



Everything Michigan

Utility tax a bad idea

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DEMOCRATIC HOUSE Speaker Andy Dillion pitched a half-baked idea last week to tax the state's big electric utilities that he said would raise about \$500 million a year.

It's a bad idea. The last thing Michigan needs is higher electricity rates, which would drive more employers to states with lower energy costs and taxes.

Worse, the plan would eliminate an energy-choice law passed in 2000 that opened the state's electricity markets to more competition, returning Michigan to the bad old days when Consumers Energy Co. and DTE Energy Inc. had exclusive franchises to sell power. Since lawmakers approved electricity competition seven years ago, according to the Customer Choice Coalition, participating customers have saved an average of 15 percent

or almost

\$500 million.

Even with additional competition, Michigan's electric rates remain the highest among five states in the region, including Wisconsin, Illinois, Indiana and Ohio.

Blocking competition could also slow movement to build additional power plants. Consumers Energy and DTE are both pushing for an end to competition. The utilities say they need to know how much power they can expect to sell before investing in additional power plants. But allowing other companies to build plants and increase electricity capacity in Michigan likely would lower rates and take the responsibility for those investments off the backs of customers.

Mid-Michigan has a high-profile example of the real-world implications of high energy costs and their impact on creating jobs. Hemlock Semiconductor Corp. in Thomas Township is considering expanding its silicon chip production operation, bringing an additional 600 permanent jobs and 400 construction jobs to the region.

Hemlock Semiconductor officials say high energy costs could lead it to expand out of state. That would be bad news for the region and for Michigan. And you can bet other companies would make the same choice. Taxing utilities and passing those rate increases onto customers will hurt Michigan and kill jobs now and in the future.

The Democratic leadership in the House are expected to outline their plans for balancing the budget this week, including the utility tax. Saginaw County lawmakers -- Andy Coulouris, a Democrat, and Kenneth Horn, a Republican -- were both rightly skeptical of the utility tax suggestion because they understand the stakes.

Increasing energy costs and eliminating competition in Michigan are bad ideas. Dillon and Democrats in the House need to look somewhere else for solutions to the budget. The utility tax is a tax increase that will drive employers away by ensuring that Michigan's electricity rates will remain the highest in the region.

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