

Press Release

Date: October 5, 2007
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Where Do We Go From Here? – Rep. Fulton Sheen (Oct 8, 2007)

Not even a week has passed and already Gov. Granholm and the Legislature are back pedaling and are talking about changing how much and who pays the 6% tax on services and reducing spending to replace the newly generated revenue. Why didn't they do that four weeks ago, or four months ago for that matter? How can one give any credibility to an elected body which cannot make a decision until it's too late and cannot maintain that decision for more than a week?

I do not understand how or why some State Representatives and Senators, after coming into Lansing, morph into political creatures, devoid of common sense and no longer able to understand simple arithmetic, basic finance, or discern between meaningless politics and simple reality. I am a conservative both economically and socially. I incorporate my Christian faith into my private and public life. I believe in free enterprise and unfettered capitalism and that government deficits are spending problems, not revenue problems. Welfare should be a hand-up, not a hand out. I believe in the right-to-life and marriage between one man and one woman, and that government should stay out of the market place and the church, not vice-versa. If potential legislation supports these principles I vote yes, if not I vote no.

I have come to the conclusion that the writers of our state constitution purposely created statewide ballot initiatives to give the people another option, because they knew all too well that political trappings could render the Legislature unable to govern and make the difficult, but necessary, decisions. Thanks to the Legislature's performance as of late, I believe you will see a number of initiatives on the 2008 ballot.

The most important of which will be the Michigan Fair Tax Proposal, which would eliminate Personal Property Tax (PPT) and gross receipts tax, contained in the new Michigan Business Tax (MBT), and Michigan Income Tax. It would increase sales tax 3.5 cents, but residents would now keep 4.35 cents on every dollar they earn, which is currently taken from their check and sent to the state. People will only pay tax on what they purchase. Thus, people with higher incomes who buy more things or more expensive things will pay more tax and people who don't, will pay less. The Michigan Fair Tax would export a greater portion of our tax burden to non-residents who travel to and vacation in Michigan to fish, hunt, ski, hike and take advantage of Michigan's natural resources. Michigan's uncollected tax liability is \$2.5 billion. This is the amount of uncollected PPT, gross receipts tax and Michigan Income Tax which cannot be collected currently. We have a huge underground economy in our state comprised of unreported cash transactions, illegal aliens, and other illegal transactions and activities. All economic activity would be taxed in a Fair Tax economy, because everyone who lives, passes through or visits Michigan will be a part of the tax base. However, unlike the new 6% tax on services, business-to-business transactions would not be taxed. A conservative estimate would be that the Fair Tax would automatically cut the uncollected liability by fifty percent, with no additional enforcement auditing.

Raising the sales tax 3.5 cents would require a constitutional amendment. The amendment would repeal any statewide tax enacted after January 1, 2007, and no other statewide tax could be restored, or enacted, or the sales tax amount increased without a vote of the people. The ballot amendment would also add counties along with townships, cities, and villages to the constitution and combine the constitutional and the statutory revenue sharing

distributions into one. This would make the entire distribution constitutional, giving municipalities a number they can budget on.

Never again would the legislature be able to raise income tax, sales tax, business taxes, or any other state-wide tax without a vote of the people. If the legislature can't govern, then through state-wide initiatives, the people can. Now what could be fairer than that?