



COMMON GROUND

FALL 2011

MESSAGE FROM THE PRESIDENT

Greetings,

I hope everyone had a safe and prosperous summer. I'm looking forward to getting back to business this month so that we can work through the issues facing our industry.

As the Legislators return, it's exciting to see our bill close to being introduced.

We have several new members and hopefully many more as we ramp up recruiting efforts this fall. I greatly appreciate all of you MCSA members, our enthusiastic board, the Campbell Group, and the hardest working association management team / legislative watchdog in this state (Julian Vail, LLC). Together we will continue to improve the greatest industry to be a part of, SECURITY.

Sincerely,

Don Grant, CPP

President



Don Grant,
MCSA PRESIDENT

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MCSA CALENDAR OF EVENTS

***MCSA Board meeting (Conference Call)
October 19, 2011***

***All members are welcome to attend board meetings.
Please RSVP.***

Visit www.mcsa-online.org for locations and meeting times.

MICHIGAN CONTRACT
SECURITY ASSOCIATION
235 North Pine St.
Lansing, Michigan 48933
800-710-2371
517-482-0729
517-372-1501 (fax)

BOARD OF
DIRECTORS

Don Grant - *President*

Glen Burg - *Vice-President*

Michael Preece - *Secretary*

Terry Reese - *Treasurer*

Jim Cote - *Board Member*

Tim Johnson - *Board Member*

John Wood - *Board Member*

Kevin Whaley - *Ex-officio*

Al Cavasin - *Ex-officio*

COMMITTEE
CHAIRS

Don Grant
Legislative

Dan Mendelson
Membership

Glen Burg
Website

Open Chair
Ethics and Standards

Open Chair
Legal, Parliamentary & Bylaws

CONTACT INFO
UPDATES

We at the MCSA office like very much to stay current with our members. We invite you to send us any updates or changes you might have in your contact info. Also if you have an email address, we would like to include this in our records as well.

All updates should be sent to:
MCSA
235 North Pine St.
Lansing, Michigan 48933



CAPITOL REPORT

Julian Vail, LLC, Legislative Liaison

NEW PUBLIC ACTS FOR BUSINESS AND INCOME TAX

Julian Vail, LLC continues to work with Senator Boohar's office in getting organized for review and work group meeting on the legislation to create new PA 330.

Discussions on the timeline are ongoing. The bills introduced are very complex and much discussion is needed to get the most support from other organizations as possible.

P.A. 38'11 Income tax, rate--amends the Income Tax Act to implement a comprehensive set of tax changes. The statute divides the Income Tax Act into two parts:

Part One contains changes in the existing personal income tax and Part Two, which is entirely new, contains provisions for a corporate income tax.

P.A. 39'11 Michigan business tax, replacement amends the Michigan Business Tax Act so that MBT credits awarded through 2011 could stay in place through the life of the agreements.

Further explanation follows on what the new statutes accomplish and the income limits and rate of taxes on corporations.

- Eliminating the Michigan Business Tax (MBT). Under House Bill 4362, the act would be repealed when the last credit or carry forward based on a credit was claimed. Taxpayers could choose to continue to file under the MBT to keep certain "certificated credits."
- Imposing a new 6% corporate income or profits tax with no credits, except for the small business credit. This would apply to C corporations only, and would be effective January 1, 2012. Other businesses would only pay taxes on business income passed through to individuals -- they would pay under the individual income tax.
- Keeping the current 4.35% income tax rate until January 1, 2013, and then freezing the income tax rate at 4.25%. Under current law, the income tax rate is 4.35%. Beginning October 1, 2011, the rate is scheduled to be reduced by 0.1 percentage points each year until the rate reaches 3.95%; then the rate is scheduled to be reduced to 3.9% effective October 1, 2015. Under the proposal, these reductions would not take place. As of January 2013 tax rate would remain at 4.25% indefinitely.

MBT and Corporate Income Tax Changes

The statute repeals the Michigan Business Tax and replaces it with a 6% corporate income or profits tax with no credits, except for the small business credit. Qualified



CAPITOL REPORT CONTINUED

Julian Vail, LLC, Legislative Liaison

small businesses are eligible to pay an alternate tax equal to 1.8% of adjusted business income. The tax base for the new tax would be apportioned to Michigan based solely on a sales factor and is not to be based on property, payroll, or any other factor, notwithstanding the Multistate Tax Compact Act. Businesses that are not C corporations would pay taxes only through the individual income tax (on passed-through income), but the apportionment formula that individuals affiliated with multi-state firms would use for determining business income, other than income from transportation services, would be based solely on a sales factor rather than, as is now the case, equally on sales, property, and payroll. As a background, the current MBT is a tax on all businesses with apportioned gross receipts above \$350,000 with business activity in Michigan. The MBT has two main components to its tax base: (1) business income or net profit and (2) modified gross receipts (gross receipts less purchases from other firms, such as inventory, depreciable assets, and materials and supplies). Business income is taxed at 4.95% and modified gross receipts component is taxed at 0.8%.

