

## Governor Proposes Deep Cuts, Significant Tax Changes

2/18/2011

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Michigan Gov. Rick Snyder delivered his first Executive Budget recommendation on Thursday before the Joint Senate and House Committees on Appropriations and Taxation. His budget calls for approximately \$1.8 billion in spending cuts, including \$180 million in public employee concessions.

Snyder also announced his new business and personal income tax proposals. As we previously indicated, he proposes to scrap the current Michigan Business Tax and replace it with a flat 6-percent tax on business income. Only "C" Corporations would pay this tax. In addition, all business credits -- including those for brownfield development, film, alternative energy, Michigan Economic Growth Authority and historic preservation -- would be eliminated.

Snyder supports the rollback from 4.35 to 4.25 percent on an individual's personal income tax, currently planned for October 1. Moreover, he wants to eliminate certain tax exemptions and credits now enjoyed by individuals. Notable exceptions include the personal exemption and the homestead property tax credit (both subject to new income limitations) and the exemption for individuals with disabilities.

Finally, Snyder proposes to tax public and private pension income. Social Security benefits would remain exempt.

Our Government Affairs attorneys will monitor the proposals and provide updates as they move through the Legislature. If you have questions or would like to discuss how we might lobby legislators on your behalf, please contact James Cavanagh (517.679.7410 or [jcavanagh@wnj.com](mailto:jcavanagh@wnj.com)) or any other member of the Government Affairs, Tax or Economic Incentives groups at Warner Norcross & Judd.