

Tax cuts first, then tax reform?

We agree that spending is out of control. Why is this the case? Because the people have been electing and reelecting legislators and governors that like to spend other people's money. How do you address this problem? By eliminating the sale of tax favors to special interests and by letting taxpayers see their true tax burden. Today's tax system encourages the trade in tax favors and the practice of hiding much of our tax burden in the prices of everything we buy. Citizens are alarmed at the corruption in government and they are aware of the fact that business taxes are just a deceptive way of taxing citizens.

Just how effective have the governments of Michigan and the U.S. been in controlling the size and reach of government for the past 50 years? Why should we expect that they will be more successful now? Based on these records it may be unwise to refuse to look at tax reform until taxes and budgets are cut. One must look at how tax revenue is raised to determine if this is part of the problem.

The MI FairTax and national FairTax will allow citizens to see their true tax burden for the first time in generations... and that is the real precursor for controlling the spending of government. The MI FairTax and national FairTax do much more than make taxes visible to taxpayers. These proposals eliminate the ~20% competitive disadvantage placed on labor and business caused by our current tax system by no longer embedding taxes in the price of American produced goods and services, thereby making us much more competitive in the world market. This would do more to create jobs than any other measures proposed or contemplated.

Another benefit that citizens will reap is the return of a more representative government. Under today's tax system the buying and selling of tax favors is by far the largest corrupting and influence buying source in Lansing and Washington as well over half of all lobby money is spent buying tax favors from our elected and appointed officials. If one wonders why our elected officials too often don't listen to constituents all we must do is follow the money. It is much easier to sell a tax favor than it is to talk with constituents and ask them for campaign donations.

Spending taxpayer dollars keeps elected representatives in office and in power, and this is because of how tax revenue is raised. To disavow tax reform until spending is under control prevents us from addressing the root cause of why spending is out of control. Under the loophole free FairTax proposals there are no tax favors to sell, and the prebate (which offsets the tax on expenditures up to the poverty level for all legal households) eliminates the argument that any loopholes/exemptions need to be created, thereby assuring us that trade in tax favors will not corrupt the MI FairTax and national FairTax.

The dramatic boost to Michigan's economy by being a state free of state business taxes (and taxes on personal income) will make Michigan the #1 state in the country to locate and expand a business (and to live). This will help us to grow out of our level of current tax burden. As our economy grows rapidly (as economists and economic studies predict) we can even hold current spending levels and grow out of our deficit spending in short order. The MI FairTax, however, does cut current funding as the proposal does not replace revenues from the 2008 income tax increase and MBT surcharge, so it does represent a substantial tax cut from day one.

It is not that our detractors are ignorant; it's just that much of what they know isn't so. To solve this problem they can contact any MI FairTax official and/or visit www.mifairtax.org.

Roger