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Opinion

Let the voters decide: Legislators should bring Michigan Fair Tax proposal to referendum

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By Glenn Gilbert
Of The Oakland Press

Michigan lawmakers seem to have a reluctance to ask the taxpayers for their opinions via ballot referendum.

True, we elect them to make decisions for us — that's the way it is in a representative democracy.

But when they have difficulty resolving issues — which usually appears to be the case even though Republicans are in full control of state government — it seems there would be no harm in letting the public weigh in at the ballot box.

Such has been the case with the years-long advocacy of the so-called Michigan Fair Tax proposal. Backers of this plan — so simple and so transparent — deserve an answer.

Fair tax advocates say their plan would replace Michigan's "current complex and unfair tax system with a simple, no loophole, retail sales tax on all new goods and services with an effective tax rate of 0 to 9.75 percent."

It would eliminate the current sales tax, personal income tax, Michigan Business Tax, personal property tax, 6-mill state education tax on business and sales tax on all business purchases.

It would not eliminate local property taxes or the 6-mill state education tax on individuals.

To answer the usual complaint about sales tax proposals unfairly penalizing the poor, who must purchase necessities, such purchases would be tax-exempt via a "prebate" under terms of the fair tax proposal.

The Legislature cannot just enact the fair tax because it would require a state constitutional amendment, which can only occur at the ballot.

A public vote would also be necessary for any increases.

"I like the simplicity," said State Sen. David B. Robertson, R-Grand Blanc Township. "There is a lot of work to be done to make the case for it," said Robertson, who was among a minority who favored placing the measure on the ballot in a previous session. Robertson's district includes portions of northeastern Oakland County.

Fair tax proponents say their proposal would stop the practice of punishing productive behaviors (work, saving, investing, etc.), which is done today by taxing these desired behaviors. It also removes taxes and tax-compliance costs from the prices of Michigan-produced products, making Michigan labor and business more competitive.

“Who actually pays the tax costs today, especially when considering service providers such as myself?” Ron Babin asked in recent testimony to lawmakers. “Individuals in every case! Only people pay taxes! People confuse businesses with business owners. Business owners are individuals too and will pay their full share when they benefit like everyone else,” said Babin, a Sterling Heights businessman and vice president of the Michigan Fair Tax organization (mifairtax.org).

“Don’t let the demagoguery get you as the citizens of Michigan lose if you do,” Babin said. “Businesses have to pass their tax burden on to an individual somewhere or they close shop or move elsewhere to stay afloat. Neither is good for Michigan or its citizens.”

The fair tax would do nothing about Michigan’s current budget problem since it would be revenue-neutral.

“The Michigan Fair Tax is not in opposition to whatever the Legislature is going to agree upon with the governor,” Babin said. “That’s a short-term fix that will help. But we need a long-term fix, a game changer if you will, that gives the business community constitutional certainty, communities stability, and the public a voice.”

Babin said the fair tax organization “absolutely” would start a petition drive to place the issue on the ballot if lawmakers refuse to. A ballot vote could occur in November of this year at the earliest or November of next year at the latest, he said.

As Babin pointed out, it would be better for lawmakers to place the matter before voters. That way, the costs of conducting a petition drive could be diverted to educating voters about the concept.

The fair tax is a legitimate proposal on which the voters are perfectly capable of rendering a verdict.

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