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Home > Income Tax Passes Decisively

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By:

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Above: Council Member Aaron Stephens and Mayor Mark Meadows at City Hall tonight.

Today, East Lansing voters overwhelmingly approved an income tax for East Lansing, a measure aimed at addressing the City's growing financial crisis ^[2].

Official results are not yet available, but the margin between "yes" and "no" is wide. As of about 10:50 p.m, the vote was 58% in favor of the income tax, 42% against.

"I'm just thrilled," Mayor Mark Meadows told ELi tonight at City Hall. "The firefighters were out every day on their own time, and I believe they made a huge difference in a lot of neighborhoods. That kind of work brings home that public safety is really one of the issues we have to fund appropriately."

"We put it up to the people and the citizens of East Lansing chose the best plan -- moving forward," the newest member of City Council, Aaron Stephens, told ELi.

The income tax was supported by Meadows, Stephens, and the other three members of East Lansing's City Council. The cause was also advanced by a large and active "Vote Yes" ballot campaign committee led by residents Allyse Anderson and Doug Jester, former Mayor of East Lansing.

The tax will take effect on January 1, 2019, and will run for twelve years. At that point, if voters have not decided to renew the income tax, it will expire.

Resident income will be taxed at a rate of 1%, and non-resident income at a rate of 0.5%. City Council has not yet decided how the tax will be administered, but it is anticipated that outside expertise will be hired to manage the tax, as is common with other Michigan municipalities with income taxes.

Last November, East Lansing residents voted through a Charter Amendment that called for property taxes to be lowered if an income tax were to be instituted by voters. Because the income tax proposal passed, East Lansing property owners will see about a 10% decline in their property tax bills starting next year (for the Summer 2018 tax bill).

The measure is expected to provide net new revenue of about \$5 million per year. The proposal specified that of the net new revenue, 60% will go towards the City's pension debt, 20% to emergency services, and 20% to infrastructure, including, for example, road repair and maintenance of City-owned facilities.

The paired approach -- an income tax with a property tax reduction -- was aimed in part at drawing revenue from Michigan State University, for which East Lansing is legally obligated to provide fire and paramedic services.

MSU accounts for about 20% of the land area in East Lansing but pays no property taxes because it is a nonprofit public institution. MSU also provides over half of the jobs in East Lansing. As ELi reported [3], last year, MSU administrators contributed heavily to the "Vote No" campaign, but this year, in advance of the election, contributions to the "No" campaign were declared only from the Lansing Regional Chamber of Commerce and Greenstone Farm Credit Services.

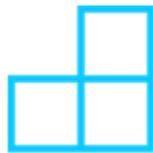
City Manager George Lahanas told ELi as the trend solidified, "It looks like our residents have voted to implement an income tax, which for us is very reassuring, because this is essentially what all of our citizen engagement activities indicated was the [voters'] preferred method for gaining revenue. The tax has the time limitation and the use for specific purposes," which is what surveys had indicated voters would approve.

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