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## **DILLON PROPOSES UTILITY TAX, SAYS OTHER PLANS ON THE WAY**

House **Speaker Andy Dillon** (D-Redford Twp.) is putting together a tax proposal for the state's utilities that is expected to generate \$500 million over a year. But while the leader said Thursday that tax would be structured so consumers wouldn't bear the entire burden of higher utility bills, he shied away from divulging the specifics of that plan along with what other cuts and reforms he has up his sleeve.

Mr. Dillon opened up his well-attended press conference by saying House committees would be meeting over what was supposed to be their spring break to review what reforms can be made to government in their particular specialties and that he intended to release further details of his plan next week.

And while Mr. Dillon acknowledged that some of his plans had been leaked, he asked that people withhold judgment on his proposal until they hear what that all entails. He said total repeal of PA 141, 2000, which opened up the market for competition between utilities, is on the table (see related story). The state needs to generate more power, but it is hard for utilities to build a new plant when their commodity is predicted to be more expensive than the existing market, Mr. Dillon said, in explaining why the state's largest electric suppliers, DTE Energy and Consumers Energy, need less competition.

"There are a lot of pieces to come out that we want to make sure are accurate," he said, changing earlier reports that the utility tax would generate \$1 billion annually, about \$500 million short of what Governor Jennifer Granholm had proposed in her two-cent tax on services plan.

While his plan would take care of a "significant portion of the solution" Mr. Dillon said Ms. Granholm's service tax plan was still in the realm of talks. He also said a replacement for the Single Business Tax would be finished by the House by the end of May, but did not specify what proposal that might be.

House Democrats are also looking at three ballot proposals for the 2008 ballot, one of which would deal with a graduated income tax, which Mr. Dillon said he personally was not pushing but it was being "teed up" for others.

Mr. Dillon also said while reforming state and local government delivery of services was being discussed, that didn't necessarily mean the complete elimination of townships.

Mr. Dillon said that while lawmakers had a short time to act - saying that having a revenue enhancement plan in place by June 1 would help alleviate the state's problem with making the August school aid payment - he respects the democratic process and

wanted to have as much input as possible, adding that as it comes out of the House by the end of April he didn't want it to be classified as a House Democratic plan, but just simply a House plan.

He said he was aware that Republicans are eager to work on the reform side of the equation, but had not yet assessed how involved they wanted to be on the revenue enhancement part.

House Democrats are continuing to say that the 2006-2007 and 2007-2008 budget must be dealt with holistically and Mr. Dillon said [Rep. George Cushingberry Jr. \(D-Detroit\)](#) and [Rep. Matt Gillard \(D-Alpena\)](#) were working on a negative supplemental ([HB 4493](#)) to tackle the remaining current year fiscal deficit (see related story). House [Majority Floor Leader Steve Tobocman \(D-Detroit\)](#) said that supplemental could incorporate some of what the Senate approved last week (See [Gongwer Michigan Report, March 22, 2007](#)) but would not touch the areas of education, health care, public safety or economic development.

Mr. Tobocman said the House had already led by implementing cuts to its own budget, which included three layoffs this week. A front desk worker, mailroom employee and page coordinator were let go. Also this week, the House implemented an increase to its health care co-pays for legislators and staff.

Liz Boyd, spokesperson to Governor Jennifer Granholm, limited her comments to the proposal to saying Ms. Granholm was pleased the Speaker was looking for a complete solution to the state's fiscal crisis. And that solution has to include cuts, reforms and revenues, she said.

Later in the day, State Budget Director Bob Emerson told reporters the administration had been briefed on Mr. Dillon's planned announcement in the morning but that the Department of Treasury had not run the numbers on the utility tax to see what would come out. He also said the administration would wait and see what other plans House Democrats would roll out next week, but so far, he said he believes the governor's tax on services plan is the best alternative.

It had appeared earlier in the day that the administration was left out of the loop on what Mr. Dillon and company had been planning all along, but sources tell Gongwer News Service that the administration in fact had come to the Speaker a few weeks ago to talk. Mr. Emerson said there is a dialogue ongoing between the Democratic leader and the administration.

Senate [Majority Leader Mike Bishop \(R-Rochester\)](#) said he was encouraged that the House was moving ahead with a plan, but said he was worried that House Democrats do not forecast being finished with their proposal until the end of April and the attempt to tie together the current fiscal year with the 2007-08 fiscal year.

"That's 30 more days. We all know we have a budget shortfall," Mr. Bishop told

reporters. The best thing to do is for the House to separate the two fiscal years and act on the current year first.

Senate Republicans enacted a proposal to cure the current year's budget, Mr. Bishop said, and if the House doesn't like it, it should reject the proposal so the process can continue to move forward.

"We have waited long enough" for action, Mr. Bishop said.

He would not pass judgment on the utility tax proposal, except to say "it's hard to believe it would not be passed onto the consumers."

Mr. Bishop also questioned the logic behind eliminating the essence of the electric competition. Utility costs are one of the major expenses businesses face, he said.