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OPINION EDITORIAL FROM
STATE REP. FULTON SHEEN, R-PLAINWELL

June 20, 2007

New Tax Plan Doesn't Change Much – But There Are Other Options

The creation of separate taxation systems runs rough shot against the supposed goals of simplification and equity in taxation of all businesses in Michigan. Establishing a base gross receipts tax rate and giving credits to in-state, but not out-of-state businesses, so as to export a greater tax liability to out-state business is a great idea, but it will be challenged as an abridgement of the Commerce Clause, because we are taxing out-state differently than in-state business. Ohio did many of the things Michigan is considering and has been challenged in court and it looks as if they will have to redo their plan. Trying to put the Senate and House plans together, which are comprised of four different taxes, with only one overlapping business income tax, is not good tax policy; it is politics at its worst.

It remains to be seen who will be better off with the new taxation system. No matter how they duct-tape the House and Senate plans together or how many additional carve outs and exceptions they create to make it work and to cut a deal, Michigan's business tax structure will be a mess and even more complicated than it was before. We will still have a **gross receipts tax** of .75 percent or more (which the people rejected when they overrode the governor's veto of the SBT), a **personal property tax** (which every state around us has eliminated); with "potential" credits for some businesses that range between 24% - 65%, if you can qualify; and we will now add a third business tax, an alternative **business income tax**, which ranges from 1.85 percent for companies generating receipts under \$20 million and 5 percent for those above \$20 million.

The goals which were set three years ago were: *broaden the base, simplification, tax equity, create a system which is easy to adhere to, and make it inviting and competitive* to attract new businesses to Michigan. I fear what will be passed will do none of these things and that we will have made things worse, not better. So what have we really accomplished? We have simply painted the room, re-arranged the furniture and called it tax reform.

The Michigan Fair Tax Proposal (House Joint Resolution L) would be the best tax structure for the state of Michigan and would guarantee revenue sharing for townships, cities, and counties by making all revenue sharing constitutional. The Michigan Fair Tax Proposal is transparent, simple and easy to understand, easy to adhere to, and would tax in-state employers and out-of-state employers the same, regardless of where they are headquartered. It is competitive and would attract new business, and it taxes all economic activity equally. If the House/Senate tax plan is enacted, the Michigan Fair Tax Proposal will be Michigan's get out of jail card.

The time has come for policy to trump politics. Michigan doesn't simply need a plan, it needs the right plan. The Michigan Fair Tax Proposal is not the Republican plan or the Democratic plan. It existed long before our present crisis; it has simply been adjusted to meet Michigan's needs, just as it has in Missouri and Georgia, where it has already been introduced earlier this year. The Lansing bureaucracy and those who live off the tax revenues do not want to lose control of how it is collected, who pays more and who pays less. Their goal is not equity, simplicity, or more competition; their goal is revenue and who controls it. The Michigan Fair Tax Proposal would strip the control from the government bureaucracy and put it into the hands of the people. It would constitutionally restrain government from imposing any new statewide taxes without a vote of the people, it would make government subject to the same economic up turns and down turns as its businesses and its citizens, and people would only pay tax on what they purchased. Now what could be fairer than that?

Fulton J. Sheen: 88th District State Rep. (For more information go to www.FultonSheen.us or www.MIFairTax.org)