Michigan's Tax Policies: Wrong Turns on the Path to Prosperity

A data driven review

April 2014

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Michigan Tax Policies and Practices Since Proposal A: Wrong Turns on the Path to Prosperity

A Review and Analysis of Critical Features of
Michigan's Tax Structure,
Tax Burdens, Education Expenditures, and Policy Actions
Impacting K-12 Finances in Michigan: 1994-2012

Study Conducted for:

American Federation of Teachers Michigan

Michigan Association of School Administrators

Michigan Association of School Boards

Michigan Association of Intermediate School Administrators

Middle Cities Education Association

Michigan Education Association

Michigan School Business Officials

Study Conducted by: Douglas C. Drake

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Introduction

This study started as an update of a 2002 report looking at the impact of Proposal A on Michigan's schools.

The 2002 report, put together for a number of school organizations, was titled "A Review and Analysis of Michigan Tax Policies Impacting K-12 Finances." Released in June of 2002, it called attention to the impact of rapidly escalating tax cuts for both businesses and individuals in the immediate wake of Proposal A, which was itself a major cut in the state's overall revenue stream.

Proposal A was sold to Michigan as a revenue neutral policy. In fact, it was a cut in the state's overall tax burden. It also added further limitations to the growth rate of key taxes, principally the state's property tax, which significantly limited future growth of this tax.

In reviewing the impact of Proposal A, it became apparent Michigan policymakers have not had a full understanding of our state's fiscal condition, its ranking among other states, and the impact of various rankings on outcomes when it comes to citizens. It also became apparent that the state's decisions on taxation issues are having a significant impact not just on education, but on other areas of the budget, including revenue sharing for cities, higher education and regulatory programs.

As a result, this report is now about far more than Proposal A and its impacts on Michigan education. It is a comprehensive review of tax policy – across time, across states and across major segments of the state budget.

This study provides data for policymakers interested in reviewing the value of tax cuts in creating well paying jobs in today's economy by:

- Updating significant portions of the 2002 report and adding additional material to measure the relative importance of the changes that have already occurred in tax levels, while providing general and detailed information about the tax changes that have occurred since 2002.
- Looking at low tax states to see how their economies are structured. Indeed, we see that many low tax, low service states actually have hefty business taxes focused on energy and mineral extraction industries, essentially exporting their tax burdens to other states. Others have substantial federal government presence often in the form of major military bases or industries engaged in military procurement.

  (A special section of the report looks at the relative success of these low tax states (and all states) as measured by per capita income over an 80 year period, from 1929 to 2010.)
- Providing details that show Michigan historically has never been as "high" a tax state as political rhetoric may have suggested, although it has been above the national average at times. Interestingly, these periods often seem to correlate with Michigan's periods of highest prosperity as measured by per capita income and employment.
- Showing how the dominant determinant of our state's overall prosperity has been periods of success enjoyed by our major industry, automobile production. At various times, auto production, like mineral and energy and other natural resource industries, has served as a vehicle to allow the state to export a piece of its tax burden to purchasers of automobiles in other states, and to the federal government via deductions against federal liabilities.
- Noting that Michigan has already tried the tax cutting strategy–multiple times–and it hasn't worked yet.
  - In a little over 60 years, Michigan has made at least 7 major restructurings of its business tax systems, in addition to hundreds if not thousands of "reforms" so specific they fit only one or a few companies. An eigth is now partially enacted and pending:
    - Corporation Franchise Fee (pre-mid 1950s)
    - Business Activities Tax (mid 1950s)
    - Corporate Income Tax - 1967
    - P.A. 198 of 1974, the plan for rehabilitation and industrial development act–and hundreds of similar acts since then.
    - Single Business Tax (including elimination of the local personal property tax on business inventories) - 1975
    - Michigan Business Tax - 2007
    - Corporate Income Tax - 2011
    - Pending elimination of personal property tax on business equipment.
- All of these changes–at the time–had the support of one or more business groups or types of businesses.
- All were viewed initially as better, fairer ways to tax business that would create more growth.
- Considering the tax policies of the current administration and Legislature, from its major shifts and cuts of the initial year of the Snyder administration to current policies that continue to promise economic growth but assure less ability to invest in public goods.

- A section of the report focuses on the comparative structures of the 50 state economies and suggests that Michigan policy makers re-think both the models they seek to follow and the methods they choose to use. Many states cited as models have economies that are really not at all comparable to Michigan's based upon their reliance on natural resources and large federal government presence. Others that appear on the surface to have large "manufacturing" components have far different kinds of manufacturing that are not likely to be transferable to Michigan—or most other states.
- Most critically, many states that seem to have more growth or more prospects for growth in the so-called knowledge economy sectors are among the states with far higher taxes than Michigan, and perhaps our models might better be a state like Minnesota-or California-or New York. We note that the Wall Street Journal has been following 50 new economy companies for some time: 47 of them are located in California.* Three more are in New York, Massachusetts, and New Jersey.
- Giving examples of how the state's pursuit of "economic development" over the decades by using a variety of tax cuts and special tax incentives has done little to add to the state's economic base. As a direct result, the high level of investment in education, from K-12 to colleges, that our leaders made in the 1960s through the 1980s has suffered, and we have effectively disinvested in the brain power of our children and grandchildren.

Our discussion begins with a brief introduction to the concept of good tax policy goals.

*See Wall Street Journal, "How Contenders From 2011 Fared" p.B-6, September 27, 2012

Executive Summary

"It is one of the happy incidents of the federal system that a single courageous state may, if its citizens choose, serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country."

–Supreme Court Justice Louis D. Brandeis

"Those who do not remember the past are condemned to repeat it." ***–George Santayana***

For several decades, Michigan has been part of an economic experiment: What would happen if a large, relatively prosperous state took major steps to cut taxes on its people and businesses. Would we see major increases in prosperity by the measures of income and employment, as predicted by supporters of these reductions in state and local taxes? Or would the necessary cuts in services to people lead to less prosperity and not attract good paying employers and less prosperity? This report suggests that the experiment has failed, and we should stop repeating it.

Since the mid 1990s, Michigan policymakers have moved to further lower state taxes, accelerating an existing long term trend. Starting with the 1994 passage of Proposal A and moving forward to the present day, the dominant philosophy of state government has been that cutting taxes is the most important – to some, the only tool to address economic problems. The previous trend, from World War II to the mid 1970s seemed more concerned with the pursuit of "equity" or "fairness" in both individual and business taxation.

Looking at the many taxes cut and "controlled" so they grow at rates slower than inflation over this period – income tax cuts, business tax cuts, property tax cuts and caps, elimination of the estate tax, specific tax exemptions given to various entities – this report is the first ever to try to determine the total impact on state and local revenue of Michigan tax policy from 1994 until 2013. Looking back at that period (starting in earnest with the 1994 passage of Proposal A, which was pitched as a tax shift but ended up being a tax cut from its first year) this report finds that Michigan has reduced state revenues by a cumulative $51.1 billion from 1994 to 2013.

The impact of the tax cutting strategy on state and local governments is clear:

- Cuts in taxes that would have gone to the state School Aid Fund (SAF) and local school revenues have meant we have withheld $26.9 billion that could have been used for educating Michigan children.
- Cuts in state revenue sharing to cities have totaled $6.2 billion since 2000, contributing to layoffs of police, fire and other workers and helping push a number of cities into financial stress[1], and Detroit into bankruptcy.

1 http://www.mml.org/pdf/advocacy/2014-revenue-sharing-factsheet.pdf

- Higher education, once considered primarily a state obligation, has been placed primarily on the backs of students and their families, as the state's contribution has decreased from nearly 60 percent in 1990 to about 20 percent today.[2]

- Roads have crumbled as tax-shy policymakers refuse to link gasoline taxes to inflation or acknowledge reductions in revenues due to more efficient vehicles. · Twenty-nine percent of Michigan's major roads are in poor or mediocre condition. Driving on roads in need of repair costs Michigan motorists $2.3 billion a year in extra vehicle repairs and operating costs $320 per motorist.[3]

Indeed, in the first analysis of its kind, this report shows that from 1977 until 2011, Michigan's state and local tax revenue per capita has grown less than any state in the nation. While Michigan's state and local tax revenue per capita increased by 320 percent, revenue per capita in Indiana increased by 458 percent; in Ohio by 512 percent, and in North Dakota, the state with the largest increase, by 905 percent.

The impact of the tax cutting strategy is also clear by other measures:

- Michigan moved to 14th in the Tax Foundations Business Tax Climate Ratings for 2014, up from 28th in 2006. (Improvement)
- Michigan's business tax burden has moved from a position of 38th in 2004 as measured by the Council of State and Local Taxation, down to 49th in the nation, when ranked by the percentage of state and local taxes paid by businesses—**low rankings are good in this study** which also attempts to measure direct benefits to businesses , and only Maryland and Connecticut were ranked lower.

And the impact of the state tax cuts on improving the state's outcomes as measured by two widely used indexes – per capita income and the unemployment rate – is also clear:

- In 1994, Michigan ranked 18th in the nation in per capita income. Today we rank 42nd.[4]
- In 1994, Michigan's unemployment rate was 6.2 percent, just above the national rate of 6.1 for that year.[5] Today our unemployment rate is 8.4 percent (December 2013), 48th worse in the country, compared to a national rate of 6.6 percent.[6]

In a unique set of data (Table 8), the report looks at state per capita income from 1929 until present, ranking various states. The bottom 10 states of 1929 – primarily low tax states, who chose to invest less in public goods such as education – looks very much like the bottom 10 states in income today.

The poorest 10 states in 1929 were, in order, Louisiana (40), North Carolina (41), Georgia (42), West Virginia (43), Tennessee (44), Kentucky (45), South Carolina (46), Alabama (47), Arkansas (48), and Mississippi (49) (Includes District of Columbia, but not Alaska or Hawaii for 1929). Michigan at the time was a relatively wealthy state, ranked 11th highest in the nation. Shaded states are bottom 10 in both 1929 and 2010.

The poorest 10, eighty one years later, in 2010 were Mississippi (51), Idaho(50), Utah (49), West Virginia (48),Arkansas (47),, Kentucky and South Carolina tied at 46/45,Alabama (44), New Mexico (43), and Indiana (42). And these poor states haven't found that low taxes and low income is attractive to jobs in the current knowledge economy. Mississippi, South Carolina, Kentucky, Arizona, Arkansas and New Mexico are all in the bottom half of the states in unemployment rate.

Of the bottom 10 in 1929 that were out of the bottom 10 for 2010, the highest ranking was Louisiana at 27th (probably reflecting both post-Katrina recovery and/or many people leaving the state). North Carolina had reached 36th, Georgia 38, and Tennessee 40 as their high-water marks.

In 2010, Michigan, after aggressively following low tax strategies for nearly 20 years, and revising its business tax structure multiple times before the recent Snyder administration changes in 2011 ranked 37th in 2010. Our high mark was 10th in 1965.

By these measures the experiment has failed. It would seem that if Michigan is a laboratory of democracy, the experiment has been run, and the data is in. Dramatic cuts in taxes do not increase prosperity measured by income of average citizens, or add to a state's ability to create jobs.

While this report was started as an update of post-Proposal A tax changes, as the data was being compiled, it became apparent that there is a larger story that needs to be understood by policymakers and the public today: The massive impact of major revenue declines, state and local, that are the result of decisions made by governors, legislators and others as they have reduced tax rates, eliminated taxes and handed out tax abatements and special treatments even after Proposal A.

2 http://www.house.michigan.gov/hfa/PDF/HigherEducation/State_Appropriations_Tuition,and_Public_University_OperatingCosts.pdf
3 http://www.tripnet.org/docs/Fact_Sheet_MI.pdf
4 http://bber.unm.edu/econ/us-pci.htm
5 http://milmi.org/cgi/dataanalysis/AreaSelection.asp?tablename=Labforce
6 http://www.bls.gov/web/laus/laumstrk.htm

As this report shows, Michigan now is a below average tax burden state, whether measured per capita or as share of income and it has been for two decades. Our dip below the national average was accelerated in the early years of the millennial decade, a result of major tax cuts put into place in by lawmakers who imposed more major cuts on their future selves or their replacements.

In 1999, the state cut business taxes prospectively, setting up annual reductions that resulted in the state's Single Business Tax rate being reduced from 2.35 percent to 1.85 percent by 2004. [7]

Over the same time period, the state cut the Michigan Income Tax from 4.4 percent to 3.9 percent by 2004.[8]

These were tax cuts put in place at a time when the state's budget looked strong – thanks primarily to auto industry strength – by lawmakers who wanted to take credit for cutting taxes, but didn't want to accept the responsibility of future expenditure reduction of savings for the future rainy days .

Those tax cuts – passed under Republican Gov. John Engler but embraced by Democratic Gov. Jennifer Granholm in her first term – were largely responsible for a series of major budget cuts later in the 2000s, as revenues plummeted due to tax reductions. The cuts did not create new jobs, or add to the prosperity of Michigan families, as unemployment rates skyrocketed and per capita income crashed, primarily due to the collapse of the domestic auto industry in the "Great Recession."

Today, we are seeing a similar debate in Lansing. The state's auto industry, now engaged in a rebound, has added significant value to the state's economy (despite having its major companies become likely to see an effective tax increase in the coming years when paying the state's new 6.0 percent corporate income tax).

A faction of the term-limited Legislature, either unaware of or willing to ignore this past history, is again pushing for yet another major cut in the state's individual income tax rate in years ahead, on top of the major cuts in state business taxes passed in 2011, the impact of which are just now being felt.

Our major industry was already on the road to recovery when these latest changes were enacted. Based on past history, we can predict that in years to come, the impact on schools, higher education and cities will be negative, and in a fairly dramatic way.

Our conclusion is that the political focus of recent years – low taxes, smaller government, lower levels of services to Michigan citizens – has not and will not lead the prosperity its proponents claim is their target. We have taken the wrong path to prosperity. We must instead develop an investment strategy that is based on getting smarter, not cheaper, if we are to have our citizens prepared to take on and our state ready to attract the best paying jobs available in today's economy.

The greatest crisis Michigan faces today is one of vision, of a failure to recognize the need for investments in education, in infrastructure and in our communities. Michigan needs to get smarter, not cheaper.

Failure to recognize the need for a change to a strategy of investment – in education, in infrastructure and in public safety and health will mean Michigan in the future will look more and more like the other low tax, low public goods states: poor with a perennially high unemployment rate.

7 http://www.crcmich.org/TaxOutline/TaxOutline_2011_Edition.pdf
8 http://www.crcmich.org/TaxOutline/TaxOutline_2011_Edition.pdf

A Brief Review of Some Key Events in Michigan's Fiscal History

In 1978, Michigan voters adopted the Headlee Tax Limitation, positioned then as a conservative cap on state revenues aimed at making the state more competitive with other states in controlling taxes. Its chief proponent, businessman Richard Headlee, said its limitation on taxes at 9.49 percent of state personal income was "about right" and a level where government should be kept to avoid getting larger.

Michigan occasionally hovered near that level until 2000 – in fact, in that fiscal year, spending was slightly more than 9.49 percent, but it was generally well below that limit. But since then, following major income and business tax reforms that went into effect under Gov. Jennifer Granholm, and then with Gov. Rick Snyder's additional tax cuts, on top of the decline in Michigan auto production, Michigan's state tax burden has fallen well below that level. Today, the state's tax burden is about 7.20%, or $7.1 Billion under the limit for FY 2014, a substantial reduction in the tax burden on taxpayers. This is the result of tax reduction and tax abatement policies adopted by both political parties. (See Figures 2 and 3 in the study).

Proposal A started the modern pattern of tax cutting. It was sold to Michigan as a revenue neutral policy. In fact, in its first year, the state had to take nearly $400 million from the general fund to meet that pledge; it was a major cut in the state's overall tax burden. It also added further limitations to the growth rate of key taxes, principally the local property tax.

This study tracks the ongoing impacts of Proposal A and further details tax changes post Proposal A. The additional cuts since then, along with special tax treatment for many businesses, large and small, that have resulted in the $51.1 billion in cumulative reductions in revenues – and in concomitant reductions in public services to Michigan residents summarized in Table 1 below. Despite these hundreds of tax cuts, Michigan continues to face a continuing barrage of accusations about being a high tax state in general, and a high business tax specifically. These cuts are summarized in Table 1 and Figure 1. Cumulatively they total approximately $51.1 billion, with $38.3 billion of that impacting K-12 finances.

Business groups have argued that Michigan's economic struggles both before and in the nearly two decades since Proposal A have been largely the fault of high taxes, and particularly high business taxes. There is little or no evidence that these claims are true. The reality is that Michigan's struggles of the last two decades have been the result of the struggles of the domestic automobile industry. See Figure 9 for a graphic depiction of that decline. A second reality is that we have already tried the low tax strategy, and it hasn't worked.

Much of this study will discuss various comparisons of total taxes and specifically business taxes. This study contains data from two widely varying business group supported studies of taxes in the 50 states.

Table 1

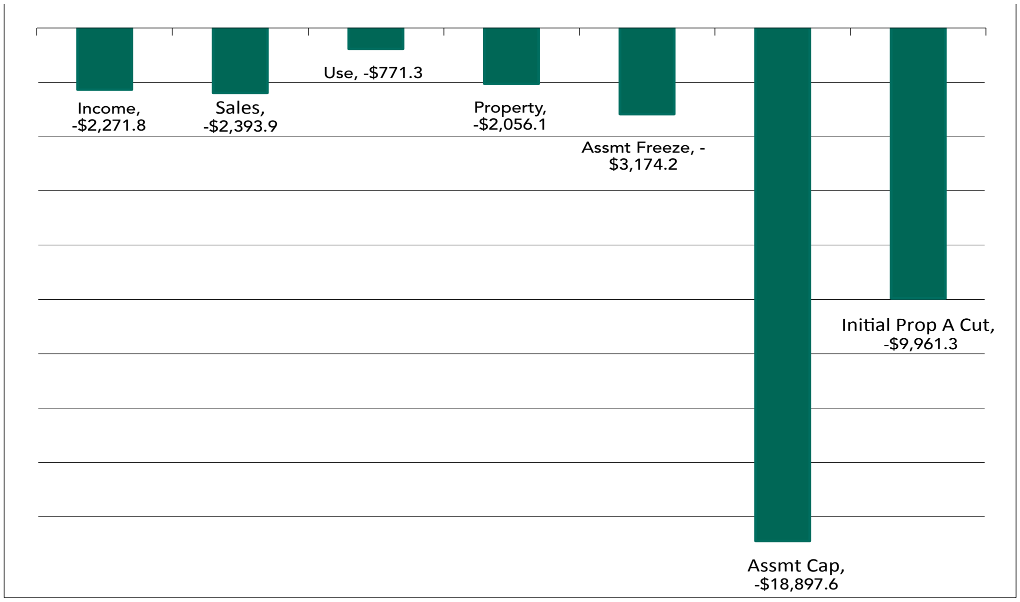
Cumulative Revenue Foregone Due to Post Proposal A Tax Cuts (Net of increases)

	2002 Study* Gross Impact (9 years)	2002 Study* School Aid Impact (9 years)	2013 Study Gross Impact (10 years)	2013 Study School Aid Impact (10 years)	1994-2013 Gross Impact (19 years)	1994-2013 School Aid Impact (19 years)^
Income Tax Appendix T 1 - A	$6,839.0	$668.3	$18,058.8	$1,603.5	$24,897.8	$2,271.8 ^
Sales Tax Appendix T 2 - A	$871.5	$726.0	$2,002.3	$1,667.9	$2,873.8	$2,393.9
Use Tax Appendix T 3 - A	$726.4	$241.9	$1,589.8	$529.4	$2,316.2	$771.3
State & Local						
Property Taxes *Post Proposal A* Appendix T 4 - A	$594.6	$594.6	$1,461.5	$1,461.5	$2,056.1	$2,056.1
Total of Above	**$9,031.5**	**$2,230.8**	**$23,112.4**	**$5,262.3**	**$32,143.9**	**$7,493.1**
Estimated Tax Reductions From Key Components of Proposal A						
Assessment Freeze	NA	$1,138.9	NA	$2,035.2	NA	$8,822.4
Assessment Cap	NA	$5,097.6	NA	$13,800.0	NA	$18,897.6
Proposal A Initial Net Cut	NA	$2,952.9		$7,008.4	NA	$9,961.3
Business Taxes#	$3,507.9	$0.0	$15,436.0	-$1,208.0	$18,943.9	$1,208.0 #
Not reviewed in initial 2002 Study, but added here						
#Citizens Research Council Estimate of MBT repeal impact on School Aid Fund, July 2011						
Total Taxes	**$12,539.4**	**$11,420.3**	**$38,548.4**	**$26,897.9**	**$51,087.8**	**$38,318.1**

* Updated data for 2002 period includes a number of items missed in the original study.
^ SAF earmarking was adjusted to offset the impacts of many of the Income Tax cuts, pushing more of impact on GFGP.

Figure 1

Cumulative Impacts of Major Tax Cut Policies on SAF Revenue 1994-2012



One essentially argues that low taxes are the key to development. Even this study shows Michigan well below the highest business tax states. The other suggests that a discussion of fairness, and benefits to business might be a better guide to policy changes. Michigan ranks among the states most favorable to business in this study. See Tables 4 and 5.

This study also argues that the widespread practice of comparing all states to Michigan ignores very real differences in the economies, and the size of the states. Low taxes won't move oil fields from the Dakotas to Michigan. Data presented herein (See tables 6 and 7) demonstrates that the state economies differ in size, in dominant industries, and the relative balance and imbalance of those industries. They also often differ dramatically in terms of civilian and or military federal government presences, where the result is often both a more stable economy and a direct transfer of wealth to the recipient from other donor states. They further vary in that some have populations more equivalent to some of Michigan's counties, while others match the populations of other major nations of the world. In addition, the author suggests a possible definition of the "New Economy" that finds Michigan falling behind the leaders under this definition—and they are not low tax states.

It would be an appropriate and a useful public policy debate to engage in a broad-based discussion of who Michigan should target as competitive benchmarks and what the measures of those comparisons should be. Further, all manufacturing is not the same-oil refining is classified as manufacturing, but it is far different from motor vehicle manufacturing. All agriculture is not the same, and much of those differences are climate determined. Today we waste too much time and rhetoric on comparisons that are simply not relevant.

A section of this study suggests that if low taxes were the only key to growth and development, Michigan businesses and policy makers should review the stark differences in average tax rates among Michigan's 83 counties, as well as the wide variations within each county. (See tables 9 and 10) It is clear that businesses seeking lower taxes often may only need to look at locations within a range of 30 to 60 minutes drive time to find substantial tax savings without the need to go through an extensive process of obtaining an abatement or moving to another state.

Individually, some of these past tax changes were likely reasonable policies. Collectively however, they now threaten the ability of Michigan to support its public investments, the services that create opportunities for young people, that attract and retain talent, and that are increasingly important in today's knowledge service driven economy.

In December, 2011, Gov. Rick Snyder issued a special Talent Address. In it, he said, "In the 20th century, the most valuable assets to job creators were financial and material capital. In a changing global economy, that is no longer the case. Today, talent has surpassed other resources as the driver of economic growth." This study agrees that talent is the key to Michigan's future. Sadly, his administration has not put dollars and priorities behind that sentiment. See the *Michigan Future* website (www.MichiganFuture.org) for data on educational attainment across the states.

Gov. Snyder and the current Legislature, while making these statements supportive of attracting and retaining talent, have continued to cut taxes, mostly for businesses, and issue tax abatements. (The business tax cuts have been offset somewhat by increases in taxes, mostly on low and middle income families through a reduction of the Earned Income Tax Credit, and senior citizens, through the pension tax.

The net result has been further cuts in the state's allocations to education and cities, and fewer resources for public services, with reduced investments in education and infrastructure at both the state and local levels, and increased college tuitions.

