Michigan Future

www.MichiganFuture.org

# Our goal

# A high prosperity Michigan

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## Top Ten Low Business Tax States

## Anderson Economic Group

## 2008 data

| State | Per Capita Income | % with four-year degrees |
|---|---|---|
| North Carolina | $35,344 | 26.06% |
| Delaware | $40,519 | 27.50% |
| Tennessee | $34,976 | 22.86% |
| Ohio | $36,021 | 24.10% |
| Missouri | $36,631 | 25.01% |
| Louisiana | $36,424 | 20.27% |
| Alabama | $33,768 | 21.99% |
| Minnesota | $43,037 | 31.52% |
| South Dakota | $38,661 | 25.06% |
| Connecticut | 56,272 | 35.61% |
| Michigan | $34,949 | 24.75% |
| US | $40,208 | 27.67% |

# Traits of prosperous states

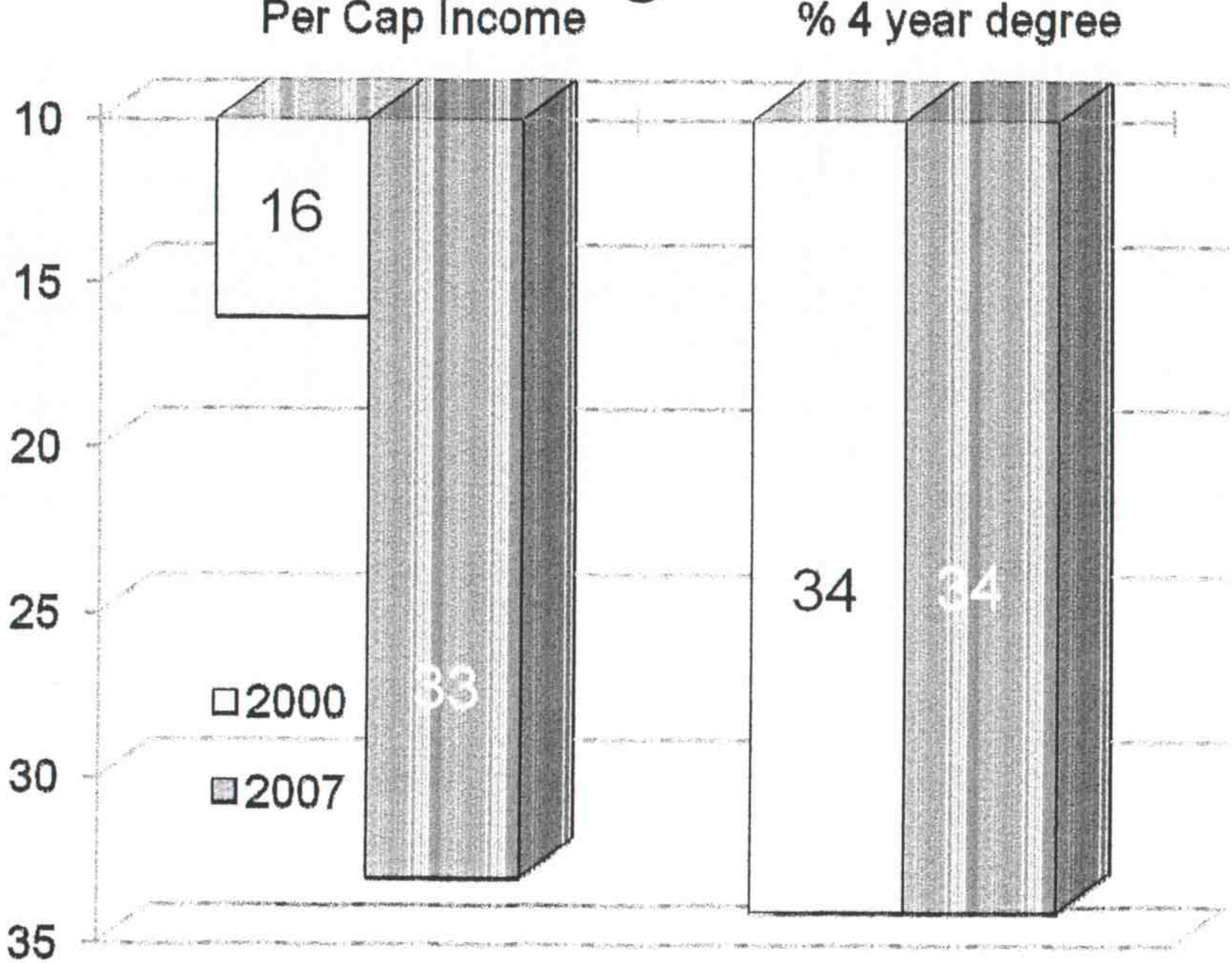
- High proportion of wages from knowledge industries
- High proportion of college grads
- Big metro with higher per cap income than state
- Largest city in that metro has high proportion of college grads

## Top Ten Four Year Degree Attainment States

## 2008 data

| State | Per Capita Income | % with four-year degrees |
|---|---|---|
| Massachusetts | $51,254 | 38.09% |
| Connecticut | $56,272 | 35.61% |
| Colorado | $42,985 | 35.59% |
| Maryland | $48,378 | 35.18% |
| New Jersey | $51,358 | 34.40% |
| Virginia | $44,224 | 33.69% |
| New Hampshire | $43,623 | 33.32% |
| Vermont | $38686 | 32.12% |
| New York | $48,753 | 31.92% |
| Minnesota | $43,037 | 31.52% |
| Michigan | $34,949 | 24.75% |
| US | $40,208 | 27.67% |

# Michigan's income rank aligned with our college attainment rank



# Our conclusion:

The places with the greatest concentration of talent win!

**Tax and Spending Policies To Grow a High Prosperity Michigan**

1. Restructuring the Michigan tax system so that it produces adequate revenue now and, most importantly, grows with the Michigan economy long term. That means increasing income taxes and expanding the sales tax to consumer services. It should be done in a way that eliminates the MBT surtax and possibly lowers other business taxes.

2. Restructuring state and local spending. The deficit Michigan faces is more structural, than cyclical. Over the decade we have gotten poorer. Falling from sixteenth to thirty seventh in per capita income. Getting poorer means you can afford fewer publicly funded service. No matter what you do with taxes, we need to cut low priority services and reduce compensation to state and local public employees and retirees.

3. But stopping there would not do much to grow the economy. If you only do items one and two you are only managing decline. That would be a big mistake. We need to pursue an agenda to recreate a high prosperity Michigan. That is where public investments come in. We need to do items one and two in a way that create enough revenue to invest in things like education and quality of place that are key to preparing, retaining and attracting talent.

4. Increasing transportation taxes. Combined with a restructuring of transportation priorities. Including fixing roads, rather than building new; quality transit systems in all our big metros; high speed rail; rail over trucks for freight movement and support for biking and walking as alternatives to driving. All are key amenities that will characterize successful new economy regions and states.

5. In terms of K-12 education we are having the wrong debate: basically more of the same vs. less of the same. The key, at whatever funding level we decide on, is transforming teaching and learning so that it is aligned with the realities of a flattening world. All of education needs reinvention. Most important is to substantially increase the proportion of students who leave high school academically ready for higher education.