

Reforming Michigan's Budget and Taxation System

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I. Where we Are

- **Employment:** Between 2001 and 2010 Michigan lost nearly 850,000 Jobs.
- **Income:** Relative to U.S. Personal Income, Michigan ranked 12th highest in 1970, 15th highest in 1980, 18th highest in 2000 and 37th highest in 2009.

II. What Has the State Government Done?

- **Cut Taxes:** Michigan is the only state with a general fund revenue decline between FY 2000 and FY 2009, a 25% decline. Tax reductions have taken two forms: *Reductions in tax rates*, *Increases in tax loopholes*. In 2000 Michigan revenue as a percent of personal income was 8%. In 2010 it was 7%. The Headlee Revenue Limit in the Michigan Constitution is 9.5%. In FY 2009-10 Michigan government was estimated to be operating at \$8.8 billion under the constitutional cap.
- **Limited/Cut Expenditures – Programs and Personnel:** Between 2001 and 2009 Michigan State government expenditures have had the lowest growth of all states. Michigan ranks 50th with a percentage growth rate of -13%. Michigan has cut state and local government employees and in 2009 ranked 48th among the states in terms of government employees per 10,000 population. The Pew Center Survey of the States found Michigan the 4th best managed state during economic crisis.

III. What Should We Do Now?

- **Wrong Agenda:** Policymakers, pundits, media are talking about the wrong thing - what can we cut?
- **Right Agenda:** What kind of state and what kind of government do we want in Michigan?
- **Government services = taxes:** Our goal must be to create a tax system that assures we have stable, fair and adequate revenues to pay for the services we need and want.
- **A Better Michigan Future (ABMF):** is a coalition that has put together a program to assure a stable, fair and adequate revenue system.
 - ✓ Close tax loopholes
 - ✓ Implement a graduated income tax.
 - ✓ Audit government contracts
 - ✓ Expand the sales tax

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