It is clear that talent is not moving to states with low levels of services and low taxes. Using college attainment rates as a proxy for talent, the top 15 states are *not* those who fare well in business climate ratings focused on low taxes. They are, however, often in the top tier of states with high per capita incomes, low poverty rates, and longer life expectancies. For those who are not familiar with this, again see the body of work by Lou Glazer at MichiganFuture.org.

In this environment, it is appropriate that analysts and policymakers review past decisions to reduce taxes, and their impact on services, talent attraction as well as the state's current and future economic competitiveness. We are now "driving" at high speed, lemming like, off the cliff. Policymakers must once again come to understand what really drives Michigan's economy. This study will provide data and issue challenges for that review by:

- Updating significant portions of the 2002 report and adding additional material to measure the relative importance of the changes that have already occurred in tax levels, while providing general and detailed information about the tax changes that have occurred since 2002.
- Looking at low tax states to see how their economies are faring. Indeed, we find that many low tax, low service states actually have hefty business taxes focused on energy and mineral extraction industries, essentially exporting their tax burdens to other states. Others have substantial federal government presence often in the form of major military bases or industries engaged in military procurement which provide a strong and normally recession-proof foundation for their economies.

  A special section of the report looks at the relative success of these low tax states over an 80 year period, from 1929 to 2010 as measured by per capita income levels. (Table 8) We will see that those states, primarily in the South, are also low in per capita income and have seen little relative change over the period – despite following reliably low tax, small government strategies for decades: the low tax states that were the poorest 10 in 1929 remain among the poorest in 2010. (The only arguable exception is Virginia, specifically the part of Virginia tied to the federal government that has also served as a talent magnet, especially since WW II, and Virginia was ranked 37th at the beginning of this period, already above the lowest income states. The study also provides details that show Michigan historically has never been as "high" a tax state as political rhetoric may have suggested, although it has been above the national average at times. Contrary to some accepted wisdom, these periods often correlated with Michigan's periods of highest prosperity as measured by per capita income. (See figure 5)
- Showing how the major determinant of our state's overall prosperity has been periods of success enjoyed by our major industry, automobile production. (Figure 9)
- Reviewing the tax policies of the current administration and Legislature, from its major shifts and cuts of the initial year of the Snyder administration to current policies that continue to promise economic growth **but assure reduced ability to invest in the public goods that are most likely to retain and attract talent**.
- Providing examples of how the state's pursuit of "economic development" over the decades by using a variety of tax cuts and special tax incentives has done little to add to the state's economic base. As a direct result, the high level of investment in education, from K-12 to colleges, that our leaders made in the 1960s through the 1980s has suffered, and we have effectively disinvested in the brain power of our children and grandchildren.
- Examining Michigan's recent re-adoption of a traditional Corporate Income Tax which is likely to increase the volatility of the state's overall tax structure, as it did when first tried from 1967 to 1975. That volatility was a burden both to the state and the state budget, but also to our major industry, which objected to its unpredictability and volatility.
- Noting that significant portions of these tax cuts—for business and individuals—may very well pull money ***out of*** the state economy by lowering deductions against federal taxes

The net result of these tax policies since the mid-1980s: Michigan's general fund has fallen far behind inflation, particularly since 1990. Budgets have been balanced on the backs of universities, schools and cities. Michigan has lost talent – and now employers are saying Michigan needs to find more college graduates and skilled workers at a time when they are increasingly mobile and willing to go where they find not only jobs, but the kinds of public services – good schools, safe cities with mass transit, pleasant parks – that Michigan is finding it increasingly difficult to provide.

As Michigan has cut taxes in recent decades, substantial portions of the projected tax savings have likely gone to the federal government as a result of lower deductions against federal taxes for both businesses and individuals. The result has likely meant substantial dollars flowing out of the Michigan economy to Washington in the form of lower deductions against federal taxes for both businesses and individuals. The latest change, back to the Corporate Income Tax as part of a net $1.7 billion cut to businesses, will likely mean that another $400 to $600 million of lower deductions will go to Washington, DC—not Michigan—depending on businesses marginal federal tax rates.

Meanwhile, unemployment has spiraled up, incomes have plummeted, the quality of life in cities has been diminished, our transportation system is crumbling, spiraling college tuition threatens the ability of our young to enter the middle class, and our once vaunted state park system is falling apart. That's not even mentioning the oncoming onslaught of unfunded promises to state and local pensioners and current workers which are threatened by continued reductions of revenues that could be used to meet those needs.

Our conclusion is that the policy focus of recent years – low taxes, smaller government, lower levels of services to Michigan citizens – has not and will not lead to the prosperity its proponents claim is their target. We have taken the wrong turn on that road to prosperity, and we must return to the historic pattern of investment in education and infrastructure and strong local governments that built the Michigan that is now only a fond memory. It is time, again, to come together on an investment strategy that is based on getting smarter and stronger, not cheaper.

Our discussion begins with a brief introduction to the concept of good tax policy goals.

Goals of Sound Tax Policy

We begin the narrative with a brief discussion of general principles of good tax policy. Much of this was included in an appendix to the original study, but the review of tax policy changes in Michigan since that study gives every indication that few of Michigan's policy makers are even a aware of them, and fewer still subscribe to them.

While there are philosophical differences about the meaning of "good" tax policy, there are core principles that are generally agreed upon, even if differently interpreted.

The following summary is taken from "Tax Policy Handbook for State Legislators," by Scott Mackey, published by the National Conference of State Legislatures (NCSL) in 1997.

Reliability with three components: **stability** over time, with reasonable **predictability**; **certainty that allows business and individuals to plan for the future**; and **sufficiency** in that the tax has the capability to grow with increasing demands and inflation over time.

Equity, with two critical components: **horizontal equity** that treats equals equally, and **vertical equity** that treats unequals differently.

Compliance and administration costs that consider both the costs for individuals and business to comply, and for the governmental unit to collect. Overemphasis on equity to the point of complexity, for example, is not a virtue.

At the state and local level, consideration should also be given to **economic neutrality to the greatest extent possible** to minimize decision-making that distorts the allocation of resources in the private sector. At its most basic level this can be considered another description of horizontal and vertical equity: **the tax burden of a business (or an individual) should not be affected by its legal structure and filing status: taxpayers in similar circumstances should be treated similarly**, however they are legally organized.

Over the decades, this issue has been a particular struggle for Michigan as its business tax structure has swung back and forth from a narrow definition of "business" in the form of large "C" class corporations, to a broader definition that incorporated most other forms of business organizations (sole proprietors, partnerships, sub-chapter "S" corporations, limited liability companies (LLC's) or others, and now appears to have swung back again to a still narrower base.

Michigan's Constitutional provisions regarding public budgeting and finance also share many common principles with most other states, primarily the requirement for a balanced budget.

What it shares with many fewer states are other key constitutional features: First, a constitutional limit on the total amount of revenue it may collect from state sources, which **we commonly refer to as the "Headlee" amendment** to the Constitution, placed on the November 1978 ballot by petition drive, and effective beginning with the state's 1980 fiscal year, based upon the final 1978-79 book-closing. The **second key difference is the degree of tax policy and school finance proscription and prescription** written into Michigan's Constitution by what has become known as **Proposal A** of 1994, on top of prior proscriptions. Third, Michigan's sales tax rate is set in the Constitution as is earmarking of sales tax revenues. Fourth, the Constitution precludes a graduated income tax. Fifth, other provisions limit property tax rates and also restrict the base of the property tax.

Key Constitutional Issues Framing Michigan Tax Policy

Overall Tax Limitation

The Headlee Amendment, so-named after for its primary supporter, Richard Headlee, is more correctly called the "Tax Limitation Amendment" to the Michigan Constitution because it limits the total amount of revenue the state can collect from state sources in a given fiscal year to a fixed percentage of the total personal income in Michigan for the prior calendar year. **That figure is 9.49%**.

Placed on the November 1978 ballot by petition drive, this lengthy addition to the Constitution was approved by the voters, and took effect with the establishment of the 1978-79 state fiscal year as the base*. While thought of as an anti-government amendment, Mr. Headlee often described his proposal during the campaign by saying that he felt the size of Michigan's government was about "right", but that he just didn't want it to grow larger. Michigan's total governmental financing has in fact shrunken over time, in no small measure due to the scope of the tax exemptions described later in this report. We remain well under that limit. (See Figures 2 and 3.)

In addition to its headline feature of limiting both state government taxes and spending to the level existing in that 1978-79 state fiscal year, the amendment had a number of other key features.

It also required that a calculation be done on the proportion of the state spending in 1978-79 that went to local governments, and required that proportion be maintained in the future (Section 30). Some have called that feature a requirement for an annual "internal balance" between state focused and local focused spending via the state budget.

A further requirement banned the state from imposing future requirements on local governments without providing funding for them (Section 29). This provision has proven controversial and has resulted in several major court cases requiring additional state spending to locals.

Other requirements limited annual increases in total assessed value of communities on an individual taxing jurisdiction basis. This is the source of what many Michigan property owners know as "Headlee millage rollbacks" which require annual calculations that limit the total value of taxable property in a jurisdiction to the previous year's plus inflation, plus new property additions.

The Headlee amendment also imposed restrictions on local governments' own taxing and spending.

Despite the limitations on property tax growth imposed by the Headlee amendment, opposition to increasing property taxes voted by citizens, often for expanding schools continued throughout the 1980s and 1990s, and ultimately was a key contributor to on-going concerns over property taxes and what we know today as the Proposal A school finance reform of 1994. Proposal A itself requires assessment rollbacks and limits extending to individual parcels, and one result is that the recent property devaluation from the "Great Recession" means that nearly all taxation units will face years of struggle to maintain services.

As shown in Figures 2 and 3, Michigan in most years has been well below the Headlee constitutional limit of 9.49% of the prior calendar year's total state personal income. In the years that it has exceeded the limit, provisions of the amendment itself allow the excess to be deposited in the state Budget Stabilization Fund, if less than 1%, or refunded to taxpayers. Both have occurred in the years of excess, and as seen in the figure below, those excesses were relatively minor, and only one small refund has occurred.

In more recent years, continued anti-tax sentiment has contributed to relatively slow growth in state spending from "state" resources (the amendment does not limit the spending of federal funds).

Further discussion in this report will also document that growth in state taxes has also been held down by an explosion of tax preferences ("tax expenditures" as used in this report, that provide special treatment to certain taxpayers on the basis of economic development or attempts to improve the real or perceived equity of the tax structure).

Despite its relatively slow economic growth, largely due to the challenges impacting the domestic automobile industry that is concentrated in Michigan, total personal income still has grown more rapidly than state taxes, opening up a multi-billion dollar gap between actual and constitutionally authorized taxes in the state.

* The vote on the "Headlee" Amendment was 1,450,150 "yes to 1,313,984 "no", or 52.46% to 47.54%.

Over the last 5 fiscal years ending in FY 2014 (estimated), that gap has **averaged $6.4 billion dollars**. Clearly Michigan taxes have become less of an overall burden to individual and business taxpayers than they were over much of the last several decades. Figure 2, below, presents this data in percentage terms relative to the size of the gap over or under the limit.

Figure 3 presents the same data in percentage terms. Note that there are 13 years since 2002 when Michigan has been roughly 15 % or more below the revenue limit—more than a decade of substantially lower tax burdens—and at or near historic lows in several years.

Figure 2

Amounts Over/Under Michigan's Constitutional Revenue Limit

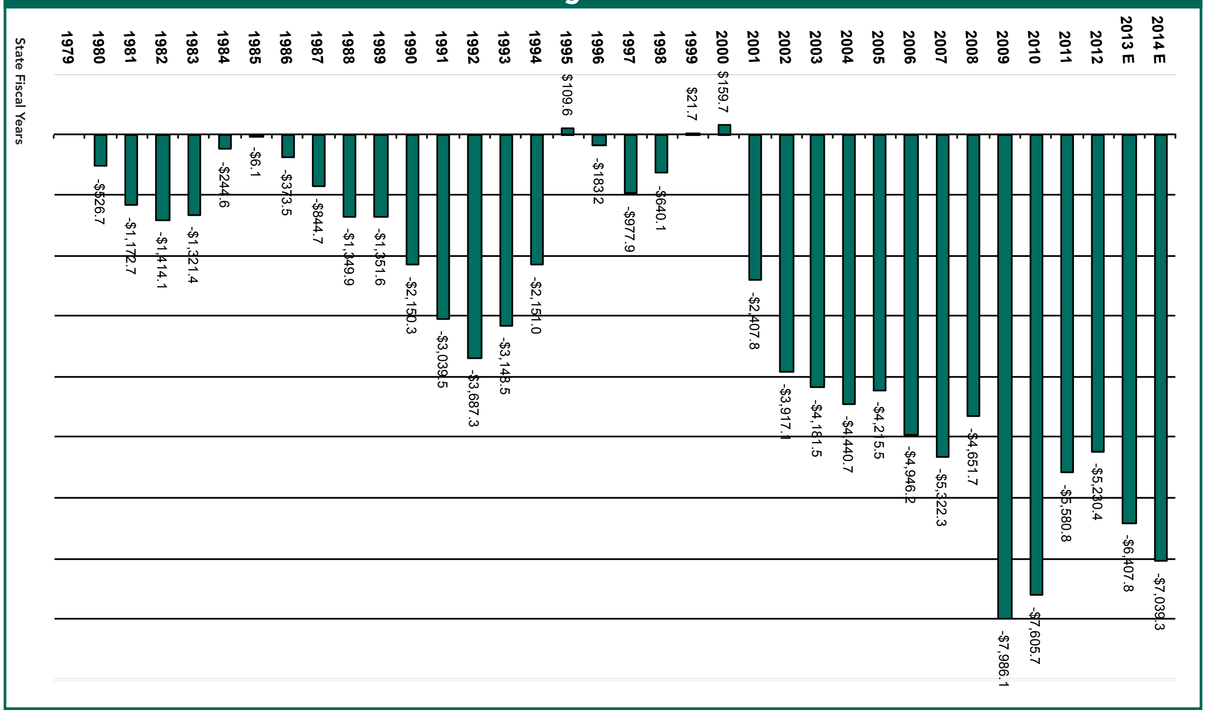
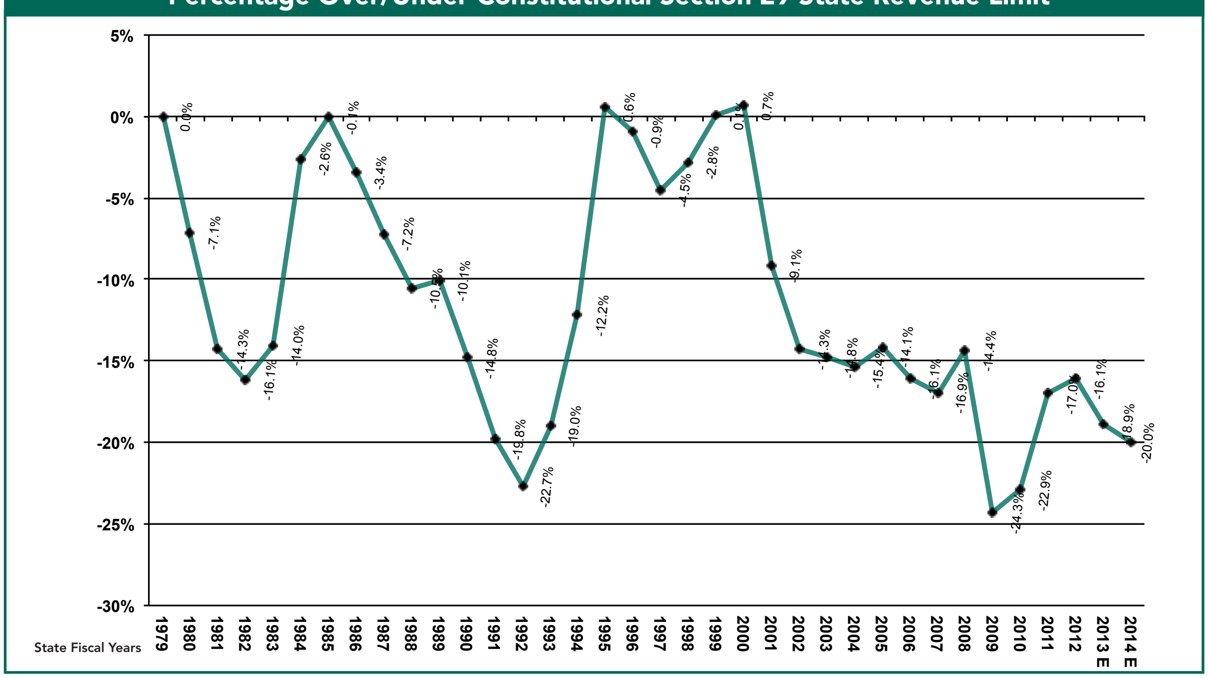


Figure 3

Percentage Over/Under Constitutional Section 29 State Revenue Limit



Constitutional Limits On the Rates and Bases of Key Taxes

In addition to the overall limits on taxes and spending set by the Headlee amendment, and portions of Proposal A, provisions of the Michigan Constitution also limit the type and rate of several taxes. Consider the following examples of proscription included in Article IX, the Finance section of the Michigan Constitution.

Here are the major Constitutional limitations on state and local taxing power:

Both State & Local Property Taxes

Article IX, Section 3 has several pertinent features:

*After 1995, when Proposal A took effect, this language reads "the taxable value **of each parcel of property** adjusted for additions and losses, shall not increase each year" by more than the consumer price index or 5%, whichever is lower.

This means that in addition to the overall limits on property taxes set by the 1979 Headlee amendment there is a constitutional cap on how much tax assessment on individual parcels can increase. (Added by Proposal A)

*Section 3 also provides that "A law that increases the statutory limits in effect as of February 1, 1994 on the maximum amount of ad valorem property tax that may be levied for school district operating purposes requires the approval of three-fourths of the members elected and serving in the Senate and the House of Representatives" (Added by Proposal A)

Income Taxes

Article IX, Section 7 prohibits a graduated state or local income tax. This requires that a proposed graduated income tax must first be approved as a constitutional amendment on a statewide ballot. The existing constitutional phrase is "No income tax graduated as to rate or base…"

Sales Taxes

Article IX, Section 8 sets the maximum rate of the Sales Tax at the 4 cents existing before Proposal A, plus an additional 2 cents added by Proposal A, with 100 % of the two cents going to the School Aid Fund. Thus, an increase in the Sales Tax **rate** also would require a statewide vote on a constitutional amendment. The separate statement of the two pieces of the total rate is important, because other provisions of the constitution specify sharing different portions of the revenue.

The sales tax language in Section 8 is still more proscriptive. Language added by a vote of the people approving a petition generated ballot question in November 1974 exempts from taxation "the sale or use of food for human consumption except in the case of prepared food for immediate consumption as defined by law. This provision shall not apply to alcoholic beverages." A large number of statutory exemptions have broadened the definition of "food" so that they now exempt food and beverages sold from vending machines and by mobile vendors, despite the phrase "immediate consumption."

Article IX, Section 9 further specifies that of the first 4 cents, "not more than 25 percent of the sales tax imposed directly or indirectly on fuels sold or used to propel motor vehicles upon highways, on the sale of motor vehicles, and on the sale of the parts and accessories of motor vehicles, after the payment of necessary collection expenses, shall be used exclusively for the transportation purposes of comprehensive transportation as defined by law."

Article IX, Section 10 specifies that of the first 4 cents, 15 percent "shall be used exclusively for "the assistance of townships, cities and villages, on a population basis as provided by law: This provision is more commonly known as constitutional revenue sharing, to distinguish it from the additional revenue sharing funds that have been distributed under several statutory formulas over the years.

Article IX, Section 11 creates the state school aid fund (SAF) "which shall be used exclusively for aid to school districts, higher education, and school employee retirement systems, as provided by law." Further constitutional language requires that 60 % of the first 4 cents collection (2.4 cents) be deposited in the SAF, along with 100 % of collections from Proposal A's two cents, for a total of 4.4 cents of the tax of 6 cents.

What these provisions mean in practice is that: the Legislature and Governor cannot increase the sales tax rate, since it is set in the Constitution.

However, the Legislature and the Governor can (and do) lower the amount going into the fund by providing statutory exemptions from the tax. When they do so, the SAF loses 73.33 % of every dollar foregone (4.4/6.0), local governments lose 15.00 %, for a total of 88.33 %.

Of the remaining 11.77 % of each sales tax dollar, the Comprehensive Transportation Fund loses on average about 2 percent (but a lot more if the item exempted is, say, a replacement part for an auto, such as a tire or the value of a trade-in vehicle. The General Fund, General Purpose budget, which funds much of the activity of what most folks know as state government, absorbs the rest of the loss. Like the sales tax, two cents was added to the use tax as part of Proposal A. That is dedicated to the School Aide Fund. What this means is practice is that in addition to economic risk, the School Aid Fund is vulnerable to policy changes in a number of taxes: it gets a percentage of collections, not guaranteed dollars

The Use Tax, which complements the Sales Tax, is entirely statutory, but it has a different set of "ear-markings" or divisions of the receipts. Use tax exemptions almost always match exemptions granted under the sales tax.

The additional 2 cent increase from 4 to 6 percent and changes in earmarks were major components of Proposal A as approved by the voters.

Table 2

Recent Sources of School Aid Fund Revenues (in millions)

Revenue Source	Earmark Provisions	Actual 2009-10	Actual 2010-11	Actual 2011-12	Changes FY 2010-12
Sales Tax	73.3 % Gross	$4,488.9	$4,878.6	$5,057.0	$568.1
Use Tax	33.3 % Gross	$520.1	$494.7	$376.2	**-$143.9**
Income Tax	23.0 % Gross	$1,836.1	$1,972.5	$2,100.2	$264.1
Michigan Business Tax*	$729.0 in 2009	$604.4	$611.5	$0.0	**-$604.4**
Tobacco Tax	41.6 % of revenue	$392.9	$376.2	$374.1	**-$18.8**
6 Mill State Property Tax	100%	$1,930.5	$1,845.1	$1,789.7	**-$140.8**
Real Estate Transfer Tax	100%	$121.6	$123.3	$150.1	$28.5
Casino Wagering (Part)	100%	$111.1	$114.0	$115.8	$4.7
Indus & Comm'l Facilities	100%	$55.2	$43.6	$35.7	**-$19.5**
Liquor (4.0 % of 12 plus %	100 % of one 4.0%	$37.6	$39.1	$41.3	$3.7
Other	....	$17.1	$22.5	$24.3	$7.2
Subtotal State Taxes	....	**$10,115.5**	**$10,521.1**	**$10,064.4**	**-$51.1**
Lottery Proceeds	Net after expenses	$701.3	$727.3	$778.4	$77.1
General Fund Approp	....	$28.3	$18.6	$78.6	$50.3
Other Revenues	....	$783.4	$521.4	$65.1	-$718.3
Subtotal State Sources	....	**$11,628.5**	**$11,788.4**	**$10,986.5**	**-$642.0**
Federal Funds Thru State	....	$1,612.4	$1,677.8	$1,819.0	$206.6
Total Resources Thru State	....	**$13,240.9**	**$13,466.2**	**$12,805.5**	**-$435.4**
					-3.29%

*MBT amount was a flat amount, but indexed for inflation. This earmarking was removed by Governor Snyder's budget changes for FY 2012.

Source: Michigan Senate Fiscal Agency Historical Revenue Data

Tax Burdens on Michigan Individuals and Comparative State Tax Burdens and Rankings

The following section will discuss overall issues of tax burdens in Michigan. As the reader has seen in the discussion of Michigan's tax limitation amendment earlier in this study, Michigan is well under its constitutional limits on taxes, and its overall burden has been trending down over a long period as well.

These facts of average to below average tax burdens stand in sharp contrast to much of the political rhetoric in campaigns and inside the Capitol dome over the same period. Indeed, a visitor from another state or country over the last two or three decades might think the graphics in Figure 6 and 7 were going in a different direction based upon the political rhetoric that still continues today in the face of a contrary reality.

