

Report on Public Policy Position

Name of section:

Alternative Dispute Resolution

Contact person:

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Bills:

[HB 5527](#) (Meadows) Sales tax; other; sales tax on services; implement. Amends secs. 1, 2, 4, 4a, 4d, 4h, 4j, 4q, 4t, 4u, 4w, 5b, 6, 10, 16a, 19, 23 & 25 of [1933 PA 167](#) (MCL [205.51](#) et seq.) & adds sec. 4c.

[HB 5528](#) (Meadows) Use tax; other; application of use tax to certain services; provide for. Amends secs. 4 & 20 of [1937 PA 94](#) (MCL [205.94](#) & [205.110](#)) & adds secs. 3g & 4b.

[HB 5529](#) (Meadows) Michigan business tax; surcharge; surcharge tax; repeal. Repeals sec. 281 of [2007 PA 36](#) (MCL [208.1281](#)).

Date position was adopted:

November 12, 2010

Process used to take the ideological position:

Position adopted after discussion and vote at a scheduled meeting.

Number of members in the decision-making body:

19

Number who voted in favor and opposed to the position:

19 Voted for position

0 Voted against position

Position:

Oppose

Explanation of the position, including any recommended amendments:

ADR SECTION STATEMENT SUPPORTING THE STATE BAR OF MICHIGAN'S POSITION OPPOSING A TAX ON LEGAL SERVICES

The State Bar of Michigan Alternative Dispute Resolution Section finds the following¹ as particularly persuasive reasons to oppose the adoption of a tax on legal services:

- The burden of a legal services tax is born by citizens and businesses.
- A tax on legal services discourages individuals and businesses from seeking legal advice in order to comply with the law.
- A tax on legal services also will deter individuals and businesses from taking proactive measures such as will drafting, medical preferences, appointing guardians, and incorporating businesses
- Most legal services are not discretionary
- Large businesses would be discouraged from seeking outside counsel (as in-house counsel would not be affected by the tax). Small businesses will thus be placed at a relative disadvantage.

The ADR Section believes the tax to be counter to the goal of resolving disputes in a cost effective, informed, and efficient manner. In order to minimize the likelihood of conflict, individuals and businesses need to proactively obtain and utilize expert legal assistance. A tax on legal services burdens the public's access to justice, and the ADR Section supports the State Bar's opposition.

The text of any legislation, court rule, or administrative regulation that is the subject of or referenced in this report.

<http://legislature.mi.gov/doc.aspx?2009-HB-5527>

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