



Thursday, November 29, 2007

Letter

Service tax already proves a loss for business

With the Dec. 1 implementation date of the state sales tax on services two days away, Michigan businesses are forced to sit back and watch as the Legislature debates the extent of the penalty we will receive for doing business in Michigan. The stage is set for the same last-minute decision-making that resulted in the sales tax on services in the first place.

The current form of the House bill would increase our state tax 81 percent. Under the Senate's revision, our taxes would increase 41 percent.

To most people, neither of these scenarios sounds appealing, but as a service provider the effect the service tax is much greater. Many businesses, especially those providing services, do not qualify for the large industrial personal property tax credits designed to benefit manufacturers and may experience similar tax increases with the new Michigan Business Tax.

The truth of the matter is that my business has already lost. To some of our customers, this tax represents hundreds of thousands of dollars each year, and they weren't interested in this kind of rate increase.

Longtime customers have spent the last month shopping around looking for another provider, in another state, who can handle their business. We hang on by a thread waiting for government to make a decision and wonder if it will help us keep our customers or be the final cut for us.

Prospective customers have already told us "sorry," Michigan just won't work for them. This tax and the resulting debacle have left a bad taste for many companies that were considering Michigan to do business in. These potential customers are now gone, and we are left missing out on new revenue and a chance to continue growing our business and jobs.

We are tired of reading stories about how the two parties can't get along. We want to read a story about lawmakers stepping up, working together and reaching an agreement that will repeal this service tax.

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