The causes for the slow growth in taxes, both on a per capita and as a percentage of income basis have to do with a combination of factors. First, many features directly associated with Proposal A have contributed to long term declines in the tax burden. It was in fact an immediate net tax cut, and many of its features further limited the growth of taxes, especially property taxes. But, taxes were on a downward trend well before Proposal A, and Michigan has never been the very highest tax state.

Second, Lansing has been on a long term bipartisan policy journey to vote to further reduce taxes, voting early and often on tax breaks for both businesses and individuals. Subsequent sections of this report will detail many of these tax breaks. Much of this action was advocated as necessary for business competitiveness. **After nearly two decades, it's appropriate to assess the impact of these tax changes**.

A third recent and major factor was the collapse of the Big 3 automakers based in Michigan as part of the great recession, with Michigan tax collections falling even faster than Michigan incomes.

The net result has been the continued opening of the "tax gap" relative to the Constitutional limit already described above in Figures 2 and 3, and to continued and more frequently recurring fiscal crises, where these tax cuts probably have aggravated, rather than ameliorated the cyclical nature of Michigan's economy and its dependence on cyclical durable goods manufacturing, specifically automobile manufacturing.

We begin this section with a review of long term trends of both income and tax burdens over time, both over all and on businesses, supplemented with a review of Michigan's economy relative to other states.

Nations, states, and their economies change over time. Often those changes are imperceptible to most individuals because they can take generations. Sometimes the change is more rapid. Figure 4 below allows us to begin to look at a longer term perspective on Michigan's economy. At this scale, the "Great Depression" is visible only as what looks like a "flat line," with recovery visible in the late 1930s. In contrast, the so-called Great Recession is clearly visible in 2008, showing a dramatic drop in Michigan personal income.

Figure 4

Total Michigan Personal Income History 1929-2011

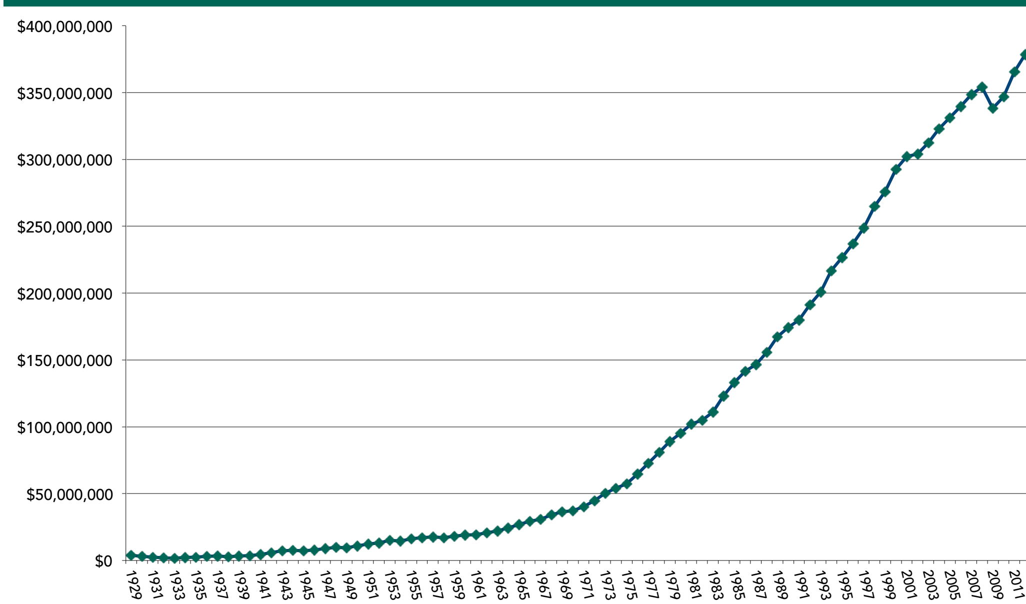


Figure 5

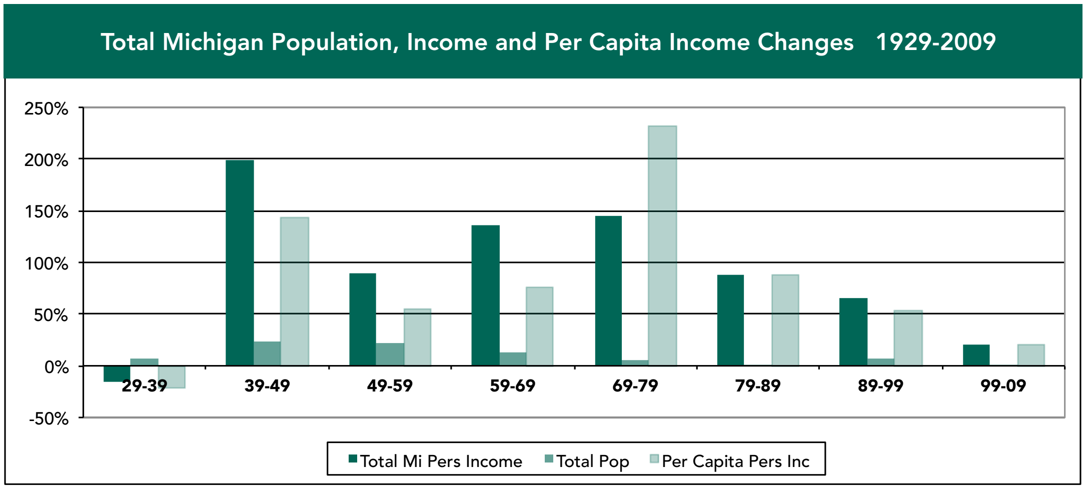


Figure 5 uses the same basic data as Figure 4, but breaks it out by ten year changes, and shows population change, total income change, and per capita income change for each decade. Here we see a very visible Great Depression in the 1930s, and a dramatic recovery, fueled largely by the massive human and industrial effort of World War II, and by the fact that this growth came off a much lowered base.

Note that the decade of the 1970s (69-79 on Figure 5) was Michigan's second highest growth rate decade over this 81 year period in personal income, and highest by far in per capita income (despite little things like a 100 day UAW strike and the Arab oil embargo). It was the time when the first baby boomers were leaving college and the ramp-up of the Viet Nam war. It was also a decade of turmoil in tax policy, with major individual and business tax increases early in the decade in response to revenue downturns. It was the decade of the 15 month fiscal year, and the creation of the Budget Stabilization Fund. It was also the decade of business tax reform, with the Corporate Income Tax, and half a dozen other lesser taxes including the property tax on business inventory, being replaced by the Single Business Tax (SBT) in a revenue neutral reform aimed at greater stability and equity in business taxes, due to the revenue declines of the early 1970s.

The end of the decade was marked by the approval of the Headlee Tax Limitation Amendments to the state Constitution, implemented with the state fiscal year 1979 (October 1, 1978 to September 30, 1979) as the base year. **The following decades were marked by continued tax cuts** (with the exception of temporary individual income tax increases running from 1983-1986); the dramatic tax reforms and restructuring of Proposal A in the mid-90s; and business tax restructuring and increases in 2007. The previous edition of this report detailed the continuing rounds of individual and business tax cuts that followed the adoption of Proposal A. These tax cuts have continued into the second decade of the new century.

In retrospect, we now know that Michigan's dramatic growth in per capita income really peaked in the 70s, **before tax limitation and another 30 plus years of tax cuts took effect**. Most observers would suggest that this might be evidence that tax limitations and tax cuts—very significant cuts—hurt rather than helped economic growth. Despite that lower growth in the post-Headlee era, which included significant tax cuts beyond the impacts of tax limitation, if anything, demands for individual and business tax cuts have accelerated, often in the name of economic development and diversification, as ever more constrained revenue resources meant ever more constraint on public investments in human services, education and transportation. **Michigan's economy has diversified by subtraction more than addition**, as the auto industry has shrunk but still remains our dominant industry by far.

Figure 6 below demonstrates the long term relationship between per capita income in Michigan and the U.S. While Michigan's per capita income continues to grow, it is growing noticeably slower than the U.S. as a whole, and that gap has widened since shortly after Proposal A's tax cuts and additional limits on increases. Our historical close relationship to US growth rates also began to diverge around this time.

Figure 6

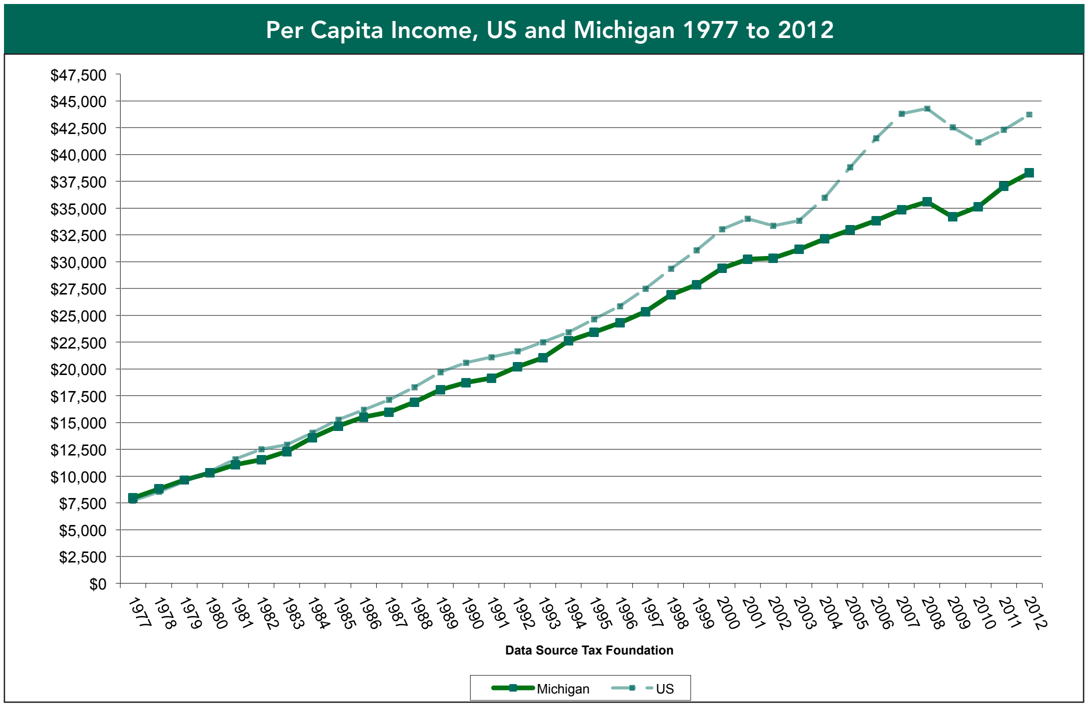
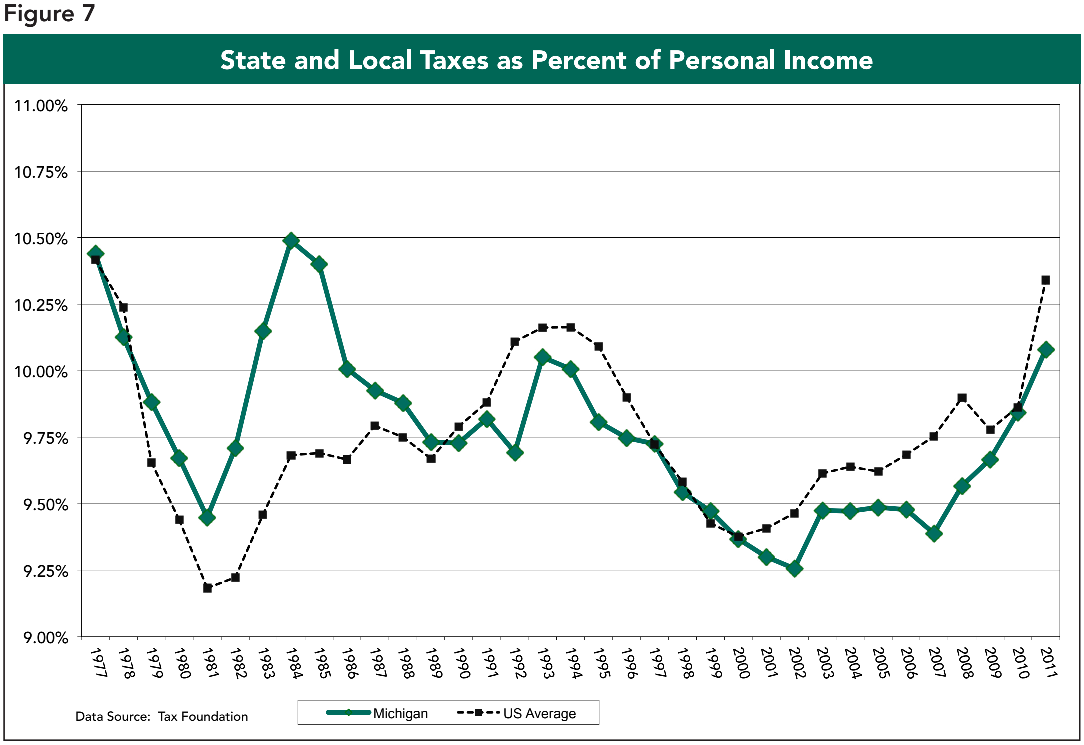


Figure 7 tracks a similar relationship between Michigan taxes as a share of that income and shows that since approximately 1988, Michigan's tax burden has been consistently average or below average. There was a time when Michigan could be called a slightly above average (not "high") tax state for a few brief years state, back in the mid 1980s when taxes as a percent of personal income in Michigan exceeded the national average for a few years due to a large **temporary** tax increase, that interrupted a trend to declining tax burdens that had already begun.

Figure 7



The trend to becoming an average to below average tax state is shown in figure 7, as beginning before the temporary tax increase of the mid-1980s and resuming soon after that increase ended, and has essentially continued for twenty years, with Michigan being either roughly average or significantly below average in tax burden for over two decades.

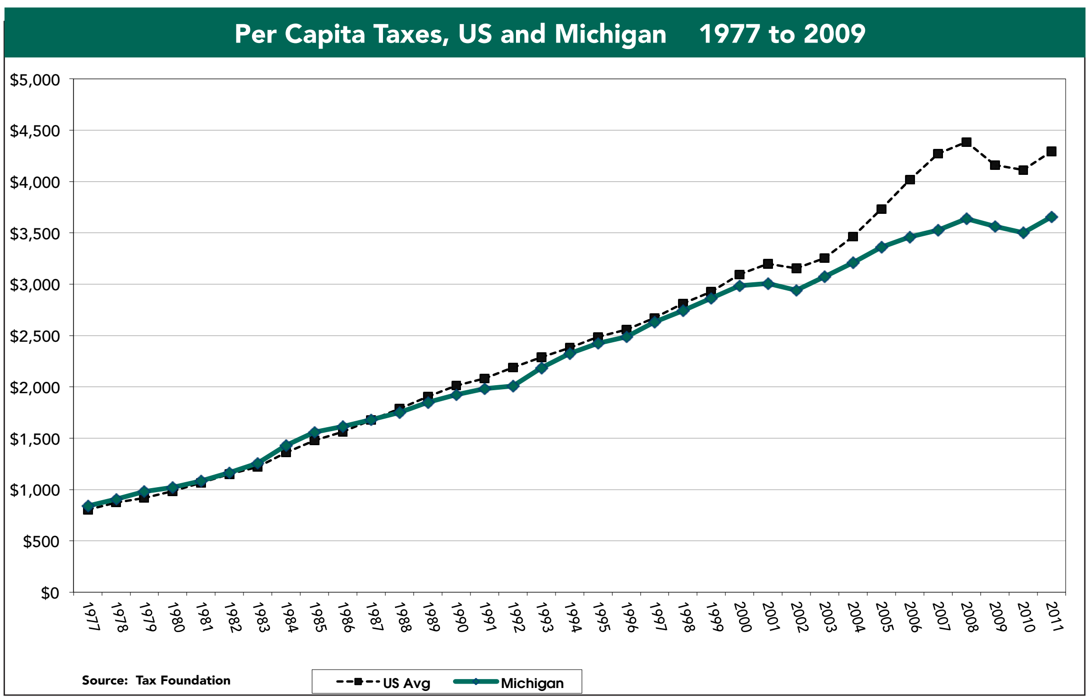
Michigan is now a below average tax burden state whether measured per capita or as a share of income, and has been for two decades.

Proposal A itself accelerated that change in policy direction. Noticeable as a sharp downturn shown in Figure 7 in the mid-1990s upon its adoption as a significant net tax cut affecting both state and local taxes in addition to its change in policy on the method and distribution of K-12 financing. The tax burden fell further still in the decade of the 2000s, due to rising incomes even in the face of continued auto industry stress, and substantial additional tax cuts, especially tax cuts for business.

It is also important to note that this significant change in overall tax burdens relative to the US average essentially occurred over the same time frame that incomes in Michigan were becoming more like the US average, in contrast to their long term historical relationship which had Michigan at, and in earlier decades, well above the US average as shown in Figure 6.

When measured on a per capita basis (Figure 8), total state and local taxes in Michigan present the same message: formerly average, now below average, as presented in Figure 6, and the change over time is similar, beginning approximately with the time of Proposal A.

Figure 8



Tables 3A and 3B provide a detail of some of the data behind Michigan's declining tax burden. Table 3A presents 50 state comparisons of tax burdens for selected years from 1977 to the near present, on a per capita basis. The table also shows the change from 1977 to 2011 in the far right hand column. Note in Table 3A that Michigan had the **lowest** increase in per capita taxes in the country from 1977–2011 and was last ranked in the top 20 in 1997.

Table 3B shows Michigan at 42nd, with an 8.06% decline in taxes measured as a percent of personal income. By either measure, many so called low tax states show much greater increases over this period. It is also important to note that some states and localities rely heavily on user charges and other non-tax revenues not measured in these comparisons of taxes only–it makes a large difference in total revenues in some cases.

State and Local Tax Revenue, Per Capita, Selected Years 1977–2011

Dollars

Region and State	1977	Rank 1977	1987	Rank 1987	1997	Rank 1997	2007	Rank 2007	2011	Rank 2011	Sorted by: % Chg	Rank 77-11
Shaded states are traditional Great Lakes states and author's "expanded" Great Lakes used in some discussions in this study.												
North Dakota	685	**28**	1,294	**39**	2,463	**30 T**	3,971	**26**	6,886	**4**	**905.41%**	**1**
District of Columbia	1,091	**3**	3,006	**2**	4,986	**1**	9,039	**1**	8,687	**2**	**696.10%**	**2**
Connecticut	891	**10**	2,178	**5**	4,203	**2**	6,113	**4**	6,357	**6**	**613.35%**	**3**
Arkansas	478	**51**	1,068	**50**	2,029	**47**	3,216	**45**	3,387	**39**	**607.95%**	**4**
Maine	649	**30**	1,630	**19 T**	2,863	**14**	4,331	**15**	4,558	**16**	**602.29%**	**5**
New Hampshire	606	**39 T**	1,408	**30**	2,346	**35**	3,613	**34**	4,029	**25**	**565.30%**	**6**
Wyoming	979	**6**	2,343	**4**	2,589	**24**	6,070	**5**	6,465	**5**	**560.31%**	**7**
New Jersey	938	**8**	2,103	**6**	3,402	**5**	5,926	**6**	6,025	**7**	**542.13%**	**8**
Vermont	791	**20**	1,828	**12**	2,746	**17**	4,711	**10**	5,013	**10**	**533.97%**	**9**
Rhode Island	775	**23**	1,711	**16**	2,954	**10**	4,527	**13**	4,832	**13**	**523.40%**	**10**
Ohio	629	**32**	1,477	**29**	2,596	**22 T**	3,968	**27**	3,909	**27**	**521.14%**	**11**
West Virginia	606	**39 T**	1,272	**40**	2,121	**45**	3,314	**41**	3,760	**28**	**520.64%**	**12**
North Carolina	576	**46**	1,372	**33**	2,388	**34**	3,648	**32**	3,491	**35**	**506.06%**	**13**
Mississippi	514	**49**	1,005	**51**	1,963	**50**	3,009	**50**	3,112	**47**	**505.35%**	**14**
Virginia	668	**29**	1,543	**26**	2,499	**28**	4,176	**18**	3,971	**26**	**494.60%**	**15**
New York	1,263	**2**	2,766	**3**	4,160	**3**	7,005	**3**	7,436	**2**	**488.97%**	**16**
Louisiana	622	**35**	1,269	**41**	2,213	**42**	4,021	**23**	3,631	**32**	**483.66%**	**17**
Alabama	496	**50**	1,113	**49**	1,842	**51**	2,891	**51**	2,890	**51**	**482.24%**	**18**
Pennsylvania	763	**24**	1,570	**25**	2,653	**21**	4,146	**20**	4,377	**19**	**473.92%**	**19**
Kentucky	582	**45**	1,226	**45**	2,276	**38**	3,217	**44**	3,331	**41**	**472.67%**	**20**
Texas	620	**36**	1,362	**36**	2,251	**40**	3,440	**37**	3,536	**34**	**470.24%**	**21**
New Mexico	611	**38**	1,342	**37**	2,463	**30 T**	3,743	**30**	3,482	**36**	**470.09%**	**22**
Florida	601	**42**	1,369	**34**	2,427	**33**	3,975	**25**	3,424	**38**	**470.01%**	**23**
Maryland	880	**11**	1,885	**11**	2,913	**13**	4,602	**11**	4,982	**11**	**465.97%**	**24**
Kansas	728	**27**	1,526	**27**	2,585	**25**	4,078	**21**	4,095	**24**	**462.74%**	**25**
Indiana	637	**31**	1,322	**38**	2,507	**27**	3,418	**39**	3,553	**33**	**458.09%**	**26**
South Carolina	527	**48**	1,254	**43**	2,052	**46**	3,125	**47**	2,937	**50**	**456.79%**	**27**
Iowa	743	**26**	1,576	**24**	2,521	**26**	3,638	**33**	4,131	**23**	**455.91%**	**28**
Minnesota	904	**9**	1,910	**9**	3,356	**6**	4,544	**12**	5,018	**9**	**454.81%**	**29**
Delaware	816	**16**	1,787	**14**	2,933	**11**	4,193	**17**	4,489	**17**	**450.36%**	**30**
Illinois	847	**14**	1,657	**18**	2,824	**15**	4,338	**14**	4,627	**15**	**446.52%**	**31**
Tennessee	548	**47**	1,177	**48**	1,976	**49**	3,026	**48 T**	2,979	**48**	**443.32%**	**32**
Missouri	602	**41**	1,266	**42**	2,329	**36**	3,247	**43**	3,268	**43**	**442.54%**	**33**
Nebraska	784	**21**	1,480	**28**	2,713	**20**	4,054	**22**	4,233	**21**	**439.80%**	**34**
Massachusetts	1,009	**5**	2,058	**7**	3,290	**7**	4,994	**7**	5,441	**8**	**439.26%**	**35**
Oklahoma	588	**44**	1,232	**44**	2,150	**44**	3,252	**42**	3,168	**46**	**438.83%**	**36**
Georgia	592	**43**	1,376	**32**	2,427	**32**	3,539	**35**	3,172	**45**	**436.06%**	**37**
Colorado	799	**17**	1,630	**19 T**	2,596	**22 T**	3,872	**28**	4,259	**20**	**433.28%**	**38**
Washington	796	**18**	1,707	**17**	2,921	**12**	4,261	**16**	4,160	**22**	**422.42%**	**39**
South Dakota	629	**33**	1,214	**46**	2,002	**48**	3,026	**48 T**	3,275	**42**	**420.56%**	**40**
Utah	627	**34**	1,366	**35**	2,265	**39**	3,500	**36**	3,215	**44**	**412.39%**	**41**
Wisconsin	877	**12**	1,800	**13**	3,005	**9**	4,157	**19**	4,483	**18**	**411.21%**	**42**
Hawaii	950	**7**	1,982	**8**	3,237	**8**	4,986	**8**	4,781	**14**	**403.28%**	**43**
Idaho	619	**37**	1,194	**47**	2,245	**41**	3,147	**46**	2,973	**49**	**380.28%**	**44**
Oregon	777	**22**	1,625	**21**	2,487	**29**	3,421	**38**	3,644	**31**	**369.28%**	**45**
California	1,068	**4**	1,902	**10**	2,810	**16**	4,962	**9**	4,914	**12**	**360.05%**	**46**
Montana	756	**25**	1,387	**31**	2,197	**43**	3,381	**40**	3,441	**37**	**355.18%**	**47**
Nevada	834	**15**	1,597	**22**	2,725	**18**	4,016	**24**	3,751	**29**	**349.54%**	**48**
Alaska	2,319	**1**	3,079	**1**	3,960	**4**	7,269	**2**	10,090	**1**	**335.17%**	**49**
Arizona	793	**19**	1,583	**23**	2,290	**37**	3,783	**29**	3,341	**40**	**321.07%**	**50**
Michigan	870	**13**	1,774	**15**	2,720	**19**	3,709	**31**	3,655	**30**	**319.96%**	**51**
Regions												
New England	**891**	3	1,960	2	**3,342**	2	**5,035**	2	**5,395**	2	505.36%	1
Mideast	**1,020**	1	2,217	1	**3,464**	1	**5,738**	1	**6,038**	1	491.90%	2
Southeast	**578**	9	1,299	9	**2,265**	8	**3,588**	8	**3,361**	9	481.43%	3
Plains	**736**	7	1,527	7	**2,679**	6	**3,843**	6	**4,171**	5	467.09%	4
Southwest	**636**	8	1,375	8	**2,258**	9	**3,497**	9	**3,463**	8	444.35%	5
United States	**801**	4	1,671	4	**2,720**	5	**4,260**	4	**4,295**	4	436.48%	6
Great Lakes *	**771**	5	1,609	5	**2,722**	4	**3,961**	5	**4,074**	6	428.29%	7
Rocky Mountain	**742**	6	1,529	6	**2,425**	7	**3,742**	7	**3,849**	7	418.55%	8
Far West	**1,003**	2	1,848	3	**2,796**	3	**4,702**	3	**4,655**	3	363.99%	9

* Great Lakes summary includes only the 5 census states: IL, IN, MI, OH, WI--NOT MN, NY, and PA as used in some comparisons in this study.

