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**Testimony of
Lindsey Williams, Vice President, Government Relations – Delphi Automotive
Michigan House Financial Liability Reform Committee
December 5, 2013**

Chairman Poleski and honorable members of the House Financial Liability Reform Committee . . . Good afternoon.

My name is Lindsey Williams. I am Vice President of Government Relations at Delphi Automotive and a 27-year veteran of the automotive industry. In addition to being responsible for the company's global government affairs activities, I am director of the Delphi Foundation and responsible for the company's global philanthropic initiatives.

First, I'd like to provide you with a bit of background about Delphi's economic impact in the Great Lakes State. With administrative offices in Troy, we currently operate facilities in Oakland, Genesee and Livingston counties and employ approximately 1,500 Michiganders – 30 percent of our U.S. workforce.

In calendar year 2012, Delphi's expenditures with the State of Michigan included \$16 million in payroll taxes and nearly \$1 million in sales and use taxes. Additionally, we paid local governments nearly \$3 million in real and personal property taxes and expended another \$5 million on utility taxes.

Delphi is very much part of the fabric of Michigan. And we continue to strengthen our presence here, as evidenced by the relocation of several engineering professionals from our Kokomo, Indiana technical center to this state earlier this year.

Additionally, Delphi is a strong supporter of the Pontiac School District, as demonstrated by our longstanding relationship with their award-winning *FIRST* Robotics team. Over the past decade, Delphi engineers have mentored hundreds of students, providing them with skills to solve technical and strategic problems created as part of the competition. By the end of the competitive season, these students are great problem solvers . . . they've learned self-confidence . . . they've learned the benefits of teamwork . . . they've honed their communication skills . . . and they've become true leaders. Having personally served as a mentor, I can attest to the positive impact of the student/mentor relationships, which last far beyond graduation. And this is just one of many volunteer efforts that positively impact the community.

Smart growth of Delphi's business enterprise, however, depends on numerous factors, not least of which is stability and predictability in our tax obligations. That is why we enthusiastically support Senate Bills 442 and 443 and thank Senator Jim Marleau for his leadership in sponsoring this legislation.

Specifically, the measures contained in the bills as introduced and passed by the Senate in October seek to amend state law to prohibit judgment levies to satisfy a contract between a school district and its vendors.

I understand that, rather than seek an outright ban on such levies, a House substitute for the legislation would mitigate taxpayers' exposure by compelling school districts and their vendors to promptly address bills that are more than 30-days delinquent. If understood correctly, the intent is to encourage the parties to reach a mutually agreeable resolution to such disputes. If a compromise is unattainable, however, the legislation would seek to limit the value of a prospective judgment levy to a specified number of days – 60 days, for example – of an unpaid contractual obligation instead of a year.

Although Delphi continues to favor the Senate version of Senate Bills 442 and 443, we can support the House substitute. While it does not eliminate the possibility of unexpected tax bills, its early-warning provisions should significantly reduce the financial exposure for commercial and residential taxpayers.

The proposed legislation represents a reasonable response to an unfortunate situation that saw an Oakland County Circuit judge earlier this year mandate Delphi and other Pontiac schools' taxpayers pay an additional 3 mills to cover the expense of a \$7.8 million contract between the district and one of its vendors.

Simply put, district taxpayers – *both individuals and businesses* – were compelled to pay for a service twice. And the fact that the court ruled taxpayers can pay the tab associated with this unexpected tax over a 10-year span does not diminish the reality that the judgment levy, at its crux, constitutes an action that impedes the ability of business to accurately forecast expenditures.

With all due respect to the judiciary, taxation matters are often addressed more appropriately by the legislative branch of government, and to that end, I appeal to this panel to pass Senate Bills 442 and 443.

The legislation promotes fairness to taxpayers. The legislation rewards vision and budgeting. The legislation preserves the intent of the business tax reforms that lawmakers passed last session. The legislation helps companies like Delphi continue to invest in – *and partner with* – Michigan. The legislation is fair and just.

It is in that spirit that I, on behalf of Delphi Automotive, again, encourage this committee to vote "Yes" on Senate Bills 442 and 443.

We stand ready to assist this Committee as you address an issue that will shape the way in which companies like ours evaluate the business climate in the State of Michigan.

Again, thank you for the opportunity to address the committee.

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