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One Michigan Mayor Will Sue to Keep the State's Property Tax on Manufacturing Equipment.

Warren Mayor Jim Fouts said he plans to file a lawsuit Friday to overturn the passage of Proposal 1, which will phase out the personal property tax on manufacturing equipment in Michigan.

Fouts said the lawsuit will contend the ballot proposal violated state law by using wording tilted toward promoting its passage. He called the wording "confusing," "one-sided," and "blatantly unlawful," in a news release today announcing that he has directed the city attorney to file the lawsuit Friday in the Michigan Court of Claims.

"State of Michigan law is crystal-clear prohibiting slanted ballot language for any proposal," he said, adding that he was the only elected official in Michigan to oppose the question.

Proposal 1, which won handily in Tuesday's election, will phase out the tax on industrial and some commercial equipment between 2016 and 2023. It is an unpopular tax among manufacturers, of which Warren has many large industrial taxpayers. Most of the revenue from it goes to local governments.

Kelly Rossman-McKinney, communications director for Michigan Citizens for Strong and Safe Communities, which campaigned for the proposal, said the proposal was vetted by the Legislature and legal counsel and she does not expect any problems with the language. She said the Legislature debated the idea in December 2012 and in February and March of this year so Fouts "had plenty of opportunities to express his concerns."

Rossman-McKinney said she was not surprised Fouts intends to sue, but she is surprised that he's using taxpayers' dollars to do it. She said he may want "to be cautious" using city resources when a majority of Warren voters supported the proposal. Rossman-McKinney said the proposal won in every county in the state.

"I understand that he's a maverick," she said. "It's one thing to be a maverick on your own dime. It's another thing to be a maverick on the taxpayers' dime."

Fouts said he's "responding to a lot of disappointed voters," including more than 30 senior citizens he spoke with today at a senior picnic, who indicated they were confused by the proposal.

The proposal replaces lost local revenue by shifting money from the state's 6% use tax that is charged on items such as Internet and mail-order purchases, telephone service and hotel accommodations.

Fouts said wording in the proposal was a "sales pitch appealing to all voters." He cited such phrases as "helping small businesses grow and create jobs," "modernize the tax system," "police safety, fire protection, and ambulance emergency services," "aid to local school districts" and "prohibiting the authority from increasing taxes."

He said the seniors he talked with today didn't understand the proposal, but they didn't want to vote against jobs, police and fire. He questioned the phrases, such as what does it mean to "modernize the tax system?"

Fouts said the proposal purposely avoided using words like "tax cuts for large manufacturers" because that would have caused a "voter backlash" diminishing the chances for approval.

"But tax breaks for large manufacturers is the essence of the proposal with minimal tax breaks for small businesses," Fouts said. "And state legislators conveniently left out the use tax increase in the proposal's language."

Fouts said the city of Warren is expected to lose \$10 million to \$11 million in 2016 and it's unclear how much it will receive from the use tax. He said many cities, such as Detroit, Pontiac and Sterling Heights, will take a hit.

Fouts said the proposal was sold to benefit small businesses that would create up to 15,000 new jobs, but large manufacturers benefit with \$500 million in tax reductions. He said the average taxpayer "will be the victim with higher taxes."

Fouts said he knows he is facing "an uphill fight, but I believe the proposal was bad for cities and state taxpayers."

Fouts said he also will make a formal complaint about state legislators sending out mailings, at taxpayers' expense, expressing support for the proposal without printing opposing arguments.

"They broke state law governing fairness in franking privileges by legislators, and they should reimburse the state for that abuse," he said in his news release.

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By Christina Hall

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