

NORTHWEST MICHIGAN REGIONAL CHAMBERS ALLIANCE
POSITION ON THE SALES TAX ON SERVICES
October 2007

The Northwest Michigan Regional Chambers Alliance, representing more than 4,500 business members and consisting of the Cadillac Area Chamber of Commerce, Gaylord/Otsego County Chamber of Commerce, Petoskey Regional Chamber of Commerce, and the Traverse City Area Chamber of Commerce opposes the recently enacted sales tax on services (PA 93 of 2007) for the following reasons:

1. The tax has no policy basis and appears to be random in its application to certain services.
2. The tax is poorly defined with regard to NAICS codes and descriptions, making it confusingly open and subject to interpretation.
3. The tax is very expensive to administer by taxpayers, as well as for staff of the state Treasury Department to assess, administer, and collect.
4. The tax is detrimental to both the economic and social growth of Michigan.
5. The tax lays a dangerous precedent and groundwork for expansion of taxation to additional services as the governor and legislature deem necessary to cover future budget shortfalls.
6. The tax on services was literally enacted in the middle of the night with very little debate or consultation with affected communities. It has the appearance of favoring well represented constituencies and impacting less represented constituents.

The Chambers reiterates their position taken earlier this year that the most responsible way to deal with the current state budget situation is a combination of meaningful and structural government reforms combined with additional revenues from current tax vehicles.