



MICHIGAN
HOUSE OF REPRESENTATIVES
P.O. Box 30014
LANSING, MICHIGAN 48909-7514

**MINUTES OF THE COMMITTEE
ON
TAX POLICY**

Wednesday, June 14, 2017 12:00 p.m. Room 519, House Office Building

The House Committee on Tax Policy was called to order by the Chairman, Representative Jim Tedder.

Members present: Representatives Tedder, Howrylak, Kesto, Lucido, Vaupel, Johnson, Kahle, Lower, Byrd, Neely, Ellison, and Hammoud.

Members absent/excused: Representative Maturen.

Representative Lower moved to excuse the absent member.

There being no objection, the motion prevailed by unanimous consent.

Representative Kesto moved to adopt the minutes from the Wednesday, June 7, 2017 meeting.

There being no objection, the motion prevailed by unanimous consent.

The Chair laid before the committee SB 242, SB 243, and SB 244:

SB 242 (Sen. Stamas) Economic development; Michigan strategic fund; good jobs for Michigan program; create.

SB 243 (Sen. Schmidt) Individual income tax; collections; certain revenues attributable to the good jobs for Michigan program; capture and earmark.

SB 244 (Sen. Bieda) Taxation; administration; disclosure of certain information under the Michigan strategic fund act; allow.

Senator Stamas, introduced the bill package to the committee with Jen Nelson, representing the Michigan Economic Development Corporation. Questions and discussion followed.

The following people testified in support of the bill package:

Birgit Klohs, representing the Right Place.

Mayor Mike Huizenga, representing the city of Walker.

Joel Schultz, representing the Upper Peninsula Economic Development Alliance.

Paula Holtz, Economic Development Director for the city of Tecumseh.

Sandford Ring, representing the Michigan Manufacturers Association.

Patrick Gleason, representing the Michigan Building and Construction Trades Council.
Matt Flan, representing the Great Lakes Bay Regional Alliance.
Bob Trezise, representing the Lansing Economic Area Partnership.
Pat Kittle, representing Independence Township.
Nathan Gibb, representing Oakland County.

The following people submitted a testimony card in support of SB 242, SB 243, and SB 244, but did not wish to speak:

Joy Gaasch, representing the Grand Haven, Spring Lake, and Ferrysburg Chambers of Commerce.
T. Rann Paynter, representing the Michigan Bankers Association.
Dan Casey, representing the Economic Development Alliance, St. Clair County.
Chris Barnett, Supervisor of Orien Township.
Paul Krutko, representing Ann Arbor Spark.
Luke Bonner, representing the Bonner Advisory Group.
Joe Schultz, representing the Upper Peninsula Collaborative Development Council.
Jennifer Palms Boettcher, representing the Gross Pointe Chamber of Commerce.
Mindy Bradish, representing the Jackson County Chamber.
Melanie Davis, representing the Sterling Heights Regional Chamber of Commerce.
Diane Middleton, representing the Midland Chamber of Commerce.
Jennifer Owens, representing Lakeshore Advantage.
Jim McBride, representing the Middle Michigan Development Corporation.
Mayor Roslyn Bliss, representing the city of Grand Rapids.
Jim Van Doren, representing Lenawee Now.
Ara Topouzain, representing the Troy Chamber of Commerce.
Orrin Bailey, representing the Upper Peninsula Talent Council.
Dotty Lewis, representing CUPPAD.
John Avery, representing the Michigan Economic Developers Association.
JoAnn Crary, representing Saginaw Future.
Dave Blaszkiewicz, representing Invest Detroit.
Eric Larson, representing the Downtown Detroit Partnership.
Tanya Markos- Vanno, representing the Southfield Area Chamber of Commerce.
Grace Share, representing the Macomb County Chamber of Commerce.
Jane Clark, representing the Michigan West Coast Chamber of Commerce.
Janet Langlois, representing the Building Owners and Managers.
Joe Sobieralski, representing Battle Creek Unlimited.
Tim Lake, representing the Monroe County Business Development Corporation.
Jennifer Kluge, representing the Michigan Food and Beverage Association and the Michigan Business and Professional Association.
Tim Keyes, representing the city of Romulus.
Amy Clickner, representing the Lake Superior Community Partnership.
Jon Cool, representing the Michigan Railroads Association.
Veronica Horn, representing the Saginaw Chamber of Commerce.
Tim Rogers, representing the Enterprise Group of Jackson.
Rob Cleveland, representing the Cornerstone Alliance.