Source: The Urban Institute- Brookings Institution Tax Policy Center; author's calculations

Table 3B

State and Local Tax Revenue as a Percentage of Personal Income, Selected Years 1977–2011

Region and State	1977	Rank 1977	1987	Rank 1987	1997	Rank 1997	2007	Rank 2007	2011	Rank 2011	Sorted by: % Chg	Rank 77-11
Shaded states are traditional Great Lakes states and author's "expanded" Great Lakes used in some discussions in this study.												
North Dakota	10.68	**18**	9.52	**37**	11.65	**11**	10.97	**16**	14.58	**2**	36.49%	**1**
Ohio	8.40	**51**	9.51	**38**	10.36	**27**	11.28	**12**	10.33	**19**	22.97%	**2**
Arkansas	8.46	**50**	8.88	**46**	9.92	**34T**	10.26	**29**	10.04	**24T**	18.59%	**3**
Alaska	18.98	**1**	15.99	**2**	14.47	**1**	17.59	**1**	22.10	**1**	16.40%	**4**
Maine	10.60	**19T**	11.30	**9**	12.59	**4**	12.40	**7**	11.90	**6**	12.30%	**5**
Wyoming	12.05	**6**	16.40	**1**	10.68	**20**	13.41	**4**	13.50	**4**	11.99%	**6**
West Virginia	10.07	**29**	10.95	**12**	10.93	**14**	11.24	**13**	11.25	**12**	11.82%	**7**
Indiana	8.92	**45**	9.11	**44**	10.47	**24T**	10.16	**31**	9.95	**28**	11.64%	**8**
Connecticut	10.25	**23**	10.10	**25**	11.76	**9**	10.94	**17**	10.98	**15**	7.09%	**9**
Delaware	10.29	**22**	10.15	**24**	10.79	**16**	10.53	**25**	10.83	**16**	5.29%	**10**
District of Columbia	11.24	**13**	15.00	**3**	13.35	**3**	13.84	**3**	11.77	**7**	4.74%	**11**
Illinois	10.11	**28**	9.61	**34T**	9.90	**36T**	10.34	**27**	10.58	**17**	4.69%	**12**
Nevada	9.79	**35**	9.55	**36**	9.55	**41**	10.07	**35**	10.15	**22**	3.62%	**13**
New Jersey	11.11	**14**	10.54	**20**	10.31	**29**	11.79	**9**	11.49	**8**	3.43%	**14**
Kentucky	9.57	**36**	9.82	**30**	10.71	**18**	10.32	**28**	9.80	**30**	2.40%	**15**
New Mexico	10.01	**30T**	10.62	**16T**	11.98	**7T**	11.82	**8**	10.20	**20**	1.95%	**16**
Pennsylvania	10.22	**25T**	9.90	**28**	10.20	**32**	10.65	**24**	10.35	**18**	1.31%	**17**
North Carolina	9.56	**37T**	9.63	**33**	9.68	**40**	10.49	**26**	9.69	**33**	1.30%	**18**
Florida	8.58	**48**	8.46	**49**	9.42	**44**	10.13	**33**	8.64	**45**	0.64%	**19**
Kansas	10.01	**30T**	9.80	**31**	10.47	**24T**	10.83	**19**	10.02	**26**	0.05%	**20**
New Hampshire	8.80	**46**	7.78	**51**	8.40	**50**	8.41	**50**	8.78	**44**	-0.23%	**21**
Rhode Island	11.05	**15**	10.45	**21**	11.10	**12**	11.22	**15**	11.01	**14**	-0.35%	**22**
Missouri	8.65	**47**	8.37	**50**	9.53	**42**	9.14	**46**	8.61	**46T**	-0.55%	**23**
Mississippi	9.82	**34**	9.31	**41**	10.23	**31**	10.18	**30**	9.73	**31**	-0.97%	**24**
Texas	8.93	**44**	9.43	**39**	9.27	**45**	9.27	**45**	8.81	**42**	-1.39%	**25**
Iowa	10.23	**24**	10.66	**15**	10.48	**23**	10.15	**32**	10.04	**24T**	-1.85%	**26**
Hawaii	11.42	**10**	11.58	**7**	12.27	**5**	12.48	**5**	11.14	**13**	-2.48%	**27**
Alabama	8.56	**49**	8.74	**47**	8.63	**49**	8.89	**48**	8.28	**49**	-3.22%	**28**
Utah	9.92	**32**	10.80	**13T**	10.51	**22**	10.68	**22**	9.59	**35**	-3.27%	**29**
Wisconsin	11.88	**9**	11.86	**6**	11.98	**7T**	11.29	**11**	11.33	**9**	-4.66%	**30**
Idaho	9.55	**39**	9.61	**34T**	10.56	**21**	9.65	**41T**	9.04	**40**	-5.33%	**31**
South Carolina	9.32	**40**	9.69	**32**	9.46	**43**	9.77	**40**	8.80	**43**	-5.57%	**32**
New York	15.49	**2**	14.57	**4**	13.48	**2**	14.64	**2**	14.54	**3**	-6.12%	**33**
Vermont	12.85	**4**	12.38	**5**	11.69	**10**	12.46	**6**	12.06	**5**	-6.13%	**34**
Oregon	10.35	**21**	11.04	**11**	9.82	**38**	9.52	**43**	9.71	**32**	-6.17%	**35**
Oklahoma	8.96	**43**	9.16	**43**	10.11	**33**	9.47	**44**	8.41	**48**	-6.19%	**36**
Minnesota	12.03	**7**	11.41	**8**	12.19	**6**	10.91	**18**	11.26	**10T**	-6.35%	**37**
Virginia	9.26	**41**	8.98	**45**	9.23	**46**	9.65	**41T**	8.61	**46T**	-7.01%	**38**
Washington	10.22	**25T**	10.61	**18T**	10.78	**17**	10.10	**34**	9.48	**38**	-7.27%	**39**
Louisiana	10.18	**27**	10.39	**22**	10.33	**28**	11.23	**14**	9.42	**39**	-7.49%	**40**
Georgia	9.56	**37T**	9.38	**40**	9.73	**39**	10.01	**37**	8.82	**41**	-7.77%	**41**
Michigan	10.96	**16**	11.11	**10**	10.70	**19**	10.78	**20**	10.08	**23**	-8.06%	**42**
Maryland	10.71	**17**	9.89	**29**	9.92	**34T**	9.83	**39**	9.84	**29**	-8.13%	**43**
Colorado	10.60	**19T**	10.06	**26**	9.17	**47**	9.06	**47**	9.67	**34**	-8.79%	**44**
California	12.46	**5**	10.31	**23**	10.30	**30**	11.48	**10**	11.26	**10T**	-9.66%	**45**
Tennessee	9.05	**42**	8.56	**48**	8.39	**51**	8.84	**49**	8.15	**50**	-9.95%	**46**
Nebraska	11.28	**12**	9.91	**27**	10.94	**13**	10.70	**21**	9.97	**27**	-11.62%	**47**
Montana	11.40	**11**	10.80	**13T**	10.83	**15**	10.05	**36**	9.55	**36**	-16.16%	**48**
Arizona	11.98	**8T**	10.62	**16T**	9.90	**36T**	10.67	**23**	9.53	**37**	-20.50%	**49**
Massachusetts	13.24	**3**	10.61	**18T**	10.45	**26**	9.96	**38**	10.18	**21**	-23.16%	**50**
South Dakota	9.89	**33**	9.24	**42**	8.90	**48**	8.18	**51**	7.41	**51**	-25.11%	**51**
Regions												
Great Lakes *	**9.92**	7	**10.10**	6	**10.49**	4	**10.74**	4	**10.44**	4	5.21%	1
Plains	**10.30**	5	**9.93**	7	**10.70**	3	**10.18**	6	**10.05**	6	-2.46%	2
Southeast	**9.24**	8	**9.16**	9	**9.54**	9	**10.01**	7	**8.97**	8	-2.93%	3
Mideast	**12.69**	1	**12.11**	1	**11.63**	1	**12.51**	1	**12.30**	1	-3.08%	4
United States	**10.82%**	4	**10.35%**	4	**10.41%**	5	**10.78%**	3	**10.34%**	5	-4.40%	5
Southwest	**9.36**	6	**9.63**	8	**9.59**	8	**9.65**	9	**8.95**	9	-4.43%	6
Rocky Mountain	**10.53**	4	**10.65**	2	**9.85**	7	**9.83**	8	**9.81**	7	-6.91%	7
Far West	**11.97**	2	**10.37**	3	**10.30**	6	**11.10**	2	**10.86**	2	-9.28%	8
New England	**11.73**	3	**10.34**	5	**10.89**	2	**10.44**	5	**10.52**	3	-10.31%	9

* Great Lakes summary includes only the 5 census states: IL, IN, MI, OH, WI--NOT MN, NY, and PA as used in some comparisons in this study.

Source: The Urban Institute- Brookings Institution Tax Policy Center; author's calculations

So, if lowered or slow growing tax burdens relative to others over time didn't reverse or prevent Michigan's on-going economic difficulties, what other factors might have contributed to it?

Figure 9 is now familiar to most observers who closely follow the Michigan economy. It tracks two key factors relative to the automobile industry. First, the bars, keyed to the left scale, track the total volume of US auto sales from roughly the mid-1980s. This period is key to the beginning of an understanding of what is still causing Michigan's economic cyclicality.

It has historically been a "common sense" truth that Michigan's economy was cyclically based on the automotive industry, which had boom and bust years as most of the heavy manufacturing sectors of the US economy did. In the mid-1980s Michigan weathered a landslide of plant closings on the part of the domestic Big 3 manufacturers as import competition increased and import manufacturers began to build assembly facilities in the U.S. (the so-called foreign-based "domestic" plants.)

Then things got really tough in the 1990s. GM and Ford were no longer the only folks making big SUVs or mini-vans. Gas prices crept higher and sometimes jumped higher. And the Big 3 began to dramatically lose market share, hitting bottom in 2009.

This decline had a lot to do with gas prices, with global competition, with overall manufacturing costs and product quality, but very little to do with taxes, and r**emember, Michigan was cutting taxes, dramatically cutting them throughout this whole period especially for businesses.** Will Governor Snyder's decision to seek still more business tax cuts work this time–when this strategy has repeatedly failed?.

Figure 9

Total US Vehicle Sales and Big 3 Share 1987 to 2013

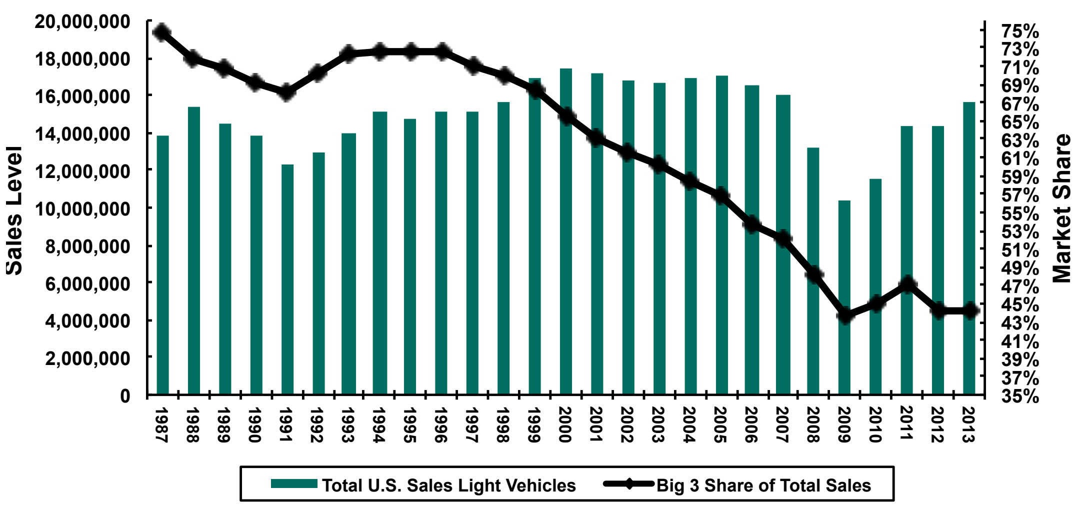


Figure 9 above demonstrates pretty dramatically what the prime mover has been for Michigan's economy, and its been true for many more decades than shown on this graphic which runs from 1987 to 2013. The domestic automobile industry (aka, the "Big 3") has been the key both to Michigan's years of prosperity and its years of struggle for nearly a century. When autos do well, Michigan does well. When autos do poorly, Michigan struggles as well. Years of tax cutting, both general and targeted have not changed that fundamental reality.

Business Taxes and the Michigan Economy

Policy Considerations

In addition to the eternal debate over the form and level of taxes in general, one of the on-going features of the tax debate in Michigan has been a long term drumbeat for both business tax "reform" and business tax reductions, sometimes proposed as synonyms, sometimes not.

The tax policy considerations noted early in this report clearly indicate that compliance and administration costs should consider both the costs for individuals and business to comply, and for the governmental unit to collect. Overemphasis on equity to the point of complexity, for example, is not a virtue.

At the sub-national state and local level, consideration should also be given to economic neutrality to the greatest extent possible to minimize decision-making that distorts the allocation of resources in the private sector. At its most basic level this can be considered another description of horizontal and vertical equity: the tax burden of a business (or an individual) should not be affected by its legal structure and filing status and taxpayers in similar circumstances should be treated similarly.

Historical Michigan Business Tax Policy

Over the decades, the issue of the treatment of different types of businesses has been a particular struggle for Michigan as its business tax structure in particular has swung back and forth from a narrow definition of "business" in the form of large "C" class corporations, to a broader definition that encompassed most other forms of business organizations (sole proprietors, partnerships, sub-chapter "S" corporations, limited liability companies (LLC's) or others.

From 1933 through World War II and the Korean War, Michigan's major individual tax at the state level was a 3 cent sales tax, adopted as a constitutional amendment. In 1960 voter's acted to increase the rate to 4 cents. Proposal A increased that to the current 6 cent level.

Michigan's experience with business taxation started with a large corporations only approach (the Corporation Franchise "Fee" (CFF), which addressed only larger "C" class corporations. It was one of the significant revenue sources for state government until 1957, when it was reduced in favor of the Business Activities Tax (yes, it was known as the "BAT" tax) from 1953 to 1967.

Like its' future cousin, the Single Business Tax or SBT, the BAT tax was a modified type of value added tax and affected many non-incorporated businesses. It was structured in technical terms as a "subtractive" type, and its fate in part probably determined that future proponents of value added taxation would build the SBT on an "additive" tax base.

In 1967, the BAT tax was replaced with a more traditional corporate net income tax (CIT), complemented by a similar but separate Financial Institutions Tax (FIT). The CIT proved to be highly volatile as a recurring revenue source, especially during the 1973 Arab oil embargo. Throughout this period, the CFF also remained a relatively major revenue producer for Michigan.

Public Act 198 of 1974 landed Michigan on the path of what now totals thousands of property tax cuts for businsses.

In 1975, then Governor Milliken proposed that the CIT, FIT, and the remaining major revenue-generating features of the CFF, along with the local property tax on business inventory and several other minor business taxes be replaced with what became known as the Single Business Tax (SBT), a modified value-added tax applicable to all types of businesses, with major features that removed the smallest taxpayers from its coverage.

SBT advocates noted that under the traditional corporate income tax (CIT) and the franchise fee (CFF), a relatively small group of businesses – the traditionally large "C" class corporations, paid nearly all of the business taxes imposed by the state. Opponents of the proposed change argued that to tax "small" businesses organized as sole proprietorships, partnerships, professional corporations (PCs), or limited liability corporations (LLCs), would subject these small businesses to "double" taxation since these owners of small businesses already paid individual income tax on their business profits.

Setting aside the fact that some of these "small" businesses were larger than some "C" corporations, supporters of the change noted that the businesses themselves, not just the owners personally received government services and benefits. They also noted that employees, officers and shareholders of C class corporations also paid personal income taxes based upon the income, and profits they took from the companies in the form of dividends.

Over time, modifications to the SBT, in the form of "size" and other features generally referred to as "small business" or "low-profit" or "labor intensive" special provisions either eliminated or substantially reduced the burden of the tax for many businesses, especially those who might be termed “small” or even medium-sized by most observers. The bulk of the tax was still clearly paid by a relatively small percentage of Michigan businesses, generally the larger “C” corporations. One advantage of the SBT however, was its predictability compared to the volatile CIT. Politically, however the SBT was often labeled the “Small” business tax.

This on-going debate over perceived equity continued for over three decades. It also, by virtue of having all businesses politically aligned in being subject to one tax, contributed significantly to the fact that **the SBT tax rate was never increased over this period**, in an era when many other states were increasing business taxes of one form or another. Also, over time, many features were added to the SBT beyond its original provisions designed to modify the impact on the smallest businesses (and that definition of "small" grew increasingly larger).

Opposition to the concept of a broad-based business tax continued throughout the life of the SBT, and it was amended numerous times to provide additional “relief” or "equity" to various groups. It was repealed in 2007 and replaced by the Michigan Business Tax (a more gross receipts oriented tax). Despite – or perhaps because of its unpopularity—the SBT has the distinction of never having its rate increased (and the tax base shrank many, many times) over its 32 year history.

We’ll turn to a brief discussion of the repeal of the MBT and its replacement with a Corporate Income Tax (CIT – 1960s re dux) as part of the 2011 Governor Snyder reforms later in this report. For now, we’ll take note of several issues of business tax burdens and rankings and interstate comparisons of business climate.

All of these changes—over decades—were largely driven by pressures from competing sectors of the business community and their close political allies at the Capitol—and decades later "taxes" are still asserted as the problem, despite many years of strong economic growth, when the auto industry did well.

About the Business “Climate” and Business “Tax Burden” Studies

There really aren’t an infinite variety of these studies, but sometimes it seems there are, and certainly there are many of them. Some attempt to measure a state’s overall business climate (taxes, labor costs, labor policy (right to work), regulatory policies, utility costs, transportation costs, liability costs, unemployment tax costs, and more). Some simply attempt to measure “business taxes.” Some suggest that their ranking is useful for all types and sizes of businesses. Some focus on small businesses. Others zero in on the climate for entrepreneurs. Some present a focus on manufacturing. Some focus on new business investment, with an emphasis on larger physical facilities.

The reality, of course, is that most businesses have a unique enough organization, product, process, transportation needs, or labor or energy needs or access to raw materials, or whatever, that they really need to focus on their own individual situation as the most critical factor in their location decision-making process, not some vaguely defined aggregate "business" climate.

Nevertheless, whether you agree with them or not, lots of folks love to argue about these studies and what they mean. These discussions nearly all miss one of the main points: while in a large theoretical sense, every other state, and every other country in the world is a competitor of every state, the reality is that many of these are only theoretically competitors for other states.

For example, some observers have pointed to the recent rapid job growth in states like North Dakota and Wyoming, and suggested that their low taxes and right to work legislation are the reason for their dramatic growth. Those policies were in effect for decades before the current boom, and the more relevant explanation is that these states, and certain others, are heavily dependent upon natural resources economies, and their boom and bust cycles are driven by the rise and fall of energy prices—and the discovery of new sources—more than anything else.

New geologic discoveries and new drilling technologies are playing a much more critical issue then taxes especially in the Dakotas and Wyoming. Even a larger state such as Texas has cycles that are heavily influenced by energy prices. Moreover, the relatively low populations and distant geography of most of the Northern Plains and Rocky Mountain states make it unlikely that it would be cost effective to put an automobile assembly plant in Fargo, North Dakota: the transportation costs to get raw materials in and ship assembled vehicles back out would likely be excessive.

We’ll now take a look at two of these business tax studies and their results and a summary look at the economies of the 50 states, and look at some critical issues of the differences in the state economies that make it difficult to measure Michigan against an ever-changing set of competitors on ever-changing scales.

Tax Foundation's Business Tax Climate Ranking 2006-2014

The Tax Foundation is one of the most frequently cited studies of business tax climates. Its ranking studies for 2006 through 2014 are summarized in Table 4. Note that Michigan's ranking has improved from about average to # 14 over just eight years.

Except for 2006, Michigan has ranked second best among the five traditional Great Lakes states, behind Indiana (high scores are best in this study). Adding other states which touch the Great Lakes, and are arguably our competitors as well, with significant manufacturing presence, Michigan still ranks second of eight. This report groups the data into several categories of possible competitors.

As you review Table 4, read it with these questions in mind: how similar are these states to Michigan in geography? in natural resources? in population size? in industry? in education? in income? in other issues important to you?

Adding 10 more states with some manufacturing and automotive presence places Michigan fourth best out of 18 competitors, trailing Indiana, and also Missouri and Texas, but not by a great deal. Some other states have become relatively recent participants in the auto industry by virtue of low wages: Alabama, Arkansas, Georgia, Kentucky, Mississippi, South Carolina, and Tennessee fall into this category. Direct access to seaports is also critical to the location of many of these plants. Note that most also rank worse than Michigan, according to the Tax Foundation.

The next grouping of states in this summary are the states which have consistently had so-called "Top 10" rankings over time from the Tax Foundation that have not been included in one of the earlier groupings. Most of these are small states (with the exception of Florida), all are remote geographically, and share few traits with the Michigan economy to make them serious competitors. While they do indeed rank higher than Michigan by the Tax Foundation's scoring, most could be considered energy economy states (Alaska, Montana, South Dakota, and Wyoming), and their geographic location makes them unlikely candidates for heavy manufacturing competition. The same geographic arguments might be made for not considering Delaware, Florida, Nevada or New Hampshire as broad spectrum economic competitors.

Much the same might be said for the next grouping of states with better scores. Colorado, Oregon, Utah, and Washington. Colorado and Utah are not, by any stretch manufacturing states. Oregon and Washington are, to be sure, but they are dominated by two considerably different industries: aerospace and computers and electronics.

