

**ANN ARBOR CITY COUNCIL MINUTES
WORKING SESSION - MONDAY, SEPTEMBER 9, 1996**

The working session of the Ann Arbor City Council was called to order at 8:35 p.m. in the City Hall Council Chamber by Mayor Ingrid B. Sheldon.

ROLL CALL OF COUNCIL

PRESENT : Councilmembers Patricia Vereen-Dixon, Jane Lumm, Jean Carlberg, Heidi Cowing Herrell, Patrick A. Putman, Christopher Kolb, Elisabeth L. Daley, Mayor Ingrid B. Sheldon, 8.

ABSENT : Councilmembers Tobi Hanna-Davies, David Kwan, Stephen C. Hartwell, 3.

SCOPE OF INCOME TAX STUDY

Mayor Sheldon introduced Edward M. Gramlich, Dean of the School of Public Policy at the University of Michigan, who will be conducting the income tax impact study. The Mayor stated that the purpose of the working session is to give Mr. Gramlich and the Finance Director some direction from City Council as to the parameters of the study.

City Administrator Neal Berlin reported that the study, which will be conducted by Mr. Gramlich and his graduate students, will not advocate for or against an income tax, but will be a study of much greater depth than has previously been undertaken by the City on this issue. He stated that following Mr. Gramlich's presentation, an opportunity will be provided for Council input to further guide Mr. Gramlich on the study's parameters.

Mr. Gramlich reported that the project has been divided into the following four groups:

- 1) **Basic Revenue/Distribution** - This group will use Michigan state income tax returns and information from employers to determine, more precisely, how much city revenue will change if the city replaced its local property tax with an income tax. The group will also try to determine which groups would gain and lose from such a shift.

- 2) **Projections - This group will use time series econometric models to project revenue growth in the various taxes, under normal high employment and in the event of future business cycles.**
- 3) **Business - This group will model the impact of the likely business tax cut to see how it might affect Ann Arbor income and revenue.**
- 4) **Other Cities/Administration - This group will analyze what happened when other Michigan cities switched over to income taxes.**

Mr. Gramlich stated that the study will not contain a recommendation but will provide as much data as possible on an income tax and its impact for Council=s deliberations as well as for the voters. He further stated that a preliminary report will be completed in December.

Mr. Gramlich=s presentation was followed by questions and comments from Council regarding the scope of the study. (List of Council questions on file in the City Clerk=s Office).

ADJOURNMENT

There being no further business to come before Council, the Mayor declared the meeting adjourned at 9:32 p.m.

**Janet L. Chapin
Acting Clerk of the Council
Recording Secretary**