In addition, the MBT includes many credits and a surcharge. The surcharge (except for insurance companies and financial institutions) is 21.99% of a taxpayer's MBT liability after apportionment but before credits and is limited to \$6 million per taxpayer per tax year.

A firm that has been approved to receive, has received, or has been assigned a certificated credit could elect to continue to file under the MBT rather than the new corporate income tax to claim the credit. Once the firm has made that choice it would continue to file under the MBT until the certificated credit or any carry forward is used up. The firm's MBT tax liability would be determined by subtracting the total amount of certificated credits from the greater of the firm's MBT tax liability before applying credits, deductions or exemptions and any carry forward or unused credit.

Personal Income Tax Changes

The income tax changes will increase the income tax collected, by the state, by an estimated \$559.1 million in FY 2011-12 and \$1.42 billion, which is a 23% increase on a full year basis, in FY 2012-13. The proposed changes are as follows.

Keep the current 4.35% income tax rate until January 1, 2013, and then freeze the tax rate at 4.25%. Under current law, the income tax rate is 4.35%. Beginning October 1, 2011, the rate is scheduled to be reduced by 0.1 percentage points each year until the rate reaches 3.95%; then the rate is scheduled to be reduced to 3.9% effective October 1, 2015. Under the proposal, these reductions would not take place. As of January 2013 tax rate would remain at 4.25% indefinitely.

For complete review of all the changes and considerations for your company and association members, please visit the website:

<http://www.legislature.mi.gov/documents/2011-2012/billanalysis/House/pdf/2011-HLA-4361-6.pdf>

Tips for Business

The following is an excerpt from a recent interview with our insurance expert Kevin Whaley's interview with Paul Jaeb and The American Investigator monthly podcast. To listen to this interview or other relevant topics to the industry go to www.americanprivateinvestigator.com

Topic: Defining relationships as an employee or subcontractor

Paul: Often times many investigative firms use the services of subcontractors. Does a clear definition of the difference between an employee and subcontractor exist?

Kevin: Well, sort of. There is a HUGE misconception that if a business 1099's a person that is the determining factor on if the relationship is an employee or a subcontractor. In reality, the 1099 vs. w-2 is really only what the IRS uses for declaring who is paying taxes. It really has nothing or little to do with the legal definition of the relationship.

Paul: That may come as a shock to a lot of listeners. So, someone that is issued a 1099 may actually be an employee?

Kevin: Absolutely and Positively

Paul: So, what are the determining factors?

Kevin: I ask listeners to Google it up and do some reading: However, the big ones are;

- 1) Do you give specific instructions to be followed?
- 2) Do you specify who personally will do the work?
- 3) Do you provide any tools, office space, computers or support staff?
- 4) Does the person called a sub, contract with others and hold themselves out to hire?

If any of the above is of concern, you most likely have an employee/employer relationship

Paul: What's the down side if a subcontractor is latter determined to be an employee?

Kevin: You could be held liable for past due employment and income taxes, medical bills and lost wages, liability claims and the list goes on. ALL PRETTY UGLY STUFF. It is safe to EXPECT NO MERCY, from the IRS, unemployment offices, or workers compensation atty's, it's a really safe bet you will not get any.

Paul: So, what should our listeners do?

Kevin: Do some research, if the relationship looks like it could be employer/employee error with caution and treat as such. If the relationship is clearly as a subcontractor require all the pertinent insurance certificates be filled and maintain them for 7 years at a minimum.



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Michigan Contract Security Association

Advertising Opportunities

There are two ways to advertise with MCSA, on our website and in our quarterly newsletter. The newsletter, Common Ground, is a printed publication sent to the membership body.

Please note that the MCSA Board of Directors reserves the right to approve or disapprove all advertisements.

