

From: "Beekman, William"

Date: Tuesday, October 31, 2017 at 10:03 AM

To: COGS President , Lorenzo Santavicca, RHA President

Subject: EL Income Tax Update

Ashley, Lorenzo, and Lauren –

I am writing to make you aware of one of the implications that a potential East Lansing Income tax will have on students who work for the University (or, presumably, any East Lansing-based employer).

As you know, the City has stated that it will provide an income tax exemption of \$5000. Because the University, as an employer, has no idea how much any individual student will make, the University would be legally obligated to withhold taxes from all employees regardless of income. It would then be the student employee's responsibility to file their taxes seeking a refund of their withheld wages if they do not meet the \$5000 threshold. This city withholding, in addition to the current state and federal withholding, would further decrease the money immediately available to a student by 1% if the student is an East Lansing resident or 0.5% if the student is not an East Lansing resident.

While we continue to research these issues and explore our obligations under the law should the ballot measure pass, I wanted to share this preliminary information with you as soon as I became aware of it so that you would be informed, before the election, of this additional implication of a potential income tax.

And, of course, as you are well aware, the \$5000 exemption is not part of the ballot proposal in front of the voters. Instead, it is an amount voted on by City Council and therefore it is subject to change at any time (potentially even before the first year of implementation). Further, the \$5000 exemption does not apply to every student's first \$5000 of income. Should a student earn one dollar over the \$5000 exemption threshold, he or she would be taxed on the entire \$5000 plus the earnings over that amount.

I encourage you to share this information broadly.

As always, if you have any questions or concerns, please let me know.

Bill