



NEWS

AMERICANS FOR TAX REFORM

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Tax Hike Mood Alive and Well in Michigan

-- Legislators aim for higher tax increases than the Governor --

WASHINGTON, D.C. – In early February, Gov. Jennifer Granholm (D) proposed a budget which contained \$391 million in tax increases. Her proposal includes a hike of the tax on cigarettes from \$1.25 to \$2 per pack, interestingly enough justified as a job creation measure. Now, state House Speaker Rick Johnson (R), wants to raise the cigarette tax even higher than the Governor – to \$2.06 per pack, making Michigan’s tobacco tax the highest in the nation.

Also under consideration is the proposal to raise the mark-up on distilled spirits from 65 to 75% to fund fire protection initiatives. The ultimate burden will have to be borne by Michigan’s taxpayers. Studies suggest that if the measure passes, the sales volume of distilled spirits will decline by one million gallons and around 1,800 people in the hospitality industry will lose their jobs. By the same token, a cigarette tax hike will deal a major blow to both businesses and consumers throughout Michigan.

“Both tobacco and spirits taxes are regressive taxes hurting those people most, who can least afford to pay them,” says Grover Norquist, President for Tax Reform in Washington, DC. **“The strange thing is that these proposals are part of an economic stimulus plan – have lawmakers not learnt the lessons from President Bush’s tax cuts?”**

President Bush’s tax cuts at the federal level helped revive the economy and boosted the stock market by \$4 trillion. As in other states, Michigan’s problem is not a lack of funding, but runaway spending. Identifying unnecessary programs and limiting the growth of government would be a first step in the right direction. The Mackinac Center for Public Policy finds that by selling state assets, repealing the Prevailing Wage Act, switching to a part-time legislature and competitively bidding the management of Michigan’s prison system, the state could save a lot of taxpayers’ money.

“With these options at hand, raising taxes is an abdication of fiscal leadership,” continues Norquist. **“Michigan’s taxpayers deserve better than this. Americans for Tax Reform would be more than happy to send one of our economists to look over the state’s books to identify budget savings and other alternatives to tax increases.”**

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.