Website Advertisement (please check box)

Banner or Graphic (logo)	Home Page	Sub page
3 months	<input type="checkbox"/> \$ 100	<input type="checkbox"/> \$ 50
6 months	<input type="checkbox"/> \$ 200	<input type="checkbox"/> \$ 100
9 months	<input type="checkbox"/> \$ 400	<input type="checkbox"/> \$ 200
1 year	<input type="checkbox"/> \$ 800	<input type="checkbox"/> \$ 300



Common Ground Advertisement (please check box)

	1 edition	2 editions	3 editions	4 editions
Full Page	<input type="checkbox"/> \$150	<input type="checkbox"/> \$275	<input type="checkbox"/> \$450	<input type="checkbox"/> \$525
1/2 Page	<input type="checkbox"/> \$100	<input type="checkbox"/> \$175	<input type="checkbox"/> \$250	<input type="checkbox"/> \$300
1/4 Page	<input type="checkbox"/> \$75	<input type="checkbox"/> \$125	<input type="checkbox"/> \$185	<input type="checkbox"/> \$260



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Please mail this form and payment to:
MCSA, 235 North Pine Street, Lansing, MI 48933

Or Fax to: 517-372-1501
Please contact the MCSA office at 800-710-2371
www.mcsa-online.org



Michigan Contract Security Association

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My experience with the Member Insurance Program has been phenomenal. Customer service is second to none and the application process is painless. My price point with Member Insurance Program saved me over \$500 and gave me greater coverage. I recommend that everyone contact Kevin Whaley with the Member Insurance Program. - Ken Shelton

I am going to save half on my renewal at a higher payroll - Dean Boerger

Your company is straight forward and gets the job done - Davis Marsh

My current agent is unable to come close. Sign up was quick and simple - Gary Sumeracki

Policy meets all our requirements. It was a good experience - Craig Dotlo

Apply online @ www.mcsa-online.org



MCSA MEMBERSHIP APPLICATION

235 N. Pine St. Lansing, Michigan 48933 (800) 710-2371 Fax (517) 372-1501

TYPE OF MEMBERSHIP

- Associate** - Does not hold office, does not vote, may serve on a committee (students, small agencies, employees of licensees).
 ● \$50.00 Non-Refundable Application Fee ● \$100.00 Annual Dues
Associate membership does not qualify for the MCSA Insurance Program
- Individual**- May hold office, holds one vote, may serve on a committee (licensee, employee of licensee).
 ● \$50.00 Non-Refundable Application Fee ● \$250.00 Annual Dues ● Copy of Agency License
- Agency**-Entitles agency to 2 paid memberships with full voting/office rights. Members must be designated on application.
 ● \$50.00 Non-Refundable Application Fee ● \$500.00 Annual Dues ● Copy of Agency License
- Student**-Non-exclusive, non-voting membership for students
 ● \$50.00 Non-Refundable Application Fee ● \$50.00 Annual Dues

- Vendor**-Non-exclusive, non-voting membership for businesses and organizations who market to the security industry. Insurance Agencies, Uniform Suppliers, Payroll Processors, Attorneys, etc.
 ● \$250.00 Annual Dues ● Reference letter from MCSA member in good standing

- Support MCSA-PAC**
 Please make your voluntary contribution by personal check, payable to MCSA-PAC and enclose it with your dues payment

LICENSING & COMPANY INFORMATION

Licensee Name _____ Year Acquired _____

Name of business (as it appears on license) _____

Business Street Address _____

City _____ State _____ Zip _____

Phone _____ Fax _____ Mobile _____

Email _____

Website _____

License Number _____ Expiration Date _____

Has this license ever been suspended ___ Yes ___ No

Year business was founded _____

Approx. number of UNIFORMED employees _____

Areas of specialization _____

Were you recruited by an MCSA Member? _____

If so whom? _____

If not, how did you learn of us? _____

Is your agency licensed in any other states? _____

If so, where? _____

Are you a member of any other Security/Investigations or Business organizations? _____

ADDITIONAL MEMBER INFORMATION

Member Name _____

Job Title _____

Phone _____ Fax _____ Mobile _____

Email _____

I/We hereby apply for membership in MCSA and affirm that all information provided on this application is true and correct. I/We authorize MCSA to allow any of its agents or representatives to make a thorough review of my application and specifically authorize any person, company, organization, or other entity to release to MCSA any and all types of information relevant to me or my agency. I understand that submitting false information on this application will result in revocation of my membership. I fully and completely hold harmless all parties involved in the release and use of the above information and I agree to abide by the Bylaws and Code of Ethics of the MCSA.

 License Holder Signature Date

Please make checks payable to MCSA and mail with form to:
 MCSA
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**Thank you to first time participants and
to those who continue to support MCS-PAC**