



"For Truth in Taxation
And Job Creation"

Michigan FairTax FAQs

- Q: With Michigan's bad economy is now the time to make a drastic change to the state tax code?
- A: **Michigan's current woes are precisely the reasons why Michigan *should* lead the nation by adopting the MI FairTax. Many other states including Florida, Texas, North Carolina, Tennessee, Wyoming, and Nevada all use sales tax as their primary source of revenue to pay for state services. All of their economies are doing substantially better than Michigan. In fact, some of those states are the most competitive and economically strongest in the nation.**
- Q: Won't people think that the Michigan FairTax unfairly shifts the burden of taxation from businesses to the individual taxpayers of the state?
- A: **Businesses don't pay taxes, people do. Businesses pass the taxes along to the consumers who purchase their goods and services. The higher business taxes are in Michigan the more difficult it is for businesses trying to operate in this state and be competitive. Michigan *needs* employers.**
- Q: Is it realistic to expect Michigan residents to support the Michigan FairTax when it seems to place a new tax on food and other necessities?
- A: **Consumers are already paying the taxes for all businesses in inflated prices. Even Food and Medical businesses currently pay income and business taxes which are embedded in today's prices. The MI FairTax eliminates these hidden taxes.**
- Q: What exactly is the "pre-bate"?
- A: **To protect the poor, and to assure that no tax will be paid on necessities, the MI FairTax provides for a monthly electronic payment to every legal household in the amount of what the tax would be for purchases up to the poverty level based upon household size. This untaxes the poor and causes the MI FairTax to be progressive. Because of the prebate, a family of 4 spending \$21,200/yr would have a 0% effective tax rate, and if the family spent \$50,000 it would have a 5.6% tax rate, and so on up to the maximum of 9.75%. The prebate of the MI FairTax is like the personal exemption of the current income tax.**
- Q: How will this affect state government?
- A: **It will simplify tax collection, provide a more stable revenue and prevent the government from picking winners and losers. Politicians, bureaucrats and lobbyists will no longer be able to manipulate the state tax code.**
- Q: How will this affect local government?
- A: **It will make more revenue sharing constitutional giving cities, townships, villages, and counties a number on which they can reliably plan their budget.**
- Q: Will the Michigan FairTax tax business-to-business transactions?
- A: **No! There will be no tax on any business purchases. Any tax on a business must be added to the price of the product being produced and this causes the product to be less competitive in the market place.**