The other two groupings are first, states that had a top 10 score in any one of the years reported. Again, for various reasons, these states are clearly not major competitors to Michigan. For example, think about the prospects for heavy manufacturing in Hawaii. The second grouping consists of all the states not in one of the preceding groups. Some of these have significant manufacturing in various industries, but all rank well behind Michigan in this study.

We would sum up this conservative pro-business study as giving Michigan generally very favorable ratings overall, and especially so when its most comparable competitors are considered. Note especially that the improved rankings begin in 2008–well before the Snyder "reforms."

Council on State Taxation (COST) 2004-2012

Next, we turn to studies of the states done by the Council on State Taxation (COST), a group funded by businesses of all types, from all over the country. Table 5 has been developed comparing studies done by COST in 2004 and 2012. The COST methodology estimates the actual percentage of each states' taxes actually PAID by businesses, ranks that for comparison purposes, and then computes burden as a share of private sector Gross State Product (GSP).

Michigan ranked well below average at 38th in 2004 in the share of total taxes paid by business, and also 38th when that burden was measured as a share of total private GSP. Michigan was among the lowest "tax states". In 2012 the percentage of taxes paid by businesses ranked Michigan 49th at 35.8%, with only Maryland, and Connecticut having lower figures. When measured by the rate of change from 2004 to 2012 Michigan ranked better than all states except Maryland and Connecticut from the perspective of lowest business tax.

It is especially relevant here to note that many of the states cited by the Tax Foundation as low business tax states, actually turn out to be states where most of the taxes are initially paid by businesses. Table 5 is sorted by the 2012 share of the state taxes paid by businesses. Note the top states, especially Alaska and Wyoming which ranked second and third on the Tax Foundation list of "best" business tax states. In 17 states half or more of the total taxes are initially paid by businesses in another 11 the share varies from 45 to 50 % Twelve more are between 40 and 45%. Table 5 shows that in addition to relative declines in tax burdens versus other states, the business share of taxes in Michigan has also declined.

Table 4

Comparison Table of Tax Foundation Business Tax Climate Rankings 2006 to 2014

Geographic and Industrial Groupings Comparison

		2006 Score	2006 Rank	2008 Rank	2008 Score	2010 Score	2010 Rank	2011 Score	2011 Rank	2012 Score	2012 Rank	2013 Score	2013 Rank	2014 Score	2014 Rank
		Which States Are Michigan's Competitors?													
TRADITIONAL GREAT LAKES STATES															
Indiana	IN	5.86	12	5.65	13	5.67	12	5.79	10	5.89	11	5.86	11	5.99	10
Michigan	**MI**	**5.20**	**28**	**5.32**	**17**	**5.35**	**17**	**5.40**	**17**	**5.24**	**19**	**5.71**	**14**	**5.73**	**14**
Illinois	IL	5.22	26	5.04	24	5.01	30	5.05	23	5.03	28	4.97	30	5.00	31
Ohio	OH	3.82	47	3.95	48	4.04	47	4.16	46	4.53	39	4.55	39	4.58	39
Wisconsin	WI	4.77	37	4.56	39	4.54	42	4.55	40	4.44	42	4.47	42	4.43	43
"EXPANDED" GREAT LAKES STATES															
Pennsylvania	PA	5.31	22	4.92	30	5.03	27	5.01	26	5.18	21	5.15	22	5.11	24
Minnesota	MN	4.71	39	4.40	42	4.44	43	4.40	43	4.25	45	4.26	45	4.06	47
New York	NY	3.60	49	4.19	45	3.66	49	3.73	50	3.49	49	3.43	50	3.45	50
Michigan ranks second best of both the 'traditional" and this expanded Great Lakes regional grouping.															
MORE DISTANT GEOGRAPHY, SOME AUTO AND PARTS MANUFACTURING, BUT WELL OUTSIDE "4 HOUR" PARTS DELIVERY Target For Auto Plants															
Texas	TX	6.41	7	5.79	11	5.70	11	5.63	13	6.03	10	5.91	10	5.91	11
Tennessee	TN	5.58	18	5.16	20	5.10	22	5.00	27	5.65	13	5.60	15	5.59	15
Missouri	MO	5.68	14	5.35	16	5.37	16	5.48	16	5.48	15	5.46	16	5.47	16
Mississippi	MS	5.57	19	5.09	22	5.16	21	5.09	21	5.40	16	5.36	17	5.36	17
Alabama	AL	5.60	16	5.08	23	5.19	19	4.99	28	5.22	20	5.22	20	5.21	21
Kentucky	KY	4.75	38	4.98	27	5.18	20	5.22	19	5.14	26	5.12	25	5.08	27
Georgia	GA	5.52	20	4.95	28	5.01	29	5.02	25	4.95	32	4.91	35	4.92	32
Arkansas	AR	4.87	35	4.65	37	4.61	40	4.55	39	4.97	30	4.93	32	4.89	35
Oklahoma	OK	5.41	21	5.18	19	4.97	31	4.98	30	4.95	31	4.88	36	4.88	36
South Carolina	SC	5.21	27	5.01	26	5.03	26	5.04	24	4.86	36	4.88	37	4.86	37
Michigan ranks third best of 18 if we add this expanded group of more distant competitors on the Tax Foundation Scoring System for 2011, with Texas joining Indiana with better scores.															
Consistent Top 10 Rankings Over Time															
Alaska	AK	7.29	3	7.13	3	7.38	3	*7.39*	*2*	*7.35*	*4*	*7.30*	*4*	*7.24*	4
Delaware	DE	6.10	9	6.09	9	5.98	8	*6.03*	*8*	*5.75*	*12*	*5.75*	*13*	*5.75*	13
Florida	FL	6.85	5	6.67	5	6.62	5	*6.53*	*5*	*6.88*	*5*	*6.84*	*5*	*6.91*	5
Montana	MT	6.16	*8*	*6.35*	*6*	6.32	6	*6.39*	*6*	*6.28*	*7*	*6.26*	*7*	*6.24*	7
Nevada	NV	7.07	4	7.07	4	7.05	4	*6.74*	*4*	*7.44*	*3*	*7.42*	*3*	*7.46*	3
New Hampshire	NH	6.45	6	6.29	7	6.25	7	*6.18*	*7*	*6.27*	*8*	*6.12*	*8*	*6.08*	8
South Dakota	SD	7.56	2	7.21	2	7.42	1	*7.43*	*1*	*7.52*	*2*	*7.53*	*2*	*7.52*	2
Wyominig	WY	7.64	1	7.24	1	7.38	2	*7.30*	*2*	*7.66*	*1*	*7.64*	*1*	*7.58*	1
These states consistently have better scores on the Tax Foundation system, but they are not manufacturing comopetitors and they are much more distant geographically															
Top 10 In At Least One Year, Not Already Included In Any of Groups Above															
Colorado	CO	5.70	13	5.89	10	5.63	13	*5.57*	*15*	*5.39*	*17*	*5.31*	*19*	*5.27*	19
Oregon	OR	6.02	10	6.12	8	5.59	14	*5.61*	*14*	*5.64*	*14*	*5.79*	*12*	*5.75*	12
Utah	UT	5.67	15	5.71	12	5.80	10	*5.80*	*9*	*6.04*	*9*	*5.99*	*9*	*6.01*	9
Washington	WA	5.93	11	5.65	14	5.81	9	*5.78*	*11*	*6.34*	*6*	*6.33*	*6*	*6.32*	6
These states have comparable, scores, but are much more distant geographically. Boeing and Intel are manufacturers, but not in the same industry as Michigan.															
Top 25 In Any Year, Not Already Included In Any of Groups Above															
Arizona	AZ	5.13	29	5.01	25	5.01	28	4.81	34	5.12	27	5.10	27	5.20	22
Hawaii	HI	5.28	24	5.27	18	5.05	24	5.06	22	4.91	34	4.94	31	5.02	30
Idaho	ID	5.08	30	5.09	21	5.21	18	5.27	18	5.27	18	5.31	18	5.31	18
Kansas	KS	4.99	33	4.87	31	4.93	32	4.76	35	5.15	25	5.11	26	5.22	20
Maryland	MD	5.23	25	4.14	47	4.26	45	4.25	44	4.40	43	4.49	41	4.49	41
Massachusetts	MA	4.87	36	4.8	33	4.73	36	4.89	32	5.16	23	5.12	24	5.09	25
New Mexico	NM	5.30	23	4.93	29	5.06	23	4.89	33	4.74	38	4.72	38	4.72	28
North Dakota	ND	5.06	31	4.86	32	5.08	25	5.14	20	5.01	29	5.05	28	5.05	28
Virginia	VA	5.58	17	5.51	15	5.53	15	5.67	12	5.15	24	5.13	23	5.09	26
These states generally score worse than Michigan, and are much more distant geographically. Maryland and Virginia are a different story, with their economies are much more heavily influenced by the megalopolis expanding out of DC., and Virginia's manufacturing is non durable intensive.															
Remaining States															
California	CA	4.64	42	3.93	49	3.89	48	3.78	49	3.77	48	3.68	48	3.76	48
Connecticut	CT	4.66	41	4.6	38	4.72	38	4.01	47	4.49	41	4.44	43	4.47	42
Iowa	IA	4.62	44	4.16	46	4.23	46	4.20	45	4.52	40	4.54	40	4.55	40
Louisiana	LA	5.05	32	4.75	34	4.74	35	4.71	36	4.95	33	4.92	33	4.90	33
Maine	ME	4.64	43	4.72	35	4.83	34	4.98	31	4.78	37	5.02	29	5.04	29
Nebraska	NE	4.59	45	4.55	40	4.88	33	4.98	29	4.90	35	4.92	34	4.89	34
New Jersey	NJ	3.63	48	3.71	50	3.60	50	3.96	48	3.46	50	3.51	49	3.45	49
North Carolina	NC	4.70	40	4.52	41	4.66	39	4.47	41	4.27	44	4.29	44	4.35	44
Rhode Island	RI	3.47	50	4.20	44	4.33	44	4.46	42	4.21	46	4.16	47	4.14	46
Vermont	VT	4.57	46	4.34	43	4.56	41	4.66	38	4.17	47	4.20	46	4.14	45
West Virginia	WV	4.93	34	4.66	36	4.73	37	4.67	37	5.18	22	5.18	21	5.19	23
Some of these states could be considered competitors to Michigan manufacturers, but they show consistently worse tax climate scores and are also distant from Michigan.															
U S Avg	US	5.00		5.00		5.00		5.00		5.00		5.00		5.00	
Dist of Columbia	DC	4.06		4.53		4.72		4.57		4.52	41	4.34	44	4.37	44

Source, Tax Foundation, "2014 Business Tax Climate Index, and earlier editions. Change calculations by author.
*Top 10 states each year are darker shading; lighter shading is Great Lakes States, plus author's inclusion of "extended" Great Lakes states: NY, PA, MN.
States in italics are more distant in geography, but have varying degrees of automotive manufacturing.

Table 5

Levels and Changes In Business Tax Burdens and Business Taxes Paid 2004 -2012, COST*

All Data Reflects Both State and Local Taxes

	% of Total Paid By Business 2004	Rank 2004	Business ETR* As % Priv GSP 2004	Rank 2004	Business ETR* As % Priv GSP 2012	Rank 2012	Change in ETR* As % Priv GSP 2004 to 2012	Change Rank 2012	Sorted By % of Total Paid By Business 2012	Rank	Change in Business Share 2004 to 2012	Rank
Alaska	73.1%	2	7.6%	2	17.9%	1	10.3%	1	89.7%	1	16.6%	2
North Dakota	55.0%	7	6.2%	4	13.3%	2	7.1%	2	74.1%	2	19.1%	1
Wyoming	73.2%	1	9.1%	1	9.1%	3	-1.0%	50	72.9%	3	-0.3%	42T
Texas	60.2%	4	5.8%	7T	5.2%	16T	-0.6%	47	61.5%	4	1.3%	35
Louisiana	56.3%	5	6.0%	5	4.6%	30T	-1.4%	51	60.8%	5	4.6%	16
South Dakota	62.6%	3	5.3%	14T	4.6%	30T	-0.7%	48	56.9%	6	-5.7%	50
Dist of Columbia	53.6%	8	5.3%	14T	5.0%	20T	-0.3%	42T	55.8%	7	2.2%	28T
New Mexico	50.9%	10	5.9%	6	6.5%	6	0.6%	10T	55.3%	8	4.4%	17
Florida	46.4%	16	5.0%	20T	5.6%	12T	0.6%	10T	54.0%	9T	7.6%	3
Washington	50.1%	11	5.7%	9T	5.3%	14T	-0.4%	44T	54.0%	9T	3.9%	19
Oklahoma	45.8%	18	5.4%	12T	5.6%	12T	0.2%	21T	52.6%	11	6.8%	7T
Nevada	44.9%	20	4.5%	25T	5.1%	19	0.6%	10T	51.9%	12	7.0%	6
Montana	44.0%	22	5.4%	12T	5.9%	11	0.5%	14T	51.5%	13	7.5%	4
Arizona	48.7%	14	4.7%	24	5.2%	16T	0.5%	14T	51.4%	14	2.7%	24
Delaware	53.3%	9	3.5%	50T	3.6%	47T	0.1%	27T	51.0%	15	-2.3%	46
Tennessee	49.7%	12	4.5%	25T	4.4%	37T	-0.1%	34T	50.8%	16	1.1%	37T
Mississippi	46.6%	15	5.7%	9T	6.2%	9T	0.5%	14T	50.6%	17	4.0%	18
Vermont	43.1%	24	5.0%	20T	7.3%	4	2.3%	3	49.3%	18	6.2%	9
West Virginia	48.8%	13	6.6%	3	6.4%	7	-0.2%	39T	49.2%	19	0.4%	40
Colorado	42.3%	28	3.8%	43T	5.0%	20T	1.2%	4	49.1%	20	6.8%	7T
Nebraska	46.0%	17	5.2%	17T	4.8%	26T	-0.4%	44T	47.8%	21	1.8%	30
Maine	42.6%	26	5.8%	7T	6.6%	5	0.8%	7T	47.6%	22	5.0%	13
South Carolina	42.6%	25	4.3%	34T	5.0%	20T	0.7%	9	47.3%	23	4.7%	15
Alabama	42.3%	27	4.0%	41	4.9%	25	0.9%	6	47.1%	24	4.8%	14
Kansas	45.2%	19	5.3%	14T	5.3%	14T	0.0%	30T	46.7%	25	1.5%	32T
New Hampshire	56.1%	6	5.1%	19	4.2%	39T	-0.9%	49	46.5%	26	-9.6%	51
Iowa	43.5%	23	4.4%	32T	4.7%	28T	0.3%	18T	46.1%	27	2.6%	25T
Illinois	44.8%	21	4.8%	23	5.0%	20T	0.2%	21T	45.3%	28	0.5%	39
Idaho	37.8%	43	4.2%	37T	4.5%	33T	0.3%	18T	44.9%	29	7.1%	5
Kentucky	39.3%	39	4.2%	37T	5.0%	20T	0.8%	7T	44.4%	30	5.1%	12
Rhode Island	40.5%	32	5.0%	20T	5.2%	16T	0.2%	21T	43.1%	31	2.6%	25T
California	41.4%	31	4.5%	25T	4.5%	33T	0.0%	30T	43.0%	32	1.6%	31
New York	41.6%	30	5.7%	11	6.2%	9T	0.5%	14T	42.8%	33	1.2%	36
Georgia	39.5%	36	3.8%	43T	3.8%	45T	0.0%	30T	42.4%	34	2.9%	21
Missouri	39.6%	35	3.8%	43T	3.9%	44	0.1%	27T	42.0%	35	2.4%	27
Utah	35.8%	48	3.7%	47T	3.6%	47T	-0.1%	34T	41.6%	36T	5.8%	10
Hawaii	38.0%	42	5.2%	17T	6.3%	8	1.1%	5	41.6%	36T	3.6%	20
Pennsylvania	39.7%	34	4.5%	25T	4.7%	28T	0.2%	21T	41.2%	38	1.5%	32T
Minnesota	39.4%	37	4.5%	25T	4.6%	30T	0.1%	27T	40.9%	39	1.5%	32T
Indiana	42.2%	29	4.3%	34T	4.2%	39T	-0.1%	34T	40.1%	40	-2.1%	45
Wisconsin	37.7%	44	4.5%	25T	4.5%	33T	0.0%	30T	39.9%	41	2.2%	28T
Oregon	34.2%	50	3.7%	47T	3.6%	47T	-0.1%	34T	39.5%	42T	5.3%	11
Arkansas	38.4%	41	4.2%	37T	4.5%	33T	0.3%	18T	39.5%	42T	1.1%	37T
Virginia	36.6%	46	3.6%	49	3.8%	45T	0.2%	21T	39.4%	44	2.8%	22T
Ohio	40.1%	33	4.5%	25T	4.4%	37T	-0.1%	34T	38.9%	45	-1.2%	44
Massachusetts	35.8%	47	3.9%	42	4.1%	41	0.2%	21T	38.6%	46	2.8%	22T
New Jersey	38.6%	40	4.2%	37T	4.8%	26T	0.6%	10T	38.5%	47T	-0.1%	41
North Carolina	36.8%	45	3.5%	50T	3.3%	51	-0.2%	39T	36.5%	47T	-0.3%	42T
Michigan	**39.3%**	**38**	**4.3%**	**34T**	**4.0%**	**42T**	**-0.3%**	**42T**	**35.8%**	**49**	**-3.5%**	**48**
Maryland	33.8%	51	4.4%	32T	4.0%	42T	-0.4%	44T	30.5%	50	-3.3%	47
Connecticut	34.5%	49	3.8%	43T	3.6%	47T	-0.2%	39T	30.4%	51	-4.1%	49
US Averages	**43.0%**		**4.7%**		**4.8%**		**0.1%**		**45.2%**		**2.2%**	

Source: COST, Total State and Local Business Taxes, April 2005, and July 2013, some calculations by author.
*ETR = Effective Tax Rate Council on State Taxation

COST has also done a study of the states on business inputs subject to sales taxes in the various states, which has ranked Michigan 43rd (this is the good end of the ranking) with fewer business inputs subject to sales taxes than all the states except West Virginia, Idaho, and Alaska, Delaware, Montana, New Hampshire and Oregon, which do not have state sales taxes. According to the study, Michigan taxes only 32.1 % of business inputs, less than half the level of the top state Louisiana, which taxes 66.8 %. This pretty accurately reflects the large number of business sales transactions which are exempt from sales and use taxes relative to other states. Michigan's ill-fated experiment with adding the sales tax to some services may have dropped tax rankings somewhat if it had actually gone into affect, but even then, probably wouldn't have pushed Michigan much higher.

Post 2010 Actions and Issues

Despite these rankings and the long history of tax cuts already cited, Michigan businesses continue to seek additional tax relief. Additional relief was a priority of the Snyder administration, which recently eliminated the unpopular Michigan Business Tax, and returned to the 1960s by replacing it with a traditional corporate income tax as part of a major net tax cut package for Michigan businesses.

The initial estimates of the change from the MBT to the CIT suggest several results which cannot be positive fro Michigan education at all levels. Estimates were a net reduction to the School Aid Fund of $689.9 million for FY 2012 and $662.1 million for FY 2013. While there is some debate about the impact of several funding shifts, it seems clear that roughly $1 billion less will be available to K-12 on an ongoing basis.

Governor Snyder has also announced plans for additional business tax cuts of approximately $1.1 billion more by eliminating the local personal property tax on business equipment PPT. While the MBT/CIT switch largely impacted state General Fund, General Purpose and School Aid funds (and thus local schools), eliminating the PPT will impact the School Aid Fund (SAF), by reducing collections from the 6 mill State Education Tax (SET), and local millages levied by schools, and it will also impact all millages levied by cities villages, townships, counties and many special authorities, almost certainly exacerbating the financial problems impacting virtually every local unit in Michigan.

The issue of full implementation of all PPT changes will not be fully determined until an upcoming ballot issue. That question however, will only modify, not eliminate local government and school revenue issues.

The proposed change exempting all business personal property taxes raises yet another specter of ongoing pressure on both K-12 and local government funding. The package as initially enacted provided for an estimated reimbursement of 80% of lost funds. At this writing, discussion is underway for revisions to that package which would in theory provide full reimbursement for K-12 and local governments. However, this appears to be dependant upon voter approval of a statewide ballot question later this year. There are also apparent requirements for individual local government actions to implement some of the requirements for reimbursement, so the net impact seems uncertain, but also unlikely to provide real full reimbursement. The one certainty is that even with full reimbursement implications, making this revenue neutral to local schools, different taxpayers—different businesses, and likely individual taxpayers will see tax increases.

In addition the switch to the CIT, already tried once in Michigan's fiscal history, means not only real loss to the state funded programs, but also to schools and local governments. Its volatility will guarantee major hits to programs in any future downturns. It is also a sign that the likely end goal of business tax cut proponents is no taxes at all **plus** the retention of direct and indirect subsidies.

Who Are Our Competitors?

Michigan has never engaged in a true bipartisan conversation and especially has not reached a consensus – about who our competitors are and what benchmarks should be monitored as policy guidelines. A truly fundamental policy question should be, for example, do we wish to be more like Massachusetts and Minnesota or Louisiana and Mississippi. These contrasts are stark and clear. The next section of this report reviews potential competition states and their economies.

If the level of business taxes is to be a critical benchmark and guide for the review of public policy in Michigan, it is appropriate to focus on which states are our most realistic competitors and then consider the selection of benchmarks as part of a broad review of both quality of life measures as economics, as well as taxes.

It is also appropriate to raise the policy question of how much further businesses believe it is necessary to cut Michigan state and local taxes to make them competitive, and to also ask the question: which states should be considered our top competitors, and what should the benchmarks be?

Business Leaders for Michigan (BLM) has recently identified a group of states it labels as "Top Ten" Competitors.[1] Those states are : Kansas, Maryland, Montana, Nebraska, North Dakota, South Dakota, Texas, Virginia, and Washington. BLM also has identified "Traditional Benchmark" states and "New Economy Benchmark" states

This study has looked at detailed data on the economies of all 50 states plus the District of Columbia, and also per capita personal income levels in all the states. We find the BLM grouping of competitors to be a strange selection. Consider the following summary of their economies and Michigan's. Table 6 summarizes key GSP sectors in these states. Table 7 provides some tax data for all other states.

BLM is to be commended for providing a starting point for the discussion of "benchmarks" and growing states that should be reviewed for comparability. We suggest, however, that much more work—and bipartisan discussion—and agreement—needs to occur to establish a consensus assessment of our most relevant competitors- and the most relevant policy initiatives (or good fortune) that has contributed to that success. Then we can have a more informed debate about what public policies in Michigan should be considered for change that might realistically better position our economy for the future.

That means sorting out states that cannot be emulated by policy change such as the recent natural resource funded booms in several of the BLM states. No public policy change will move an oil field or a coal field to another state. No public policy change can move favorable climates, or favorable soil to another state. It is also unlikely that major military bases will be moved because of state tax changes.

Table 6 identifies the states cited by Business Leaders for Michigan in its 2013 Economic Report. It identifies "Top 10" states based on growth rates of several measures over recent years, and also identifies states it describes as Traditional Benchmarks, and New Economy Benchmarks. There is some overlap among these categories, and the states are identified in Table 6 as "Top 10", NEB for New Economy Benchmark, and TB for Traditional Benchmark. Note that some states show more than one designation. This study also includes some states that many others consider traditional "competitors" of Michigan—or at least a close neighbor (Wisconsin), or might be considered within the 'expanded' Great Lakes region ("XGL"- New York, Pennsylvania and Minnesota).

The data columns that follow provide details of the structure of the economies of these states. The percentages shown for each of these major categories represent the SHARE that the given sector contributes to the total GSP of THAT state—in other words, its relative importance to the prosperity and prospects of that state. Michigan's data is shown for comparison purposes.

Table 7 provides similar data for all other states, and again, Michigan's data is shown for comparison purposes.

