GRAND RAPIDS AREA CHAMBER OF COMMERCE

To: Members of the House Tax Policy Committee

From: Chris Glass, Grand Rapids Area Chamber of Commerce

Subject: Support PPT Reform

Date: December 4, 2012

On behalf of the Grand Rapids Area Chamber of Commerce (GRACC) and our 2,700 members, we ask for your support in passing Personal Property Tax reform. In order for Michigan to remain a competitive manufacturing state, we must finish the job and provide PPT relief.

This tax has a direct impact on job creation in our state. A West Michigan manufacturer provided an example showing they are investing $650,000 in three pieces of industrial manufacturing equipment to remain "product" competitive in the Great Lakes region. The tax burden they will inherit will not help them be "price" competitive with other companies in the region.

They will gladly pay $39,000 in sales tax for this equipment. In the same year however, they will pay $6,942 in PPT for these three pieces of equipment. These pieces of equipment will require 20 new employees to operate and support production. Those 20 employees will earn a salary of $40,000 - $50,000 and will contribute a combined $10,000 - $15,000 annually in local income tax collections to our City to support core services. This legislation also provides opportunities for reimbursement to protect essential services.

The best thing we can do for local communities is to enact policies that promote job creation. Passage of this package of bills will help this company remain in Michigan and position them to compete and grow for the foreseeable future.

We ask for your support in finishing the job and providing relief to manufacturers who in many cases have a higher tax burden under the switch to the Corporate Income Tax. If you have any questions or would like more personal examples on how this package will support job creation, do not hesitate to contact me at 616.771.0311.

Sincerely,

Andy Johnston
Vice President of Government Affairs

Chris Glass
Director of Public Policy