damman task force "can't rely on conversations. It must have data if it's to make any recommendations for revising SBT."

"Businesses' responses will be held in utter confidence. No taxpayer will be identified," she said.

She urged businesses and accountants who may be having trouble with the complicated survey to seek help from their nearby district office of the state treasury department.

Crim backs Forbes on reimbursement

A bill by State Rep. Joseph Forbes (D-Oak Park) to reimburse local government for new state-mandated programs has won the endorsement of House Speaker Bobby D. Crim (D-Davison).

Crim told the Michigan Municipal League last week "it's time state government stops placing burdens on local government and refusing to pick up the tab."

Forbes, Democratic floor leader in the house, represents eastern Southfield in his 67th House District. His bill is scheduled to be introduced in the fall session.

The two key provisions:

•Any bill or amendment which would have fiscal impact on local government would get a thorough fiscal analysis.

•The state would reimburse local units for future state-mandated programs or new property tax exemptions.

As drafted, it would apply to general governments (cities and townships), but Crim questioned whether school districts shouldn't be included.

While the presidential primary costs are hereafter to be reimbursed by the state, it doesn't pick up the costs of tax exemptions granted by the mid-1960s repeal of the personal property tax on tools, dies, jigs and fixtures and the 1976 repeal of the personal property tax.

Other areas not fully reimbursed, said Crim, are amendments to police and fire retirement acts, water and sewage treatment, uniform accounting systems, and the occupational safety and health act.

Bridal fashions shown Sept. 16-18

An informal showing of bridal fashions by Priscilla of Boston will be held Sept. 16-18 at the Sue Gordon Bridal Salon, 796 N. Woodward, Birmingham.

Hours will be from 1-9 p.m. on Thursday, and 11 a.m. to 5 p.m. on Friday and Saturday. Designer Priscilla Kidder will be at the showing.

Enrich knowledge with Avondale during the evening

Avondale's Community Education Department still has openings for its free evening high school completion program and some of its non credit enrichment classes. Everything from ice skating to swimming for infants is being offered. For more information, please call 852-6620.