Some things stand out, dramatically, as differences among the states in both Tables 6 and 7. First the SIZE variations among the states. Each state's GSP is expressed as a percentage of Michigan's GSP, and Table 6, for example is ordered from largest state to smallest. Legitimate questions can be asked about the comparability of some states whose economy and populations may be closer to some of Michigan's larger counties than to the state as a whole.

[1] Crain's Detroit Business, June 20, 2011, "Business Leaders for Michigan report: State economy more competitive, but improvement still needed.".

Second, the states vary considerably in terms of the contribution to their economy made by civilian and military federal government sectors. In real economic terms, these beneficiary states receive transfers of wealth from the other “donor” states, and this contribution to their relative prosperity should be considered a factor in making them “non-comparable” to others. This is often merely a matter of geography or climate rather than the public policies of these states (many military bases originated and remain in warm weather states).

Of the states with Top 10 growth per BLM’s assessment, Alaska, Washington, North Dakota, and South Dakota have Federal shares well above the national average of 3.63 %. New Economy benchmark states of Virginia, North Carolina and Colorado are also well above average. “Traditional” benchmark states of Alabama and Georgia are also well above average for the Federal category. These total 8 of the 19 states in one or more of BLM’s Top 10, New Economy or Traditional Benchmark categories.

The next major differences among the states come from those sectors of their economies driven by Agriculture and Mining (which includes oil and gas extraction). Measured by the total shares of their economies coming from these Total Natural Resources sectors, Wyoming (31.78% of its economy), Alaska (23.98%), North Dakota (16.42%), South Dakota (12.79%), Texas, Iowa, Nebraska and Colorado also stand well above the US average and dramatically above Michigan’s 1.41% share from these sectors.

Natural resources as a source of state prosperity is not a function of federal government transfers of funds, but it is also not very closely tied to state taxes or labor laws—the issue here is that these are either prime energy states or prime agricultural states, or both in some cases, and tax policy changes won't create oil or prime land..

Total Manufacturing produces more states with similarly large sectors, **but for many of them, the particular kind of manufacturing is very different**.

Michigan ranks 6th in the relative size of its total manufacturing sector, 2nd in Durable Goods manufacturing, first in motor vehicle production and first in furniture manufacturing among these states.

In Non-Durable Goods manufacturing, however, Michigan ranks 17th, with Indiana, North Carolina and Tennessee 1st, 2nd and 3rd. Within the overall category of Non-Durables, North Carolina is 1st in Food, Beverage and Tobacco Manufacturing, with Iowa 2nd. In Petroleum and Coal Manufacturing (think Refining), Texas is 1st, Wyoming 2nd (Powder River Basin Coal?). In Chemical Manufacturing Indiana and North Carolina have big leads over the other states. Michigan is below average in all of these categories except Rubber and Plastic, which in our case probably has strong links to autos.

The next columns in Table A contain measures of sectors that some might suggest have strong linkages to the so-called “New” economy and Tourism. “Info” is Information and Washington and Colorado stand out here, along with California, New York and Georgia. In Finance & Insurance, with a US average share of 7.75%, the leaders are New York, South Dakota, Iowa and North Carolina (Regional Banking). In Professional and Technical Services, the leaders are Virginia, Massachusetts, Colorado, and New York. Virginia’s strength here is at least partially due to contractors working for the federal government (another type of transfer of wealth and prosperity from other states).

These categories and others in this box have been combined into a suggested “proxy” definition for the relative strength of these sectors many would consider to be part of or related to the “New’ economy. Here, with a national average share at 40.06%, New York stands out as the national leader at 53.83%, followed by Massachusetts and California. Neither of these three would be considered a low tax state by anyone.

Finally, Table 3A summarizes data for two other categories and then combines them into a proxy for the value of what could be considered Tourism related sectors of the economy: Arts, Entertainment and Recreation plus Accommodations and Food Services. For the total, the leaders are Colorado (4.72%), Tennessee (4.42%), and New York (4.43%), compared to a national average share of 3.95 % and a Michigan share of 3.62%.

Table 3B displays the same data for the other states not included in one of the BLM categories, showing the US average and Michigan for comparison purposes. Some of the same kinds of differences appear here as well, although as a group, far more of these states have economies much smaller than Michigan. Some also have dramatically larger Federal shares, dramatically larger Natural Resources shares and only two, Louisiana and Oregon have strong Manufacturing sectors.

As with Table 3A, when we probe into the detail of manufacturing, we find that different types of Durable and Non Durable Goods manufacturing separate the states more distinctly. Oregon has enormous strength in Computer manufacturing. Louisiana's strength is in Non-Durables, especially Petroleum and Coal and Chemicals.

A significant number of these states show great strength as measured by our "New" Economy proxy: Delaware, Connecticut, New Jersey, and Maryland are well above average, although like Virginia's, some large proportion of Maryland's strength, which lies in Real Estate and Professional Services is likely tied to the Federal government.

Nevada and Arizona lead the "Tourism" proxy category group.

The overall point of this discussion is not to assert that these measures of comparability are the final answer. They are proposed as suggestions for broadening the debate over how to benchmark and who to benchmark against. If there is no specific consideration of criteria, policy makers in Michigan are likely doomed to a debate over low cost measures, or growth rates of non-comparables.

Michigan has beautiful coastlines, lakes, rivers and forests, but we're not likely to displace Nevada (our casinos don't appear to have hurt their casinos very much), or Arizona, which is a close winter retreat for California's huge population as well as snowbirds from the Great Lakes states.

We suggest that the debate over benchmark states focus on those states with apparent New Economy sector strength and filter out the contributions of energy states and Federal government underwritten states.

Most critically, no amount of tax changes or labor law changes or reductions in public employee salaries will move oil and gas from the energy states to Michigan. Neither will such changes move agricultural production from the states where it is strongest unless it is accompanied by a much higher level of global warming.

Table 6

States Included in Business Leaders for Michigan 2013 Economic Competitiveness Report As Top 10 and Traditional or New Economy Benchmarks for Michigan

State	Category BLM 2013	GSP Size As % of Mich	Rank	% GSP Private	Rank	% GSP Fed Mil & Civil	Rank	% GSP St/Local	Rank	Total Gov't	Rank	AGRI	Rank	Mining Incls Oil/Gas	Rank	Total Nat Res	Rank	Total Mfgr	Rank	Durable Goods Manufacturing: Total	Rank	Comps	MV Mfgr	Furniture
US Average	na			87.45%		3.63%		8.93%		12.56%		1.16%		1.94%		3.10%		11.57%		6.08%		1.52%	0.51%	0.17%
California	NEB	495.68%	1	**88.40%**	11	2.69%	14	8.91%	13	11.60%	14	**1.64%**	8	1.01%	8	2.65%	10	10.21%	16	5.78%	16	**2.75%**	0.08%	0.12%
Texas	NEB,Top 10	343.01%	2	**88.91%**	8	3.12%	11	7.97%	22	11.09%	17	0.64%	19	**9.08%**	3	9.72%	5	**14.64%**	8	**6.23%**	13	**1.91%**	0.37%	0.13%
New York	Top 10	303.65%	3	**89.39%**	6	1.59%	21	**9.03%**	11	10.62%	19	0.23%	23	0.06%	22	0.29%	23	5.15%	23	2.48%	22	0.72%	0.08%	0.08%
Illinois	TB	174.03%	4	**89.81%**	5	1.95%	17	8.23%	20	10.18%	20	1.02%	13	0.32%	14	1.34%	18	**12.73%**	11	**6.72%**	12	**6.02%**	0.33%	0.14%
Pennsylvania	XGL-Not BLM	150.93%	5	**90.21%**	2	2.31%	16	7.48%	24	9.79%	23	0.59%	21	1.70%	6	2.29%	12	11.39%	14	**6.09%**	14	0.72%	0.14%	**0.21%**
Ohio	TB	127.30%	6	**88.61%**	9	2.33%	15	**9.06%**	10	11.39%	16	0.92%	15	**0.44%**	11	1.36%	17	**16.60%**	4	**8.88%**	4	0.42%	**1.41%**	**0.21%**
North Carolina	NEB	113.25%	7	85.28%	20	**5.26%**	5	**9.45%**	8	**14.71%**	5	0.86%	17	0.05%	23	0.91%	21	**19.28%**	2	**6.90%**	11	**1.71%**	**0.52%**	**0.43%**
Virginia	NEB	112.59%	8	81.58%	23	**10.19%**	1	**10.19%**	4	**20.38%**	1	0.37%	22	0.61%	9	0.98%	19	8.74%	18	3.11%	21	0.39%	0.17%	0.15%
Georgia	TB	108.39%	9	85.80%	19	**5.37%**	4	8.82%	14	**14.19%**	6	0.85%	18	0.10%	20	0.95%	20	10.87%	15	4.20%	18	0.46%	0.34%	**0.18%**
Massachusetts	NEB,Top 10	100.90%	10	**90.69%**	1	1.80%	19T	7.51%	23	9.31%	24	0.20%	24	0.03%	24	0.23%	24	10.03%	17	**7.32%**	10	**3.58%**	0.03%	0.09%
Michigan		**100.00%**	**11**	**88.26%**	**12**	**1.83%**	**18**	**9.91%**	**6**	**11.74%**	**13**	**1.08%**	**11**	**0.33%**	**13**	**1.41%**	**16**	**15.70%**	**6**	**11.50%**	**2**	**0.35%**	**4.89%**	**0.73%**
Washington	Top 10	92.71%	12	85.26%	21	**5.01%**	6	**9.72%**	7	**14.73%**	4	**1.96%**	7	0.18%	17	2.14%	14	**11.97%**	13	**8.78%**	5	**3.05%**	0.09%	0.09%
Indiana	TB	73.83%	13	**90.08%**	3	1.80%	19T	8.13%	21	9.93%	22	**1.52%**	9	**0.45%**	10	1.97%	15	**27.24%**	1	**14.26%**	1	0.70%	**3.51%**	**0.50%**
Minnesota	XGL-Not BLM	72.70%	14	**89.98%**	4	1.51%	23	8.51%	17	10.02%	21	**2.49%**	5	0.34%	12	2.83%	9	**13.43%**	10	**7.84%**	8	**2.31%**	0.18%	0.22%
Colorado	NEB	68.74%	15	87.13%	16	**4.54%**	7	8.34%	19	**12.88%**	9	0.95%	14	**4.15%**	5	5.10%	8	7.07%	20	4.13%	19	**1.61%**	0.04%	0.11%
Tennessee	TB	68.45%	16	**88.09%**	13	2.90%	12	**9.01%**	12	11.91%	12	0.59%	20	0.11%	19	0.70%	22	**14.29%**	9	**7.68%**	9	**0.39%**	**1.42%**	0.16%
Wisconsin	TB-Not in BLM	65.78%	17	**89.09%**	7	1.56%	22	**9.44%**	9	11.00%	18	**1.98%**	6	0.19%	16	2.17%	13	**18.29%**	3	**10.68%**	3	1.11%	**0.69%**	**0.41%**
Alabama	TB	46.36%	18	83.18%	22	**5.58%**	3	**11.21%**	1	**16.79%**	3	1.03%	12	1.38%	7	2.41%	11	**15.64%**	7	**8.50%**	6	0.66%	**1.88%**	**0.38%**
Iowa	Top 10	37.92%	19	**88.60%**	10	1.45%	24	**9.95%**	5	11.40%	15	**7.41%**	4	0.07%	21	7.48%	7	**16.15%**	5	**7.84%**	7	0.83%	**0.66%**	**0.47%**
Nebraska	Top 10	24.99%	20	86.73%	17	2.75%	13	**10.52%**	2	**13.27%**	8	**8.16%**	3	0.14%	18	8.30%	6	**12.17%**	12	5.65%	17	0.37%	0.46%	**0.17%**
Alaska	Top 10	13.30%	21	81.50%	24	**9.80%**	2	8.71%	15	**18.51%**	2	0.88%	16	**23.10%**	2	23.98%	2	3.01%	24	0.34%	24	0.04%	0.04%	0.01%
South Dakota	Top 10	10.82%	22	**87.74%**	14	**3.78%**	9	8.48%	18	12.26%	11	**12.51%**	1	0.28%	15	12.79%	4	8.71%	19	5.92%	15	0.30%	0.36%	**0.26%**
North Dakota	Top 10	10.38%	23	**87.49%**	15	**3.94%**	8	8.56%	16	12.50%	10	**8.53%**	2	**7.89%**	4	16.42%	3	6.68%	21	3.67%	20	0.23%	0.27%	0.10%
Wyoming	Top 10	9.92%	24	86.31%	18	3.32%	10	**10.37%**	3	**13.69%**	7	**1.40%**	10	**30.38%**	1	31.78%	1	5.62%	22	0.99%	23	0.03%	0.05%	0.02%

State	Nondurable Goods Manufacturing: Total	Rank	Bev,Fd,Tob	Pet, Coal	Chem	Pls,Rub	Info	Finance & Insurance	Rent,Lse	Prof/Tech Services	Soc Asst	SubTotal "New Ec" Proxy	Rank	Arts/Ent Recreat	Accomd Fd Serv	SubTotal "Tourism" Proxy	Rank
							Suggested "New Economy" Proxy Definition							Suggested "Tourism" Proxy			
US Average	5.49%		1.44%	1.13%	1.69%	0.46%	4.32%	7.75%	12.69%	7.70%	7.60%	40.06%		0.99%	2.96%	3.95%	
California	4.44%	16	1.11%	**1.32%**	1.24%	0.24%	**6.90%**	5.46%	**15.81%**	**9.49%**	6.66%	**44.32%**	3	**1.39%**	2.79%	**4.18%**	4
Texas	**6.61%**	9	0.82%	**4.16%**	**2.93%**	0.34%	3.39%	6.35%	9.01%	6.90%	6.08%	31.73%	20	0.61%	2.51%	3.12%	18
New York	2.68%	23	0.86%	0.05%	1.03%	0.17%	**6.98%**	**15.90%**	**14.02%**	**9.23%**	**7.70%**	**53.83%**	1	**1.38%**	**2.96%**	**4.34%**	3
Illinois	**6.02%**	11	**1.61%**	**1.33%**	**1.61%**	**0.73%**	3.28%	**9.45%**	**12.77%**	**8.46%**	7.17%	**41.13%**	7	0.86%	2.74%	3.60%	12
Pennsylvania	**5.30%**	14	1.41%	0.27%	**1.80%**	**0.68%**	4.08%	7.37%	12.31%	**7.85%**	**10.18%**	**41.79%**	6	**1.18%**	2.43%	3.61%	10
Ohio	**7.72%**	5	**1.85%**	**1.68%**	**2.28%**	**1.08%**	2.71%	**7.65%**	10.81%	6.19%	**9.17%**	36.53%	14	0.74%	2.59%	3.33%	15
North Carolina	**12.38%**	2	**4.55%**	0.10%	**5.49%**	**0.85%**	2.85%	**10.86%**	10.13%	5.33%	6.65%	35.82%	16	0.77%	2.46%	3.23%	17
Virginia	**5.63%**	12	**3.61%**	0.07%	0.88%	**0.47%**	4.07%	6.11%	**13.04%**	**13.97%**	6.00%	**43.19%**	4	0.56%	2.48%	3.04%	20
Georgia	**6.68%**	8	**2.66%**	0.14%	**1.09%**	**0.59%**	**6.03%**	6.52%	11.52%	7.27%	6.63%	37.97%	10	0.71%	**3.00%**	3.71%	8
Massachusetts	2.71%	22	0.57%	0.06%	**1.06%**	0.36%	**4.74%**	**9.28%**	**13.84%**	**12.17%**	**10.00%**	**50.03%**	2	0.98%	**3.01%**	**3.99%**	5
Michigan	**4.20%**	**17**	**1.40%**	**0.38%**	**1.02%**	**0.78%**	**2.55%**	**6.12%**	**11.73%**	**7.83%**	**9.10%**	**37.33%**	**12**	**0.77%**	**2.85%**	**3.62%**	**9**
Washington	3.19%	18	0.96%	**1.23%**	0.25%	0.21%	**8.35%**	4.52%	**13.50%**	7.09%	6.77%	**40.23%**	9	0.80%	2.91%	3.71%	7
Indiana	**12.98%**	1	**1.68%**	**2.47%**	**6.99%**	**1.01%**	1.93%	6.04%	9.57%	4.13%	**7.91%**	29.58%	22	**1.14%**	2.47%	3.61%	11
Minnesota	**5.60%**	13	**1.52%**	**1.54%**	0.79%	0.45%	3.49%	**9.28%**	12.12%	6.35%	9.00%	**40.24%**	8	**1.03%**	2.33%	3.36%	14
Colorado	2.94%	20	1.18%	0.46%	0.87%	0.17%	**8.12%**	5.93%	**13.17%**	**9.68%**	6.28%	**43.18%**	5	**1.29%**	**3.43%**	**4.72%**	1
Tennessee	**8.41%**	3	**2.46%**	0.22%	**1.63%**	**0.78%**	2.90%	6.39%	10.65%	5.91%	**10.44%**	36.29%	15	**1.05%**	**3.38%**	**4.43%**	2
Wisconsin	**7.62%**	6	**2.55%**	0.13%	1.39%	**1.04%**	3.01%	**7.84%**	12.30%	4.59%	9.07%	36.81%	13	0.77%	2.51%	3.28%	16
Alabama	**7.15%**	7	1.06%	**1.70%**	**1.66%**	**0.74%**	2.21%	5.97%	10.01%	6.35%	7.35%	31.89%	19	0.34%	2.71%	3.05%	19
Iowa	**8.31%**	4	**4.00%**	0.10%	**2.96%**	**0.77%**	2.70%	**12.10%**	10.18%	3.28%	6.88%	35.14%	17	0.81%	2.18%	2.99%	21
Nebraska	**6.55%**	10	**3.27%**	0.01%	**2.39%**	0.43%	2.80%	**8.49%**	9.24%	4.74%	7.20%	32.47%	18	0.49%	2.20%	2.69%	24
Alaska	2.67%	24	0.96%	**1.63%**	0.02%	0.03%	2.22%	3.15%	8.69%	4.41%	5.87%	24.34%	23	0.55%	2.42%	2.97%	22
South Dakota	2.79%	21	1.32%	0.08%	0.77%	0.23%	2.42%	**15.01%**	8.66%	2.77%	**8.62%**	37.48%	11	0.79%	2.64%	3.43%	13
North Dakota	3.01%	19	**1.77%**	0.62%	0.20%	0.24%	2.53%	6.74%	10.81%	3.20%	**7.62%**	30.90%	21	0.31%	2.41%	2.72%	23
Wyoming	4.63%	15	0.19%	**3.08%**	**1.23%**	0.08%	1.34%	2.18%	9.64%	2.77%	3.97%	19.90%	24	0.79%	2.94%	3.73%	6

* Source for states: Business Leaders for Michigan Top States Report 2013, their categories were: TB, Traditional Benchmark states: NEB, New Economy benchmark states; and Top 10 growth states; ALL DATA on details of state economies from author's calculations of BEA data.

Bold Text indicates a sector or subsector share larger than US average share

GSP Shares data calculated from BEA state data for 2011

Totals will NOT add to 100 % because both sectors and subsectors are shown in several instances to provide better detail.

Shaded cells across all columns are traditional Great Lakes States plus author's expanded Great Lakes category, which also includes New York.

Table 7

Which States to Compare: How Alike or Different are State Economies?

States NOT Included in Business Leaders for Michigan 2013 Economic Competitiveness Report As Top 10 and Traditional or New Economy Benchmarks for Michigan

State	Category BLM 2013	GSP Size As % of Mich	Rank	% GSP Private	Rank	% GSP Mil & Civil	Rank	% GSP St/Local	Rank	Total Gov't	Rank	AGRI	Rank	Mining Incls Oil/Gas	Rank	Total Nat Res	Rank	Total Mfgr	Rank	Durable Goods Manufacturing: Total	Rank	Comps	MV Mfgr	Furniture
US Average	na			87.45%		3.63%		8.93%		12.56%		1.16%		1.94%		3.10%		11.57%		6.08%		1.52%	0.51%	0.17%
Florida	na	193.82%	1	87.17%	10	3.25%	19	**9.57%**	14	**12.82%**	19	0.84%	15	0.21%	16	1.05%	19	**4.59%**	25	2.75%	22	0.84%	0.06%	0.08%
New Jersey	na	128.06%	2	**89.09%**	6	1.63%	27	**9.28%**	18	10.91%	24	0.16%	26	0.01%	26	0.17%	26	**7.55%**	20	2.61%	24	0.74%	0.02%	0.08%
Michigan		**100.00%**	3	**88.26%**	9	**1.83%**	25	**9.91%**	11	**11.74%**	21	**1.08%**	13	**0.33%**	14	1.41%	18	**15.70%**	3	**11.50%**	2	**0.35%**	**4.89%**	**0.73%**
Maryland	na	79.24%	4	81.47%	25	**10.17%**	3	8.36%	23	**18.53%**	4	0.29%	23	0.07%	20	0.36%	23	**5.90%**	24	2.70%	23	**1.39%**	0.03%	0.08%
Arizona	na	66.47%	5	86.90%	12	**3.69%**	16	9.42%	16	**13.11%**	17	0.93%	14	**2.06%**	10	2.99%	12	**7.82%**	18	**6.21%**	13	**2.21%**	0.09%	0.12%
Missouri	na	64.80%	6	**89.19%**	5	**3.69%**	15	**9.12%**	19	**12.81%**	20	**1.50%**	10	0.11%	19	1.61%	16	**11.91%**	10	5.83%	14	0.41%	**1.08%**	0.14%
Louisiana	na	61.64%	7	**89.03%**	7	2.87%	21	8.09%	24	10.96%	23	0.79%	16	**11.04%**	2	**11.83%**	1	**21.53%**	2	2.97%	20	0.11%	0.13%	0.03%
Connecticut	na	58.53%	8	**90.60%**	1	1.41%	28	7.99%	25	9.40%	28	0.14%	27	0.02%	25	0.16%	27	**10.18%**	15	**7.37%**	9	0.66%	0.14%	0.08%
Oregon	na	49.07%	9	**88.27%**	8	2.39%	23	**9.34%**	17	11.73%	22	**1.83%**	7	0.12%	18	1.95%	14	**26.24%**	1	**23.68%**	1	**20.01%**	0.17%	0.14%
South Carolina	na	43.81%	10	82.88%	22	**4.95%**	10	**12.16%**	4	**17.11%**	7	0.62%	18	0.14%	17	0.76%	20	**15.68%**	4	**8.35%**	5	0.39%	**1.47%**	0.15%
Kentucky	na	43.63%	11	83.25%	20	**6.51%**	5	**10.15%**	9	**16.66%**	9	**1.34%**	11	**3.12%**	7	**4.46%**	10	**10.99%**	12	**7.84%**	8	0.57%	**2.36%**	0.15%
Oklahoma	na	40.52%	12	83.12%	21	**5.65%**	6	**11.24%**	5	**16.89%**	8	1.32%	12	**10.39%**	3	**11.71%**	2	**10.20%**	14	5.51%	16	0.54%	0.28%	0.06%
Kansas	na	34.98%	13	85.15%	18	**4.96%**	9	**9.89%**	12	**14.85%**	11	**4.42%**	2	1.24%	13	**5.66%**	7	**14.56%**	5	**7.32%**	11	0.76%	0.46%	**0.18%**
Nevada	na	33.61%	14	**89.30%**	4	2.73%	22	7.97%	26	10.70%	25	0.24%	24	**5.05%**	5	**5.29%**	8	**3.86%**	26	2.82%	21	0.30%	0.04%	0.06%
Utah	na	32.32%	15	87.02%	11	**4.02%**	13	**8.96%**	21	**12.98%**	18	0.47%	19	**2.24%**	9	2.71%	13	**14.09%**	7	**8.99%**	4	1.47%	0.42%	**0.43%**
Dist of Columbia	na	27.84%	16	65.10%	28	**32.56%**	1	2.34%	28	**34.90%**	1	0.00%	28	0.00%	28	0.00%	28	**0.25%**	28	0.05%	28	0.20%	0.00%	0.10%
Arkansas	na	27.67%	17	85.61%	17	3.25%	20	**11.13%**	6	**14.38%**	12	**2.44%**	4	**2.24%**	8	**4.68%**	9	**13.97%**	8	**6.80%**	12	0.28%	0.37%	**0.17%**
Mississippi	na	25.33%	18	81.50%	24	**5.32%**	7	**13.17%**	1	**18.49%**	5	**2.19%**	5	1.41%	12	3.60%	11	**14.52%**	6	**7.35%**	10	0.34%	**0.81%**	**0.95%**
New Mexico	na	20.66%	19	80.57%	26	**6.87%**	4	**12.56%**	3	**19.43%**	3	**1.88%**	6	**8.11%**	4	**9.99%**	4	**6.79%**	22	5.68%	15	**4.80%**	0.08%	0.04%
Hawaii	na	18.18%	20	75.67%	27	**15.53%**	2	**8.99%**	20	**24.52%**	2	0.62%	17	0.02%	24	0.64%	21	**1.72%**	27	0.39%	27	0.03%	0.00%	0.04%
West Virginia	na	17.17%	21	82.00%	23	**4.88%**	11	**13.11%**	2	**17.99%**	6	0.35%	21	**11.11%**	1	**11.46%**	3	**9.00%**	17	3.85%	19	0.13%	0.42%	0.12%
Delaware	na	16.72%	22	**90.58%**	2	1.94%	24	7.48%	27	9.42%	27	0.39%	20	0.00%	27	0.39%	22	**6.43%**	23	1.81%	26	0.69%	0.02%	0.06%
New Hampshire	na	16.44%	23	**89.52%**	3	1.76%	26	8.72%	22	10.48%	26	0.32%	22	0.03%	22	0.35%	24	**11.64%**	11	**9.16%**	3	**3.84%**	0.05%	0.08%
Idaho	na	14.83%	24	86.35%	14	3.62%	17	**10.02%**	10	**13.64%**	15	**5.60%**	1	1.49%	11	**7.09%**	6	**12.33%**	9	**8.29%**	6	**5.79%**	0.11%	0.13%
Maine	na	13.63%	25	86.14%	15	**4.26%**	12	**9.70%**	13	**13.96%**	14	**1.54%**	9	0.03%	21	1.57%	17	**10.07%**	16	4.63%	18	0.87%	0.03%	0.11%
Rhode Island	na	12.83%	26	86.60%	13	**3.91%**	14	**9.49%**	15	**13.40%**	16	0.17%	25	0.03%	23	0.20%	25	**7.66%**	19	4.81%	17	0.58%	0.04%	0.14%
Montana	na	10.11%	27	84.01%	19	**5.21%**	8	**10.78%**	7	**15.99%**	10	**3.40%**	3	**4.91%**	6	**8.31%**	5	**7.05%**	21	1.84%	25	0.16%	0.05%	0.07%
Vermont	na	6.89%	28	85.97%	16	3.58%	18	**10.44%**	8	**14.02%**	13	**1.54%**	8	0.21%	15	1.75%	15	**10.90%**	13	**7.96%**	7	**3.84%**	0.13%	**0.19%**

