



# NEWS

## AMERICANS FOR TAX REFORM

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## Michigan House Dupes Taxpayers by Passing Cigarette Tax

*--Michigan House approves Cigarette tax increase, but new reports show that lawmakers could have balanced the budget without taxation --*

WASHINGTON, D.C. – The Michigan House approved increasing the state cigarette tax from \$1.25 to \$2, renegeing on last week's vote which rejected this tax increase. This tax is a part of Governor Granholm's (D) budget plan, which seeks to compensate for the unchecked government spending.

However, a new report from the Mackinac Center for Public Policy ([www.mackinac.org](http://www.mackinac.org)) reveals that through eliminating unnecessary spending and selling state assets, the budget deficit could be overcome and even gain the state hundreds of millions of dollars without additional taxes. This study shows that the budget deficit can all be erased without eliminating any central state function. Mackinac Center provides over 90 ideas by which \$1.6 billion can be added to the budget. Main ideas include selling new "racino" gambling licenses, redirecting tobacco settlement revenue to the general fund, and repealing the state's prevailing wage act.

**"Raising cigarette tax by 60 percent will not only hurt the people of Michigan, it is a pathetic attempt to cover up for the government's inability to cut spending. This tax will kill the retail markets, especially those around the borders of Michigan. It will also retard the growth of the economy and encourage smugglers, while discouraging people from spending money in the state,"** said Grover Norquist, President of ATR. **"Limiting spending and stopping tax increases will be the means to provide competitive job markets and permanent solution to this issue."**

Governor Granholm and legislators proposed implementing taxes on tobacco, spirits, internet sales and use, doubling the taxes on casinos to 32%, and continuation of the death tax. This plan to impose heavy taxes would make up for the inability to cut spending.

**"It is irresponsible for lawmakers to pass burdens of their spending on the hard working families of Michigan,"** said Grover Norquist, President of ATR. **"The people should not be left with the responsibility of paying for the bills of the big spending legislators of Michigan."**

*Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at [jcollegio@atr.org](mailto:jcollegio@atr.org).*