

## AROUND THE DOME

### JANUARY 2010

As the New Year gets underway, it is clear that the State of Michigan has significant structural problems that must be addressed. For the third year in a row, tax revenues are down for the state government and growing deficits won't go away. At the latest tax revenue estimating conference, officials predicted a 1.8 billion dollar deficit for the 2010-11 budget year, on top of the cuts already made in the current year budget. The Building Owners and Managers Association (BOMA) is undertaking a significant role in promoting changes to the state's tax structure that can reform state government and provide a strong business environment.

BOMA of Metro Detroit strongly endorses the Michigan Turnaround Plan offered by Business Leaders for Michigan, [MichiganTurnaroundPlan.com](http://MichiganTurnaroundPlan.com). All BOMA members have experienced the effects of the government's attempts to define what is best for the business community. The proposal is to reduce the sales tax to 5.5%, extend it to services, exempt business-to-business taxes, eliminate the Michigan Business Tax (MBT) surcharge and reduce the MBT gross receipts factor from .8 to .45%. This results in a 50% MBT cut, a tax increase of less than \$1/week for most citizens and is revenue-neutral to state government.

The Turnaround Plan describes the interests of business and describes several concrete actions for implementation to improve the business climate as well as the state government.

In addition, BOMA recently sent a letter to Governor Jennifer Granholm and the Michigan Legislature, urging the adoption of the Michigan Turnaround Plan. BOMA's letter also contained the following language urging the State Legislature to examine and consider these additional issues.

- **Right to Work legislation for the State of Michigan.** While unions have served a critically important role in improving wages, work conditions, and the overall quality of workers everywhere, we need to re-examine the relationship between business and labor. The new service-based economy requires recognition of the global labor pool and the need to keep our citizens competitive.
- **Efficiency gains by expanding public-private partnerships in delivering non-core services.** Certain core functions of government [such as police, fire and education] should receive the greatest taxpayer support, but other functions [such as property management] may be more efficiently performed by private entities able to achieve economies of scale beyond geographic and political boundaries. Government should not abdicate its basic responsibilities, but government should scrutinize any area in which it duplicates or competes with the private sector.

The Michigan Senate Republicans have issued their own turnaround plan that mandates cuts in public employee benefits and pay. The Senate plan attacks some longtime structural issues like mandated public employee healthcare premiums, school administrative costs, and mandatory bidding for non-Instructional Services. The likelihood of these being adopted in the face of union opposition is uncertain.

**The "Around the Dome" newsletter is written monthly by BOMA's Michigan lobbying firm Scofes & Associates Consulting (S&A) to keep BOMA members aware of key issues in Lansing. In addition, S&A is monitoring top issues identified by the Government Affairs Committee. If you have comments on the newsletter or BOMA issues, please direct them to GAC Chairs Gregory McDuffee at [Gregory\\_McDuffee@DWJBA.com](mailto:Gregory_McDuffee@DWJBA.com), John Sier at [John.Sier@Kitch.com](mailto:John.Sier@Kitch.com) or Janet Langlois at [JLanglois@bomadet.org](mailto:JLanglois@bomadet.org).**

**We welcome your comments and questions on BOMA advocacy issues.**