State	Nondurable Goods Manufacturing: Total Non-Dur	Rank	Bev,Fd,Tob	Pet, Coal	Chem	Pls,Rub	Suggested "New Economy" Proxy Definition: Info	Finance & Insurance	Rent,Lse	Prof/Tech Services	Soc Asst	SubTotal "New Ec"	Rank	Suggested "Tourism" Proxy: Arts/Enter Recreat	Accomd Fd Serv	SubTotal "Tourism" Proxy	Rank
US Average	5.49%		1.44%	1.13%	1.69%	0.46%	4.32%	7.75%	12.69%	7.70%	7.60%	40.06%		0.99%	2.96%	3.95%	
Florida	1.84%	23	0.74%	0.07%	0.47%	0.15%	3.99%	6.70%	**15.86%**	7.28%	**8.78%**	**42.61%**	8	**1.90%**	**4.42%**	**6.32%**	4
New Jersey	4.94%	11	0.73%	0.51%	**2.83%**	0.29%	4.23%	**7.91%**	**17.06%**	**9.41%**	**7.80%**	**46.41%**	3	0.83%	2.38%	3.21%	23
Michigan	**4.20%**	14	**1.40%**	**0.38%**	**1.02%**	**0.78%**	**2.55%**	**6.12%**	**11.73%**	**7.83%**	**9.10%**	**37.33%**	14	**0.77%**	**2.85%**	3.62%	18
Maryland	3.20%	16	0.95%	0.12%	1.49%	0.29%	3.83%	5.37%	**16.07%**	**11.29%**	7.85%	**44.41%**	4	**0.99%**	**2.96%**	**3.95%**	14
Arizona	1.61%	24	0.61%	0.10%	0.47%	0.15%	2.55%	**8.35%**	**14.21%**	6.15%	**8.48%**	39.74%	10	**9.60%**	**3.53%**	**13.13%**	2
Missouri	**6.08%**	6	**2.58%**	0.15%	1.63%	**0.58%**	**5.47%**	6.17%	10.52%	6.39%	**8.89%**	37.44%	12	**1.38%**	2.93%	**4.31%**	10
Louisiana	**18.56%**	1	0.87%	**10.06%**	**6.67%**	0.20%	1.67%	2.42%	9.20%	4.62%	6.14%	24.05%	28	0.93%	2.91%	3.84%	16
Connecticut	2.81%	20	0.53%	0.05%	1.43%	0.26%	3.96%	**16.27%**	**16.25%**	7.21%	**8.25%**	**51.94%**	2	0.73%	2.12%	2.85%	27
Oregon	2.56%	21	1.12%	0.06%	0.28%	0.26%	2.83%	4.21%	12.53%	4.84%	**7.66%**	32.07%	22	0.59%	2.53%	3.12%	24
South Carolina	**7.33%**	2	0.95%	0.11%	**2.07%**	**1.72%**	2.45%	5.01%	11.46%	5.46%	6.63%	31.01%	23	0.67%	**3.79%**	**4.46%**	9
Kentucky	3.15%	17	**3.60%**	0.95%	1.54%	**0.75%**	2.62%	5.09%	9.27%	4.68%	**8.56%**	30.22%	24	0.50%	2.94%	3.44%	19
Oklahoma	4.69%	12	1.04%	**1.83%**	0.58%	**0.58%**	2.59%	4.72%	10.25%	4.47%	7.25%	29.28%	26	0.58%	2.66%	3.24%	22
Kansas	**7.24%**	3	**2.50%**	**2.00%**	1.35%	**0.68%**	4.22%	6.39%	9.56%	5.11%	7.46%	32.74%	20	0.42%	2.57%	2.99%	26
Nevada	1.04%	27	0.38%	0.04%	0.19%	0.20%	1.79%	**11.04%**	12.48%	5.15%	5.42%	35.88%	15	**2.20%**	**14.30%**	**16.50%**	1
Utah	5.10%	10	1.05%	**1.46%**	1.50%	0.36%	3.42%	**10.44%**	11.77%	6.15%	5.64%	37.42%	13	0.75%	2.54%	3.29%	21
Dist of Columbia	0.20%	28	0.01%	0.08%	0.88%	0.00%	**4.85%**	4.26%	8.35%	**21.24%**	4.57%	**43.27%**	5	0.63%	**3.25%**	3.88%	15
Arkansas	**7.17%**	5	**2.75%**	0.35%	0.74%	**1.24%**	2.41%	4.63%	10.89%	3.96%	**8.12%**	30.01%	25	0.40%	2.62%	3.02%	25
Mississippi	**7.17%**	4	1.26%	**2.46%**	1.41%	**0.93%**	1.97%	4.65%	9.56%	3.53%	**7.68%**	27.39%	27	0.71%	**4.04%**	**4.75%**	7
New Mexico	1.11%	26	0.52%	0.10%	0.26%	0.06%	2.66%	3.37%	**12.74%**	**8.33%**	7.59%	34.69%	17	0.57%	**3.25%**	3.82%	17
Hawaii	1.33%	25	0.49%	0.68%	0.03%	0.03%	2.15%	3.68%	**18.31%**	4.59%	6.39%	35.12%	16	0.88%	**7.76%**	**8.64%**	3
West Virginia	5.15%	9	0.35%	0.51%	**3.62%**	**0.49%**	**5.47%**	3.60%	9.72%	4.06%	**9.40%**	32.25%	21	0.54%	**3.42%**	**3.96%**	13
Delaware	4.62%	13	1.06%	0.79%	**1.85%**	0.40%	1.77%	**36.06%**	11.26%	6.82%	6.21%	**62.12%**	1	0.76%	1.84%	2.60%	28
New Hampshire	2.48%	22	0.74%	0.17%	0.27%	**0.71%**	3.46%	**8.88%**	**14.23%**	7.09%	**9.58%**	**43.24%**	6	0.80%	**3.19%**	**3.99%**	12
Idaho	4.04%	15	**2.64%**	0.07%	0.66%	0.25%	1.98%	4.73%	12.24%	7.13%	7.23%	33.31%	19	0.72%	2.71%	3.43%	20
Maine	5.44%	7	**1.47%**	0.51%	0.72%	0.44%	1.92%	7.44%	**14.18%**	5.37%	**11.64%**	**40.55%**	9	0.92%	**3.62%**	**4.54%**	8
Rhode Island	2.85%	19	0.53%	0.04%	1.02%	**0.58%**	**4.66%**	**10.59%**	11.83%	5.58%	**10.46%**	**43.12%**	7	0.86%	**3.35%**	**4.21%**	11
Montana	5.21%	8	0.54%	**4.16%**	0.29%	0.06%	2.32%	5.06%	12.32%	4.88%	**9.30%**	33.88%	18	**1.21%**	**3.55%**	**4.76%**	6
Vermont	2.94%	18	**1.73%**	0.09%	0.15%	0.35%	2.56%	5.36%	**13.96%**	6.49%	**10.44%**	38.81%	11	0.88%	**4.81%**	**5.69%**	5

Bold Text indicates a sector or subsector share larger than US average share

Totals will NOT add to 100% because both sectors and subsectors are shown in several instances to provide better detail.

Shaded cells across all columns are traditional Great Lakes States plus author's expanded Great Lakes category, which also includes New York.

Geography and Tax Incentives

This analysis has already suggested that inter-state differences in taxation, and especially business taxation are less significant in economic growth and decline than the key sectors of each state's economy and the differing cycles they may operate on in the context of national and international economics. It is clear, for example, that oil and other energy sources operate on different, or at least lagged cycles relative to manufacturing, and agriculture will have cycles that vary by commodity and by weather patterns. Non-energy natural resources vary more by the discovery of new or more easily accessed sources of minerals than by varying state tax policy. Technology industries thrive based upon "the next new thing" and low taxes or specific incentives cannot possibly have any predictable effect on the process of idea creation. On the other hand, investment in education could help spur new ideas.

Benchmarking and comparisons are appropriate and relevant issues for a broad range of policy discussions— not just business taxes. **These discussions should also be mindful that business costs—including taxes—generally are built into pricing, and that state business taxes are deductible from Federal taxes. Which with a top Federal corporate tax note of 35% means that any state business tax cut sends over one third of the savings out of the Michigan economy to Washington, D.C. and that Michigan already has a very low return on Federal tax dollars.**

The question of identifying comparable and competitive states is a valid one. However, this discussion should include a broad range of interest groups, and should include a broad range of policy criteria, not just the benchmark(s) of choice from one or a few groups. Further discussion of some examples advanced as competitor states elsewhere in this report demonstrates the perils of comparisons based upon limited or superficial criteria that ignore major structural differences among the states.

As another example, the work of Lou Glazer at Michigan Future has produced strong evidence that the best path to prosperity is not lower taxes but investment in education and infrastructure that build innovative, desirable communities that represent the so-called New Economy of ideas that seem to permeate the communities and economies of many of America's fastest growing and most desirable metro areas.

New York, Boston, Minneapolis, Seattle, Portland, and many places in California are examples of the types of communities that might serve as better models for Michigan to emulate. Few would be considered "low tax."

Michigan is pursuing the wrong course, walking away from—indeed, running away from—that kind of investment strategy as it seeks to become a low cost, not high quality place to live and work. That course has led us to a K-12 system that is struggling, and a University system with rapidly rising tuition costs as it struggles to maintain quality in the face of inadequate state appropriations. Our communities struggle with stagnant and declining property tax revenues, exacerbated by the impact of tax cuts to their revenue sources and shrinking payments from state shared revenue sources.

Our roads and bridges are more than showing their age, and we have no realistic plans for more funding to restore them for growth in this new century.

It's time to change course. It is time to build and invest. For those who still believe in tax cuts, we've done that—it is time to declare victory and start to build again, not continue to tear down. As can be seen in multiple places in this report, and in many, many other studies, Michigan is now, by most measures a below average tax state, and it will not be possible to build a stronger, more vibrant future if we continue to double down on the goal of cheaper, instead of smarter.

Tax Policy Changes Since Proposal A

Key Features of Proposal A

Tax Policy Changes Since Proposal A: Discussion and Data Tables

Proposal A itself was a combination of policy changes. First, it dramatically changed the way Michigan pays for public K-12 education by substantially reducing the reliance on local property taxes and shifting the responsibility to a mix of taxes collected at the state level, principally from an increased sales tax, while retaining a dramatically reduced and constrained amount of local property taxes, especially on homesteads.

While it did not completely eliminate the property tax as a source of K-12 revenues, it dramatically reduced the share coming from property taxes, and further constrained the future growth of property taxes.

Key tax features to keep in mind in any discussion of Proposal A include the following:

- It provided dramatic reduction in property taxes for school operating purposes, and dramatically limited the growth rate of property tax assessments in the future.
- It limited the ability of schools to increase property tax millages for school operating purposes. It also limited the rate by which the base of the property tax (values) could increases.
- It shifted the bulk of financial responsibility from local communities to the State School Aid Fund.
- While it did not attempt to provide absolute equality in funding per pupil* for school operating purposes, Proposal A raised the floor of spending for the poorest districts, and held down the ability of the richest districts to increase their spending. This means in practice that while the gap is narrower in terms of per pupil spending between the richest and poorest districts, that gap still exists, although the floor for the poorest has increased substantially.

Strengths and Weaknesses of Proposal A

One of the most critical features of Proposal A was the distribution of funds on a per pupil basis and the narrowing of the so-called equity gap between relatively poor and relatively wealthy districts in terms of the resources they could provide to their students.

That is also a weakness because there is still a significant gap.

Furthermore, the distribution of funds on a per pupil basis means that a growing district will have more resources to put into the classroom, while a declining enrollment district may lose revenues faster than they can reduce the number of classrooms, while a stagnant growth district may fall behind due to inflation in costs for the same number of students.

Policy advocates for per pupil funding often speak of it as "dollars should follow the student" This makes initial sense if one argues that parents should be able to move their children to a better school if they feel their existing school is not adequately preparing their child.

In major portions of Michigan's expansive geography, they really don't have that choice, because there may be no other school reasonably available. In more compact areas, driving time may be as much of a barrier as the miles themselves.

Per pupil funding also is a problem of demographics—Michigan's school age population overall is declining—and in business terms, education, especially K-12 is a high fixed cost business.

These issues have been both impacted and aggravated by differing perceptions of sound tax policy and by at least one fundamental flaw in the basic structure of Proposal A itself: the concept of tying funding to a per pupil basis. This concept was one of the basic core principles of Proposal A, and it worked for a short period of time. At its most basic, it makes apparent sense: funding tied to the children being educated. The problem is that K-12 education in particular is subject to serious productivity constraints.

* Absolute equality of dollars per pupil would not address significant regional cost differences, for example, between Birmingham and the Upper Peninsula, nor would it reflect historical differences in community effort.

If we think about this in business terms, K-12 education is built upon a structure with high fixed costs: the K-12 education "industry" does not control the input of raw materials (pupils); it is limited in productivity by the need to limit the number of "customers" (pupils) per employee (teacher) to a class size that is manageable. The "business" interacts with its customers only about six hours a day, and must address multiple subjects over that time period. While it may encourage, and even "assign" work to be completed outside of school, it is limited in its ability to enforce compliance by either its customer students or customer parents.

At the earliest elementary grades, the employees also must deal with very limited attention spans. At later grade levels other competing interests often distract the customer students: athletics and other extracurricular activities including some not attached to the school, maturation and interest in the opposite sex, part-time work, and parental expectations, involvement and supervision. Quality control is often difficult, if not impossible to enforce.

Really "good" teachers can make a difference, regardless of class sizes, but centuries of experience have shown that it is difficult to mass produce these truly exceptional teachers. Smaller class sizes can help as well, but they add to the expense. In higher education the system has addressed the basic issue of productivity by moving to ever larger "lecture" classes supplemented with smaller "discussion" or "lab" sections supported by graduate students or teachers in training, if you will.

The concept of a 500 student Kindergarten or First Grade class does not present itself as a quality improvement, and indeed much of the evidence suggests smaller, rather than larger classes, especially in the early elementary years can improve learning, but again, this increases costs. Thus, there are real functional limits to cut costs by reducing or limiting the number of teachers.

When pupil enrollment declines, under Proposal A in Michigan, that means less revenue for the school district. And what it usually means is that until the declines are large enough, the district often cannot take the "industrial" or "business" approach to cost-cutting by reducing teachers until the enrollment decline is large enough to support the elimination of a complete classroom at any given grade level. In the real world, enrollment declines from year to year are spread across each grade level, making down-sizing even more difficult a management issue than in most industries.

These demographic realities have been aggravated by the dramatic growth of "charter" schools in Michigan. These schools are concentrated heavily on elementary grades—often the lowest cost students—and thus pull even more revenues from traditional community schools.

The many policy changes made to educational requirements and options for parents and students, coupled with the dramatic and ongoing tax policy "reforms" and reduction have pushed Proposal A far out of sync with the realities of financial needs for quality education in the 21st century.

Michigan political leaders really need to start talking to all of Michigan's educational leaders and to a broad mix of its school finance experts as well.

Historical State Per Capita Income

In further research of the question of whether low tax states (especially low business tax states) may enjoy long term developmental and income advantages, this study looked at personal income growth across the states over the period from 1929 to 2010. The data from this analysis has been summarized in Table 7, which looks at the relative ranking of each state in terms of per capita income over the period. The rankings are displayed at five year intervals.

Some dramatic conclusions can be drawn from this long term review of the American states. Those conclusions can be summarized as follows: **low income, generally southern states that ranked in the bottom quintile of per capita income in 1929 remain in or near the bottom quintile in 2010**. None of the bottom 10 states (and remember, Alaska and Hawaii didn't become states until past mid-century), have made it to the top quintile in per capita income. Alaska and Hawaii are also anomalies for two critical reasons: both have substantial US military presence, especially relative to the size of their population, and both have relatively unique economies.

In addition, neither of these states is ever likely to be home to a substantial heavy manufacturing economy because of substantial transportation costs and barriers. Also, both have been relatively high income states since they were granted statehood. Each state's highest ranking is indicated by the "boxed" years.

Table 7 is sorted on the 1950 rankings when all 50 states plus the District of Columbia are in the data. Of the 10 lowest ranking states in 1950—virtually all of which would be considered low tax states, and most pro-business as well, we can say the following. The bottom 10 are all deep south or near south.

None of the bottom ten lowest per capita income states in 1929 made it to the top 10 over these 16 data points covering 81 years. The highest achiever was Georgia, which reached 25th for 1995. The next closest was Louisiana which reached 27th in 2010, almost certainly a reflection of rising energy prices and post Katrina reconstruction.

Of the next highest 5 states (OK, VT, ME, NM and VA), only Virginia has made it to the top 10—at #8 for 2010. Much of Virginia's growth is attributed to District of Columbia/federal government spillover (think Norfolk Naval Station, Quantico, CIA headquarters, the Pentagon and thousands of firms doing business–often their only business–with the federal government.

Of the next highest 5 states (still working from the table, which is sorted by 1950 scores) we find Utah 32 in 1929, New Hampshire, Idaho, Florida and South Dakota. Here New Hampshire, which was 16th in 1929 and 33rd in 1950 has recorded a high ranking of 7th in 2000, 10th in 2010 (and 1985) and 11th in 1995. New Hampshire, however, happened to hit its low point of 33rd in 1950 and remained in the 20s and 30s until 1980. Some ascribe New Hampshire's to low tax reputation. Others suggest that it had more to so with geography—natural expansion out of the Boston Metro area for high technology businesses. Utah, at 32, the next highest state in this group of five is often cited as a low tax state. If so, that hasn't slowed a steady decline to its 2010 rank of 49th in per capita income.

Texas was the next highest ranking state–at 31st in 1950. It ranks 24th for 2010, but still well out of the top 10.

Of the top per capita income states, there are four states which could be considered outliers in the top 15 as ranked by the 1950 data. First, as a group almost all of them have remained in the top 15 over time. Second, the apparent outliers (Alaska, Montana, Nevada,and Wyoming) are indeed low tax states, while the other eleven tend to be average to well above average. They also have fairly unique economies. As noted elsewhere, Alaska, Montana, Nevada and Montana have significant exposure to energy prices. They also have disproportionate US civilian and military presence. All have relatively small populations. Nevada's economy is heavily influenced by hope (gambling) and apparently gambling in housing as well—it is among the worst of all states impacted by the housing crisis, explaining its dramatic drop in 2010. Nothing in the rise and fall of incomes in these states suggests that state tax policy played any role—up or down —on these cycles.

None of these states reached a ranking better than 30 over these years. Georgia was 30th in 1990, North Carolina was also 30th in 1995 (and 31 in 2000).

Tennessee improved from consistent rankings in the 40s to 30s from 1985 to 2000 before dropping back to 40 in 2010.

