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## MSU Student Leaders and Council Candidate Split on Income Tax Vote <sup>[1]</sup>

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**By:**

Jessy Gregg



*Above: MSU's Beaumont Tower and ASMSU President Lorenzo Santavicca.*

While the one MSU student running for City Council says he's voting for the income tax proposal, two student leaders tell ELi they are against the income tax.

From the beginning, instituting an income tax with a property tax reduction <sup>[2]</sup> has been seen as a way to capture revenue for the City largely from workers commuting in <sup>[2]</sup> from surrounding areas. Discussion during City Council meetings has centered on tenured professors and other high-wage earners, but many working undergraduate and graduate students would not benefit from the property tax reduction and would still be subject to the income tax, if the paired proposals pass.

Last month, Mayor Pro Tem Ruth Beier proposed a \$5,000 individual income exemption, meaning only individuals earning more than \$5,000 a year would have their income taxed under the property tax. (This is true for an individual even if the person earning less than \$5,000 is married to someone earning more. The spouse earning more would pay income tax on his or her income.) This proposal was passed by the City Council.

Why that amount? Beier says the information that the Council received from MSU indicated that most undergraduate students would be exempt from income tax using a \$5,000 exemption level.

Lorenzo Santavicca, President of the Associated Students of MSU (ASMSU), tells ELi that he appreciates this gesture but it is not enough to sway him from a "no" to a "yes." Santavicca says the \$5,000 exemption "does not account for the fact that students will also be taxed on summer earnings" earned outside of East Lansing.

The summer-earnings income tax would only apply to students who have legally changed their residency to East Lansing. If the measure passes, residents earning more than \$5,000 per year will pay 1% on income (except for many forms of retirement income). Students who have not legally changed their residency to East Lansing would be subject to the non-resident tax (0.5%) only on income earned inside East Lansing city boundaries.

In communications to ELi, Santavicca called on students to support low-wage earners at MSU, such as graduate students and custodial staff, whose income would be relatively low but still higher than \$5,000 exemption and who are unlikely to own property.

"I care a great deal about everyone that makes Michigan State the University that we have all come to depend on a great future," he said, "but that future comes with jeopardy when those who are affected by their income are not able to vote on the income tax."

Ashley Fuente is the Council of Graduate Students President, and she says that she's disappointed that no one from the City has reached out to the graduate students. Graduate students perform a variety of jobs within MSU such as teaching assistants and research fellows.

Fuente says that most graduate students make between \$10,000 and \$15,000 per year and so they would not be tax-exempt according to the \$5,000 exemption. They are also more likely than undergraduates to be permanent residents, which would mean they are subject to the higher 1% tax rate.

"It feels like we are an afterthought," she said.

City Manager George Lahanas has been giving public presentations about the income tax to different community groups, 27 in total as of last week. Only one of those presentations was on campus, and that was given to the general assembly of ASMSU.

Historically, on-campus voter turn-out during City Council elections has been low. According to East Lansing City Clerk Marie Wicks, the total votes cast at the five on-campus precincts for the last three odd-year elections were 139 in 2011, 25 in 2013, and 26 in 2015.

These numbers don't include registered student voters who are living off campus, and student leaders have indicated that they are working on a 'get out the vote' strategy to encourage participation in this election.



City Council candidate Aaron Stephens (above), the only MSU student running for election, has previously released a statement saying that he will be voting 'yes' on the income tax now that the \$5000 exemption has passed.

Stephens told ELi yesterday, 'I will be voting for the tax proposals.'

Will he support re-introducing the issue if the voters don't pass the income tax this time around?

Says Stephens, 'I can't say for sure on re-introducing. I would explore re-negotiation with the university first but I'm open to it if that doesn't work. Pass or fail, we should be discussing efficiency to ensure we don't end up in a situation like this again in ten years.'

Says Stephens, "I do support the implementation [of bringing in revenue from income tax] being centered around our debts and infrastructure. One thing I would like to add, and will do if on council, is [to] institute an easy way for residents to see how much money the tax is collecting and where the city put that money, to ensure we are held accountable to our residents in using the money effectively. I think if residents could go online and view where the revenue specific to the income tax is going, they would be a lot more confident in supporting it."

Stephens has said he wants to see several cost-cutting measures explored, including "a regional approach to fire safety" and a move to "evaluate the best possible level of services that are necessary for the city."

Meanwhile, in an email <sup>[3]</sup> being widely circulated around MSU and around town, yesterday MSU Vice President Bill Beekman (below) wrote to warn MSU students that "the University would be legally obligated to withhold taxes from all employees regardless of [total] 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 actually earn enough to be subject to the income tax.



Beekman's message also notes that the \$5,000 exemption is according to a Council vote, not written into the proposal language voters might approve. (The state limits what and how many words can appear in a ballot proposal.) Beekman has previously suggested <sup>[4]</sup> in an interview with ELi the City should first max-out property taxes before trying to institute an income tax.

Responding to Beekman's message, Mayor Mark Meadows says, "The \$5,000 is for adjusted gross income. So, someone could make more than \$5,000 and still get the exemption." (Adjusted gross income at the local level is calculated differently than it is with the IRS.)

Meadows continues, "Anyone working will have taxes withheld. And anyone working at the student employee level probably can file the federal and state EZ electronically. The City tax will have a similar EZ that can be filed electronically."

This is the first ELi has heard of an electronic filing plan for the East Lansing income tax.

MSU employees and income-earning MSU students who live and work in Grand Rapids, Lansing, Flint, Detroit, and any of the other Michigan cities with income taxes [5] are already subject to those cities' income taxes. The amount due to one's city of residency is reduced by the income tax paid for employment in other cities.

*Learn more from our comprehensive coverage of the tax proposals [6] on the November ballot and our comprehensive coverage of the City Council race [7].*

*Alice Dreger contributed reporting to this article.*

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[2] <http://eastlansinginfo.org/content/ask-eli-will-homeowners-tax-liability-really-be-offset>

[3] [http://eastlansinginfo.org/sites/default/files/beekman\\_to\\_students\\_on\\_income\\_tax\\_oct\\_31\\_2017.pdf](http://eastlansinginfo.org/sites/default/files/beekman_to_students_on_income_tax_oct_31_2017.pdf)

[4] <http://eastlansinginfo.org/content/msu-and-city-leaders-continue-battle-income-tax>

[5] <http://eastlansinginfo.org/content/ask-eli-who-pays-what-if-tax-proposals-pass>

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