Douglas E. Needham, P.E., representing the Michigan Aggregates Association.
Rob Campau, representing the Michigan Realtors.
Ric Baker, representing the Grand Rapids Chamber of Commerce.
Dan Gilmartin, representing the Michigan Municipal League.
Steve Japinga, representing the Capitol Council of Governments.
Tim Daman, representing the Lansing Area Chamber of Commerce.
Mike Nystrom, representing the Michigan Infrastructure and Transportation Association.
Robert Filka, representing the Home Builders Association of Michigan.
Gary Owen, representing Ann Arbor SPARK.
Janet Langlois, representing the Building Owners and Managers Association.
Lance Binoniemi, representing the Michigan Infrastructure and Transportation Association.
Jim Padgett, representing DTE Energy.
Dawn Crandall, representing the Home Builders Association of Michigan.
Andrew Doerr, representing SEMCOG.
Steve Japinga, representing the Lansing Regional Chamber of Commerce.
Brad Ward, representing the Michigan Realtors.
Senator Ken Horn, Chairman of the Senate Economic Development and International Investment Committee.
Todd Tennis, representing the IBEW Michigan State Conference.
Janice Karcher, representing the Flint and Genesee Chamber of Commerce.
Bart Carrigan, representing the Associated General Contractors of Michigan.

The following people submitted a testimony card in opposition to SB 242, SB 243, and SB 244, but did not wish to speak:

Charles Owens, representing the National Federation of Independent Business.
Rachel Richards, representing the Michigan League for Public Policy.
Nick Ciaramitaro, representing AFSCME.

The chair went at ease at 2:20 p.m. and reconvened at 2:35 p.m.

The Chair laid before the committee SB 94 and SB 95:

SB 94	(Hildenbrand)	Sales tax; collections; sales tax on the difference; accelerate phase-in.
SB 95	(Robertson)	Use tax; collections; use tax on the difference; accelerate phase-in.

The following people submitted a testimony card in opposition to SB 94 and SB 95, but did not wish to speak:

Jerry Johnson, representing the Barry, Branch, Calhoun, Jackson, Lenawee and Monroe ISD.
Julie Rowe, representing AFT Michigan.
Kathleen Merry, representing Wayne RESA.
Annalisa Grunwald, representing the Michigan Association of Intermediate School Administrators.

David Zuhlke, representing the Middle Cities Education Association.
Bob Kefgen, representing the Michigan Association of Secondary School Principals.
Peter Spadafore, representing the Michigan Association of School Administrators.
Lisa Hansknecht, representing Oakland Schools.
Nick Ciamataro, representing AFSCME.

The following people submitted a testimony card in support of SB 94 and 95, but did not wish to speak:

Charles Owens, representing the National Federation of Independent Business.
Bill Sheffer, representing the Michigan Association of RVs and Campgrounds.

Representative Kesto moved to report SB 94, with recommendation.

The motion prevailed by a vote of 9-0-3.

FAVORABLE ROLL CALL:

YEAS: Representatives Tedder, Kesto, Lucido, Vaupel, Johnson, Kahle, Lower, Byrd and Neely.

NAYS: None.

PASS: Representatives Howrylak, Ellison, and Hammoud.

Representative Ellison offered the following amendment to SB 95:

1. Amend page 9, following line 19, by inserting:

"Sec. 21. (1) Except as provided in subsections (2), (3), (4), and (5), all money received and collected under this act shall be deposited by the department of treasury in the state treasury to the credit of the general fund, to be disbursed only by appropriations by the legislature.

(2) The collections from the use tax imposed at the additional rate of 2% approved by the electors March 15, 1994 shall be deposited in the state school aid fund established in section 11 of article IX of the state constitution of 1963.

