

August 7, 2017

City Council
City of East Lansing
410 Abbot Road
East Lansing, Michigan 48823

Re: Effect of Proposed Income Tax on Commercial Property

Ladies and Gentlemen,

I know you are getting bombarded with comments on the proposed income tax, so I limit my observation here to its potential effect of commercial property values in the City.

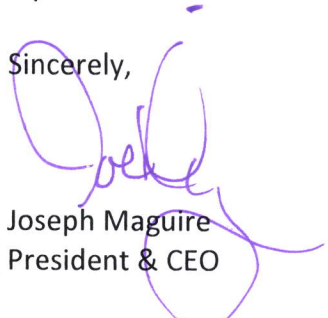
We are, quite literally, on the front line of this issue with our vacant office suite in our E. Lake Lansing Road professional office building on the border of the City, competing with space in Meridian Township *across the street*. Since the move to put the income tax on November's ballot, we have had 3 different prospects either drop our building from consideration, or defer any decision until after the election. The implication being, of course, that they would not lease here if the income tax were enacted.

Though anecdotal, I believe this small sample reveals a larger wave—as I hear from my colleagues in the industry.

At a minimum, I urge you to discard the notion of a static analysis in which your model projects income tax revenue based on existing income base. What seems to be a more appropriate analysis would include a *dynamic* model in which a portion of the taxable base votes with their feet.

I know you are all doing your best for our city and I thank you for your consideration of this input.

Sincerely,



Joseph Maguire
President & CEO

Residence: 1623 Woodside Drive, East Lansing