

507 S. Grand Ave.

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## **Budgets and Taxes**

The MBA remained at the Capitol until very late Sunday night watching closely as the House, the Senate and the Administration tried to come up with solutions to the 2008 budget debacle. The 2008 fiscal year begins October 1.

House Democrats and the Governor remain unsuccessful as they insist on revenue enhancements first. The Governor's position is clear and consistent. She favors closing the gap almost entirely with new revenues. She indicates she will accept up to \$300 million in "cuts" which essentially removes proposed increases. The House majority (Democrat) is backing the Governor for the most part, but has to date not passed any revenue measures or even held a recorded vote on any specific tax bill.

Using the Governor's proposed budget, projected spending exceeds expected revenues by about \$1.75 billion. Removing new program spending from that budget would reduce the deficit by about \$300 million. Note that the total State budget is about \$42 billion with the General Fund portion tallying about \$9 billion.

The Republican Senate sent budgets to the House last night cutting some \$900 million, which would close the gap to about \$850 million. They too have been very clear and consistent...no revenue hikes until government reforms and cuts are made. As in the House, nearly all Senate votes on budget and tax issues are partisan. The Senate also passed a continuation measure to provide an emergency vehicle to keep State payments, paychecks, and other matters functioning in the (now likely) event that a balanced 2008 budget is not approved by next Monday.

In the meantime, the MBA is closely involved as all options are up in the air. Most likely we will ultimately see some cuts, an increase in the personal income tax, and possibly other revenue increases. Michigan Business Tax, Financial Institutions Tax, taxes on services, and any number of fee hikes are all possible.

This turmoil is even blocking staffing at OFIS for bank examiners. Though these positions have nothing to do with the General Fund and are entirely paid through industry assessments, the Administration will not currently permit examiner positions to be filled.

## **FTC Warns Mortgage Advertisers, Media That Ads May Be Deceptive**

The Federal Trade Commission warned mortgage brokers and lenders, as well as media outlets carrying their advertisements, that some claims for mortgage products may violate federal law. Warning letters were sent to 200 advertisers and media outlets stating that some ads are potentially deceptive or in violation of the Truth in Lending Act and advised them to review their ads and to read business and consumer education materials on the FTC's Web site to learn about relevant laws and requirements.

## **FFIEC Releases 2006 HMDA Data**

The Federal Financial Institutions Examination Council released the 2006 Home Mortgage Disclosure Act data on mortgage lending transactions at 8,886 financial institutions. Access the HMDA data [here](#). Media talking points are available from the MBA.

## **OCC Highlights Employer-Assisted Mortgage Programs**

Banks have found that employer-assisted mortgage programs can stimulate new mortgage business and attract new bank customers, according to an Office of the Comptroller of the Currency report. Banks participating in such programs can also help meet their Community Reinvestment Act obligations by providing mortgages to low- or moderate-income home buyers or to people who purchase properties in low- or moderate- income neighborhoods. The report highlights the key features of employer-assisted mortgages and examines the primary risks and regulatory considerations associated with them.

## **Senators Levin and Stabenow Receive More Than 500 Letters From Michigan Bankers on Farm Credit Expansion**

More than 500 letters were sent to U.S. Senators Debbie Stabenow and Carl Levin this month opposing lending expansion powers to the tax-advantaged Farm Credit Service. The MBA and ABA were successful in opposing similar provisions in the 2007 House Farm Bill. Senator Stabenow is the only U.S. senator from Michigan serving on the Senate Agriculture Committee which is taking up the Farm Bill. Thank you for contacting our senators regarding this important issue. To send the MBA opposition letter, click [here](#).

## **Bankers Oppose Sales Tax Expansion to Financial Services**

Bankers sent more than 750 letters to Michigan's state representatives and senators opposing the discussion of a sales tax expansion to financial services. A tax to include the normal activities of checking, savings and certificates of deposits has been attempted in other states and quickly determined to be detrimental to consumer confidence in those states. As Michigan's state budget crisis continues to progress, it is important that bankers pro-actively communicate opposition in the event legislation proposed in the upcoming weeks. To send the financial services sales tax opposition letter, click [here](#).

## **Michigan Bankers Heading to Washington, D.C. Sept. 25**

Twenty-seven MBA member bankers will be heading to Washington, D.C. this week to discuss industry issues with leaders of Michigan's congressional delegation. MBA members will be lobbying on industry issues including subprime ARM foreclosures, unfair competition from credit unions, ILC loophole legislation and unwarranted lending authority expansions to the Farm Credit System. If you would like information on the next year's D.C. Delegation, contact Jordan Kingdon at [jkingdon@mibankers.com](mailto:jkingdon@mibankers.com).

## **MBA Bankers Have Strong Presence at Senator Stabenow's Ann Arbor Chamber Event**

In August, more than 35 member bankers from the Ann Arbor region attended a breakfast meeting with U.S. Senator Debbie Stabenow. Bankers from Ann Arbor Commerce Bank, United Bank & Trust, University Bank, Fifth Third Bank and the Bank of Ann Arbor brought several representatives to the event. Members discussed our support of ILC loophole legislation and our opposition to proposed expansions of the Farm Credit System in the 2007 Senate farm bill.

## **MBA Members Raise Money for Congressman Joe Knollenberg**



Pat McQueen, The Private Bank; Mike McLauchlan, Audrey Cox and Lynn Bahr, Comerica Bank; Gregg Christenson, Huntington Bank; Mary Fowlie, MBA immediate past chair; Ernie Antczak, Flagstar Bank and Dennis Angner, IBT Bancorp supported Congressman Joe Knollenberg at a recent fundraiser in Pontiac on September 17.

## **Sturgis Bank and Trust Hosts Meeting with Congressman Fred Upton**



Sturgis Bank and Trust hosted an MBA grassroots meeting on August 27 with Congressman Fred Upton. Attendees include Eric Eishen, Brian Hoggat and Ronald Scheske, Sturgis Bank and Trust; Don Farmer and David Allen, First National Bank of Three Rivers; Eileen Toney and Tom Grant, Chemical Bank; Bob Baldwin, Edgewater Bank and Bill Cody, First Savings Bank of Three Rivers.

## **United Bank of Michigan Hosts Meeting with Speaker Pro-Tempore Mike Sak**

United Bank of Michigan in Grand Rapids hosted an MBA Grassroots meeting on August 29 with Speaker Pro Tempore Michael Sak. The following bankers participated in the discussion Art Johnson, Beth Behrend, Cindy Lowman, Nancy Martin and Mike Manica, United Bank of Michigan and Rob Batterbee, Fifth Third Bank.