(3) From the money received and collected under this act for the state share, an amount equal to all revenue lost under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, ~~and~~ all revenue lost from basic school operating mills as a result of the exemption of personal property under sections 9m, 9n, and 9o of the general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and 211.9o, **AND ALL REVENUE LOST TO THE SCHOOL AID FUND AS A RESULT OF THE INCREASE OF EXEMPTIONS UNDER SECTION 2(F)(xii) AND (xiv) OF THIS ACT AND SECTION 1(D)(xii) AND (xiv) OF THE GENERAL SALES TAX ACT, 1933 PA 167, MCL 205.51**, as determined by the department, shall be deposited into the state school aid fund established by section 11 of article IX of the state constitution of 1963. Funds deposited into the state school aid fund under this subsection shall not include the portion of the state share of the use tax imposed at the additional rate of 2% approved by the electors of this state on March 15, 1994 and dedicated for aid to schools under subsection (2).

(4) Money received and collected under this act for the local community stabilization share is not state funds, shall not be credited to the state treasury, and shall be transmitted to the authority for deposit in the treasury of the authority, to be disbursed by the authority only as authorized under the

local community stabilization authority act. The local community stabilization share is a local tax, not a state tax, and money received and collected for the local community stabilization share is money of the authority and not money of this state.

(5) Beginning October 1, 2016 and the first day of each calendar quarter thereafter, from the money received and collected under this act for the state share, an amount equal to the collections for the calendar quarter that is 2 calendar quarters immediately preceding the current calendar quarter of the tax imposed under this act at the additional rate of 2% approved by the electors on March 15, 1994 from the use, storage, or consumption of aviation fuel shall be distributed as follows:

(a) An amount equal to 35% of the collections of the tax imposed at a rate of 2% on the use, storage, or consumption of aviation fuel shall be deposited in the state aeronautics fund and shall be expended, on appropriation, only for those purposes authorized in the aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.1 to 259.208.

(b) An amount equal to 65% of the collections of the tax imposed at a rate of 2% on the use, storage, or consumption of aviation fuel shall be deposited in the qualified airport fund and shall be expended, on appropriation, only for those purposes authorized under section 35 of the aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.35.

(6) The department shall, on an annual basis, reconcile the amounts distributed under subsection (5) during each fiscal year with the amounts actually collected for a particular fiscal year and shall make any necessary adjustments, positive or negative, to the amounts to be distributed for the next successive calendar quarter that begins January 1. The state treasurer or his or her designee shall annually provide to the operator of each qualified airport a report of the reconciliation performed under this subsection. The reconciliation report is subject to the confidentiality restrictions and penalties provided in section 28(1)(f) of 1941 PA 122, MCL 205.28.

(7) As used in this section:

(a) "Aviation fuel" means fuel as that term is defined in section 4 of the aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.4.

(b) "Qualified airport" means that term as defined in section 109 of the aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.109.

(c) "Qualified airport fund" means the qualified airport fund created in section 34(2) of the aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.34.

(d) "State aeronautics fund" means the state aeronautics fund created in section 34(1) of the aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.34."

Representative Ellison moved to adopt the amendment to SB 95:

The motion failed by a vote of 4-7-1.

UNFAVORABLE ROLL CALL:

YEAS: Representatives Byrd, Neely, Ellison, and Hammoud.

NAYS: Representatives Tedder, Kesto, Lucido, Vaupel, Johnson, Kahle and Lower.

PASS: Representative Howrylak.

Representative Kesto moved to report SB 95, with recommendation.

The motion prevailed by a vote of 11-0-1.

FAVORABLE ROLL CALL:

YEAS: Representatives Tedder, Kesto, Lucido, Vaupel, Johnson, Kahle, Lower, Byrd, Neely, Ellison, and Hammoud.

NAYS: None.

PASS: Representative Howrylak.

The Chair returned to the consideration of SB 242, SB 243, and SB 244.

The following people testified to the bill package:

Scotty Bowman, representing Our America Initiative, in opposition.

Derek Nofs, representing Southwest Michigan First, in support.

Jason Puscas, representing the Detroit Regional Chamber of Commerce, in support.

Tony Daunt, representing the Michigan Freedom Fund, in opposition.

Pete Lund, representing Americans for Prosperity, in opposition.

Dave Worthams, representing the Michigan Bankers Association, in support.

Jarrett Skorup, representing the Mackinac Center, in opposition.

Tim Sowton, representing the Business Leaders for Michigan, in support.

There being no further business before the committee and seeing no objection, the Chair adjourned the meeting, the time being 3:56 p.m.

Representative Jim Tedder, Chair

Kevin Gawronski
Committee Clerk
June 14, 2017
3 hours 56 minutes

Date Approved and Signed