Table 8

State Per Capita Personal Income: Top State Rankings Over Time

Great Lakes States	1929	1930	1940	1945	1950	1955	1960	1965	1970	1975	1980	1985	1990	1995	2000	2010	81 YR Avg Rnk	40YR Avg Rank	20 YR Avg Rank
Michigan	**11**	**14**	**12**	**12**	**10**	**11**	**11**	**10**	**13**	**17**	**16**	**17**	**21**	**18**	**19**	**37**	**15.563**	**19.750**	***23.750***
Illinois	***6***	***9***	***10***	***10***	***8***	***9***	***9***	***8***	***10***	***8***	***11***	***12***	***11***	***8***	***10***	***12***	***9.438***	***10.250***	***10.250***
Indiana	23	26	20	20	22	22	22	17	31	29	31	33	31	29	33	42	26.938	32.375	33.750
Ohio	13	13	13	13	17	13	13	15	16	24	22	23	22	22	25	35	18.688	23.625	26.000
Wisconsin	17	18	21	21	24	21	31	23	21	25	20	28	24	34	21	28	23.563	25.125	26.750
Great Lakes States-Extended																			
Minnesota	26	24	25	25	27	26	26	24	18	18	17	16	16	16	11	14	20.563	15.750	14.250
New York	***2***	***2***	***5***	***5***	***7***	***4***	***3***	***4***	***6***	***9***	***10***	***8***	***4***	***5***	***6***	***6***	***5.375***	***6.750***	***5.250***
Pennsylvania	12	11	15	15	20	18	18	19	17	22	21	21	19	20	17	17	17.625	19.250	18.250

State Per Capita Personal Income: Top State Rankings Over Time*

	Sorted by 1950	1929	1930	1940	1945	Sorted 1950	1955	1960	1965	1970	1975	1980	1985	1990	1995	2000	2010	81 YR Avg Rnk	81 YR Rank	40YR Avg Rank	40YR Rank	20 YR Avg Rank	20 YR Rank
1	***Alaska***	***na***	***na***	***na***	***na***	***1***	***1***	***1***	***2***	***1***	***1***	***1***	***1***	***7***	***7***	***16***	***9***	***4.000***	**3**	5.375	**4**	9.750	**7**
2	***District of Columbi***	***1***	***1***	***1***	***1***	***2***	***6***	***6***	***1***	***4***	***2***	***3***	***3***	***2***	***2***	***2***	***1***	***2.375***	**1**	2.375	**2**	1.750	**2**
3	***Delaware***	***3***	***5***	***2***	***2***	***3***	***5***	***5***	***3***	***9***	***11***	***13***	***9***	***10***	***14***	***14***	***21***	***8.063***	**7**	12.625	11	14.750	16
4	***Nevada***	***10***	***8***	***4***	***4***	***4***	***2***	***2***	***7***	***5***	***7***	***5***	***13***	***14***	***10***	***15***	***32***	***8.875***	**9**	12.625	12	17.750	18
5	***Connecticut***	***4***	***3***	***3***	***3***	***5***	***7***	***7***	***5***	***3***	***4***	***2***	***2***	***1***	***1***	***1***	***2***	***3.313***	**2**	2.000	**1**	1.250	**1**
6	***California***	***5***	***4***	***6***	***6***	***6***	***3***	***4***	***6***	***8***	***5***	***4***	***7***	***9***	***13***	***9***	***13***	***6.750***	**6**	8.500	**8**	11.000	**10**
7	***New York***	***2***	***2***	***5***	***5***	***7***	***4***	***3***	***4***	***6***	***9***	***10***	***8***	***4***	***5***	***6***	***6***	***5.375***	**4**	6.750	**5**	5.250	**5**
8	***Illinois***	***6***	***9***	***10***	***10***	***8***	***9***	***9***	***8***	***10***	***8***	***11***	***12***	***11***	***8***	***10***	***12***	***9.438***	**10**	***10.250***	**9**	***10.250***	**8**
9	***New Jersey***	***7***	***6***	***7***	***7***	***9***	***8***	***8***	***9***	***7***	***6***	***6***	***4***	***3***	***3***	***3***	***4***	***6.063***	**5**	4.500	**3**	3.250	**3**
10	**Michigan**	**11**	**14**	**12**	**12**	**10**	**11**	**11**	**10**	**13**	**17**	**16**	**17**	**21**	**18**	**19**	**37**	**15.563**	14	**19.750**	20	***23.750***	22
11	Wyoming	18	19	17	17	11	17	17	25	23	12	7	24	26	31	20	7	18.188	18	18.750	18	21.000	20
12	Montana	27	29	19	19	12	28	28	29	34	30	35	45	46	48	47	39	32.188	34	40.500	41	45.000	46
13	***Massachusetts***	***8***	***7***	***8***	***8***	***13***	***10***	***10***	***12***	***12***	***14***	***15***	***6***	***5***	***4***	***4***	***3***	***8.688***	**8**	***7.875***	**7**	**4.000**	**4**
14	Washington	15	15	14	14	14	12	12	13	14	13	12	19	17	17	12	11	14.000	13	14.375	13	14.250	13
15	Oregon	19	17	16	16	15	19	19	18	22	21	19	30	27	23	24	31	21.000	22	24.625	25	26.250	25
16	***Maryland***	***14***	***12***	***11***	***11***	***16***	***14***	***14***	***14***	***11***	***10***	***9***	***5***	***6***	***6***	***5***	***5***	***10.188***	11	***7.125***	**6**	5.500	**6**
17	***Ohio***	***13***	***13***	***13***	***13***	***17***	***13***	***13***	***15***	***16***	***24***	***22***	***23***	***22***	***22***	***25***	***35***	***18.688***	19	***23.625***	23	***26.000***	24
18	Rhode Island	9	10	9	9	19	20	20	16	15	28	29	20	15	19	18	16	17.000	15	20.000	21	17.000	17
19	Pennsylvania	12	11	15	15	20	18	18	19	17	22	21	21	19	20	17	17	17.625	17	19.250	19	18.250	19
20	Nebraska	28	28	29	29	21	30	30	20	25	19	28	31	32	35	34	29	28.000	29	29.125	28	32.500	31
21	Iowa	29	28	29	29	21	30	30	20	25	19	28	31	32	35	34	29	28.063	30	29.125	29	32.500	32
22	***Indiana***	***23***	***26***	***20***	***20***	***22***	***22***	***22***	***17***	***31***	***29***	***31***	***33***	***31***	***29***	***33***	***42***	***26.938***	26	***32.375***	32	***33.750***	34
23	Colorado	20	20	22	22	23	15	15	21	19	16	14	15	20	12	8	15	17.313	16	14.875	14	13.750	12
24	Wisconsin	17	18	21	21	24	21	31	23	21	25	20	28	24	34	21	28	23.563	23	25.125	26	26.750	26
25	Kansas	31	33	35	35	25	27	27	28	28	20	23	22	23	27	29	22	27.188	28	24.250	24	25.250	23
26	Hawaii	na	na	na	na	26	17	17	11	2	3	8	11	8	9	23	18	12.750	12	10.250	**10**	14.500	15
27	**Minnesota**	**26**	**24**	**25**	**25**	**27**	**26**	**26**	**24**	18	**18**	**17**	**16**	**16**	**16**	**11**	**14**	**20.563**	21	**15.750**	15	***14.250***	14
28	Missouri	22	23	26	26	28	24	24	22	26	31	31	26	29	28	32	33	26.938	27	29.500	30	30.500	30
29	North Dakota	42	43	41	41	29	41	41	32	42	15	47	36	40	43	39	19	36.938	36	35.125	35	35.250	36
30	Arizona	25	25	28	28	30	29	29	37	27	36	30	29	36	37	38	41	31.563	33	34.250	34	38.000	39
31	Texas	34	34	34	34	31	33	33	36	32	32	25	25	33	33	28	24	31.313	32	29.000	27	29.500	28
32	Utah	30	30	30	30	32	31	31	34	38	39	38	43	47	46	44	49	37.000	38	43.000	44	46.500	47
33	New Hampshire	16	16	18	18	33	23	23	26	24	34	32	10	13	11	7	10	19.625	20	17.625	17	10.250	**9**
34	Idaho	33	31	32	32	34	40	40	31	35	35	36	49	43	38	42	50	37.563	39	41.000	42	43.250	44
35	Florida	32	32	24	24	35	32	32	33	20	27	24	18	18	21	22	25	26.188	25	21.875	22	21.500	21
36	South Dakota	38	38	40	40	36	39	39	40	40	33	46	43	39	39	37	26	38.313	40	37.875	39	35.250	37
37	***Virginia***	***37***	***36***	***31***	***31***	***37***	***36***	***36***	***29***	***29***	***26***	***18***	***14***	***12***	***15***	***13***	***8***	25.500	24	16.875	16	12.000	11
38	New Mexico	40	40	37	37	38	38	38	42	43	41	41	41	48	46	48	44	41.375	44	44.000	45	46.500	48
39	Maine	24	21	23	23	39	37	37	38	37	43	40	38	34	36	35	30	33.438	35	36.625	36	33.750	35
40	Vermont	21	22	27	27	40	35	34	35	33	38	37	35	28	34	30	20	31.000	31	31.875	31	28.000	27
41	Oklahoma	36	37	38	38	41	34	35	39	36	37	29	32	38	45	43	34	37.000	37	36.750	37	40.000	40
42	Louisiana	39	39	39	39	42	43	43	46	47	46	36	40	46	42	46	27	41.250	43	41.250	43	40.250	41
43	North Carolina	45	45	44	44	43	46	46	45	41	42	43	37	35	30	31	36	40.813	42	36.875	38	33.000	33
44	Georgia	44	44	43	43	44	42	42	41	39	40	39	34	30	25	27	38	38.438	41	34.000	33	30.000	29
45	West Virginia	35	35	36	36	45	44	44	43	46	45	45	50	49	50	50	48	43.813	46	47.875	49	49.250	50
46	Tennessee	43	42	42	42	46	45	45	44	44	44	42	39	36	32	36	40	41.375	45	39.125	40	36.000	38
47	Kentucky	41	41	45	45	47	47	47	47	46	48	44	47	45	45	41	45	45.063	47	45.125	47	44.000	45
48	South Carolina	49	47	46	46	48	49	49	49	48	49	49	45	41	41	40	46	46.313	49	44.750	46	41.750	42
49	Alabama	46	46	47	47	49	48	48	48	49	48	48	46	42	40	45	43	46.250	48	45.125	48	42.500	43
50	Arkansas	47	48	48	48	50	50	50	50	50	50	50	49	50	49	49	47	49.063	50	49.250	50	48.750	49
51	Mississippi	48	49	49	49	51	51	51	51	51	51	51	51	51	51	51	51	50.438	51	51.000	51	51.000	51

Of the bottom 10 states as ranked by 1950, only a very few have improved their economies and the incomes of their citizens to move out of the bottom tier. Most are considered to be low-tax, pro-business, low-government states. Most are very right to work states. A number of these states also have a significant automotive presence (but still far smaller than Michigan's—or most of the Great Lake States for that matter). Georgia appears to have done the best, but as noted earlier, their high-water rank on the scale was 27th in 2000.

It is hard to look at this history of little or no sustainable personal income growth relative to the nation, and accept the argument that the path of low taxes is the way to build a sustainable and more prosperous future.

Of the Top 10 per capita income states (including the District of Columbia), with the exceptions of Alaska (all years since it became a state), and a natural resources state with a high Federal defense presence; Wyoming , whose ranking changes reflect its boom and bust energy cycle, Nevada which probably reflects Las Vegas and air conditioning and its proximity to California more than low "taxes", and the sometimes presence of Hawaii, beginning approximately at the time of the expansion of the Vietnam War, the remaining states have been very consistent in their rankings over time, and the majority of them would be considered high tax states by most analysts.

Looking at the lower-ranked per capita income states offers another perspective on the low-tax/high-tax debate. None of the 12 lowest income states in 1929 have made it to the Top 10 as of 2010. We have 192 data points here (16 years times 12 states). These same states are almost always also ranked among the lowest tax states, and many are cited as examples of "prosperity" brought about by low taxes that Michigan should emulate. **We think not**.

North Dakota made it to the teens twice (15th in 1975 and 19th in 2010), displaying a volatility that is readily explained by energy booms (and busts), not tax policy. Louisiana had its highest ranking of 27 in 2010, also reflecting energy prices, but reflecting as well post Katrina rebuilding heavily subsidized by federal disaster relief spending. South Dakota reached 26th in 2010 after decades of moving around the bottom 10 and 20 slots. Is this tax policy or did high corn prices and federal and state subsidies for ethanol have an impact?

Kentucky, the next lowest in 1929 at 41st, is now 44th in 2010. It never got above 40th (in 2000). To a degree it is an auto competitor, and a very beautiful state, but do we really want to emulate them? If so we need to get poorer still.

Tennessee ranked 43rd in 1929, and is 40th for 2010. Their highest ranking was 36th in 2000.

Georgia, ranked 44th in 1929 rose to 25th in 1995 before dropping to 27th in 2000 and 38th in 2010. North Carolina moved to a peak of 29th in 1995, but has dropped back to 36th for 2010. These two states now bracket Michigan's 2010 ranking of 37th. Low taxes did not protect them from economic collapse, but the recovery of the Michigan auto industry will surely push us back higher in the rankings than low taxes will, and more quickly as well.

Alabama began at 46th in 1929 and peaked at 40th in 1995, and is now 43rd for 2010. Alabama is another auto state competitor.

Arkansas was 47th in 1929 and is 47th for 2010. Those two years are its peak, it has been lower for the other years surveyed. Mississippi was 48th in 1929, and 51st in 2010. The ranking of 47 was its best over these years. It is another auto competitor. Finally, South Carolina, another "auto" state, was 49th in 1929. It peaked at 40th in 2000 and was 46th for 2010.

Many of these low-income states are often cited as "growing" and as auto competitors with Michigan. Their dismal economic performance over nearly three-quarters of a century does not offer a lot of hope for those who insist that low taxes for business, individuals or both are the key to prosperity. Those that were roughly in the bottom quarter of personal income in 1929 remain in the bottom quarter in 2010.

There is one state that some might cite as an exception: Virginia. It ranked 37th in 1929, just above the highest of the states already discussed, and in 2010 it ranked 8th in per capita personal income. Did its perceived low tax policies cause its improvement?

We submit that the answer is no. The much more probable cause is the expansion of the federal government, both military and civilian that began in earnest early in the 1930s, expanded dramatically in WW II, Korea and Vietnam and has continued to grow since. The growth is not just defense related (although, think Pentagon, CIA headquarters, the Navy facilities in Norfolk Navel base and the Quantico Marine base and many others) but also a lot of professional and technical services expansion that is highly related to government contracting. This shows up as jobs and housing and retail and more that is highly correlated to relationships that are but one or two steps removed from federal services. Maryland's prosperity is also significantly linked to federal facilities, defense contractors or Maryland residents who work in DC.

Tax Variations Within Michigan

Table 9 lists the average property tax millage rate for each Michigan County for 2010. Average taxes statewide are quite misleading for most of Michigan's counties. As you can see, there is considerable variance in the average rate for each county (this is the weighted average for all millages levied within the county). Most Michigan counties are far under the state average (indicated by the line drawn under Eaton County (#16).

Table 10 looks within a selected group of counties to display the township with the lowest average rate within that county, and the township with the highest. Again there is considerable variance. There are similar wide variations in nearly all counties.

The message from these two tables is that property tax rates, with the exception of the limited number of Income Tax cities, is highly variable within counties and across counties. This variance is so significant that it is not inaccurate to suggest that in most of Michigan, a business seeking a lower property tax rate can simply relocate within not much more than a 60 minute drive time, without the hassle of applying for abatements, and without the hassle of seeking locations in far-flung states.

Table 9

Michigan Counties - Average Millage Rates 2010

Rank	County Name	Avg Mill Rates-2010	Percent of Average	Variance Fr St Avg
1	**Ingham**	**51.74**	**130.33%**	**30.33%**
2	**Wayne**	**51.40**	**129.47%**	**29.47%**
3	**Gogebic**	**44.91**	**113.12%**	**13.12%**
4	**Baraga**	**44.46**	**111.99%**	**11.99%**
5	**Washtenaw**	**44.14**	**111.18%**	**11.18%**
6	**Calhoun**	**43.63**	**109.90%**	**9.90%**
7	**Ontonagon**	**43.18**	**108.77%**	**8.77%**
8	**Iron**	**42.19**	**106.27%**	**6.27%**
9	**Houghton**	**41.99**	**105.77%**	**5.77%**
10	**Kalamazoo**	**41.88**	**105.49%**	**5.49%**
11	**Lake**	**41.12**	**103.58%**	**3.58%**
12	**Oakland**	**40.95**	**103.15%**	**3.15%**
13	**Genesee**	**40.69**	**102.49%**	**2.49%**
14	**Van Buren**	**40.50**	**102.02%**	**2.02%**
15	**Muskegon**	**40.04**	**100.86%**	**0.86%**
16	**Eaton**	**39.82**	**100.30%**	**0.30%**
17	Wexford	39.51	99.52%	-0.48%
18	Bay	39.24	98.84%	-1.16%
19	Dickinson	39.22	98.79%	-1.21%
20	Isabella	38.97	98.16%	-1.84%
21	Macomb	38.66	97.38%	-2.62%
22	Midland	38.10	95.97%	-4.03%
23	Newaygo	38.00	95.72%	-4.28%
24	Mason	37.44	94.31%	-5.69%
25	Kent	37.29	93.93%	-6.07%
26	Manistee	37.29	93.93%	-6.07%
27	Delta	37.21	93.73%	-6.27%
28	Charlevoix	37.04	93.30%	-6.70%
29	Crawford	36.96	93.10%	-6.90%
30	Allegan	36.35	91.56%	-8.44%
32	Saint Joseph	36.35	91.56%	-8.44%
31	Chippewa	36.35	91.56%	-8.44%
33	Arenac	36.30	91.44%	-8.56%
34	Marquette	36.26	91.34%	-8.66%
35	Clinton	36.21	91.21%	-8.79%
36	Branch	36.09	90.91%	-9.09%
37	Oceana	35.87	90.35%	-9.65%
38	Emmet	35.48	89.37%	-10.63%
39	Alger	35.32	88.97%	-11.03%
40	Osceola	35.04	88.26%	-11.74%
41	Saint Clair	34.91	87.93%	-12.07%
42	Menominee	34.87	87.83%	-12.17%
43	Jackson	34.80	87.66%	-12.34%
44	Monroe	34.70	87.41%	-12.59%
45	Lenawee	34.63	87.23%	-12.77%
46	Kalkaska	34.59	87.13%	-12.87%
47	Gratiot	34.52	86.95%	-13.05%
48	Grand Traverse	34.33	86.47%	-13.53%
50	Schoolcraft	34.32	86.45%	-13.55%
49	Mecosta	34.32	86.45%	-13.55%
51	Ottawa	34.13	85.97%	-14.03%
52	Huron	34.00	85.64%	-14.36%
53	Alpena	33.91	85.42%	-14.58%
54	Ionia	33.69	84.86%	-15.14%
55	Montcalm	33.68	84.84%	-15.16%
56	Otsego	33.40	84.13%	-15.87%
57	Saginaw	33.25	83.75%	-16.25%
58	Shiawassee	33.14	83.48%	-16.52%
59	Tuscola	33.07	83.30%	-16.70%
60	Gladwin	32.79	82.59%	-17.41%
61	Montmorency	32.77	82.54%	-17.46%
62	Missaukee	32.70	82.37%	-17.63%
63	Ogemaw	32.65	82.24%	-17.76%
64	Roscommon	32.38	81.56%	-18.44%
65	Berrien	32.33	81.44%	-18.56%
66	Keweenaw	32.05	80.73%	-19.27%
67	Barry	32.00	80.60%	-19.40%
68	Oscoda	31.87	80.28%	-19.72%
70	Hillsdale	31.83	80.18%	-19.82%
69	Clare	31.83	80.18%	-19.82%
71	Cheboygan	31.62	79.65%	-20.35%
72	Antrim	31.35	78.97%	-21.03%
73	Mackinac	31.29	78.82%	-21.18%
74	Presque Isle	31.27	78.77%	-21.23%
75	Benzie	30.91	77.86%	-22.14%
76	Cass	30.82	77.63%	-22.37%
77	Sanilac	30.30	76.32%	-23.68%
78	Luce	30.24	76.17%	-23.83%
79	Iosco	29.68	74.76%	-25.24%
80	Alcona	29.47	74.23%	-25.77%
81	Livingston	29.40	74.06%	-25.94%
82	Lapeer	27.97	70.45%	-29.55%
83	Leelanau	26.64	67.10%	-32.90%

Table 10

Property Tax Variations WITHIN a Sampling of Michigan Counties 2012

County		Townships	Mills 2012	Difference	% Difference
Allegan	Low Township	Dorr	22.46	-8.71	-27.94%
Allegan	High Township	Casco	31.17		
Berrien	Low Township	Weesaw	16.29	-21.48	-56.87%
Berrien	High Township	Delton	37.77		
Clinton	Low Township	Dallas	16.64	-18.54	-52.70%
Clinton	High Township	Bath	35.18		
Delta	Low Township	Wells	20.84	-13.10	-38.60%
Delta	High Township	Bay de Noc	33.94		
Eaton	Low Township	Kalamo	20.17	-17.60	-46.60%
Eaton	High Township	Delta	37.77		
Gogebic	Low Township	Wakefield	28.85	-9.46	-24.69%
Gogebic	High Township	Bessemer	38.31		
Ingham	Low Township	Ingham	29.02	-20.42	-41.30%
Ingham	High Township	Lansing Twp	49.44		
Kent	Low Township	Oakfield	22.97	-7.51	-24.64%
Kent	High Township	Cascade	30.48		
Livingston	Low Township	Marion	19.53	-8.50	-30.32%
Livingston	High Township	Green Oak	28.03		
Macomb	Low Township	Richmond	20.86	-8.37	-28.63%
Macomb	High Township	Clinton	29.23		
Midland	Low Township	Mills	19.72	-10.08	-33.83%
Midland	High Township	Midland Twp	29.80		
Menominee	Low Township	Menominee	18.78	-9.31	-33.14%
Menominee	High Township	Faithorn	28.09		
Oakland	Low Township	Brandon	24.60	-19.78	-44.57%
Oakland	High Township	Royal Oak	44.38		
Ottawa	Low Township	Crockery	21.30	-10.44	-32.89%
Ottawa	High Township	Holland	31.74		
Washtenaw	Low Township	Salem	24.15	-18.17	-42.93%
Washtenaw	High Township	Ypsilanti	42.32		
Wayne	Low Township	Canton	25.41	-23.16	-47.68%
Wayne	High Township	Redford	48.57		

Tax Review and Analysis of Post Proposal A Tax Policy Changes

Overview

Despite the dramatic tax reductions and tax reforms of Proposal A, including the limitations on property tax assessment growth that was a key part of the A reforms and the strengthened constitutional limits on millages for school operations, the movement for further tax cuts seemed to accelerate after Proposal A. This section of the analysis will turn to a discussion of the major tax policy changes

In the following sections of this analysis we will refer to two sets of very detailed tables that are reproduced in the Appendix to this report. The tables appear similar, but are different in scope, and the reader should be aware of these differences. In each instance the first of the tables (for example the Income Tax tables identified as Appendix 1) has been developed by a careful review and selection of tax policy changes impacting income tax collections **since** the adoption of Proposal A.

These tables generally begin with 1994 enactments. Every effort has been made to be as comprehensive as possible in developing these lists of policy changes, but given the number of changes made to the various acts over time, and the somewhat vague descriptions of them in the Public Act tables, it is highly likely that some have been missed.

Before turning to each of the specific tax data tables for commentary, we begin with a general note that is applicable to all, although some more than others. When reviewing the legislative analyses of many of these bills the one all too common shared trait that jumped out was that the Legislature passed, and Governors of both parties signed many, many bills, where the analysis indicated some of the following oft-repeated terms:

"fiscal impact is likely minimal, but unknown"

"fiscal impact could be significant, but is unknown"

"no data is available to determine the impact, but it could be significant"

Despite these caveats, many of these bills are now law. There were many slightly different versions of these terms used in the bill analyses reviewed as part of this research. **In some cases a specific company or companies were named**. In other cases tax preferences were clearly structured for a particular individual or very small group of individuals, or a narrowly drawn industry or sub-industry.

Some might argue that taxpayer confidentiality necessitated the uncertainty. This contradicts the many analyses where the likely eligible company was identified by name in the analysis. In many other cases it was clear that while no one knew exactly who all of the major beneficiaries were, some of them were clearly known.

Among other questions regarding the propriety of the public policy involved (which should generally be addressed to broad classes of businesses and individuals), since some of them appear to be company specific, the question arises as to whether or not all of these bills met the constitutional test of being approved by a two-thirds vote of each house of the legislature as a benefit to a private or local purpose?

See Michigan Constitution Article IV Sections 29 and 30 cited below:

§ 29 Local or special acts
Sec. 29. The legislature shall pass no local or special act in any case where a general act can be made applicable, and whether a general act can be made applicable shall be a judicial question. No local or special act shall take effect until approved by two-thirds of the members elected to and serving in each house and by a majority of the electors voting thereon in the district affected. Any act repealing local or special acts shall require only a majority of the members elected to and serving in each house and shall not require submission to the electors of such district.

§ 30 Appropriations; local or private purposes
Sec. 30. The assent of two-thirds of the members elected to and serving in each house of the legislature shall be required for the appropriation of public money or property for local or private purposes."

An interesting argument also could be made that while not a direct 'appropriation" per se, many of these tax exemptions so clearly benefit one company or a small number of private companies that they have the effect of private appropriations.

Let us now turn to a discussion of the specific tax exemption data. We will begin with income tax policy changes.

Note that the Appendix contains two sets of tables. The first provides a detailed listing of specific policy changes enacted as amendments to the named taxes, and adopted or effective in 1994 or after. These tables list each act individually and provide a good faith estimate of the scope of the impact and its duration, usually based upon estimates and temporary to its passage.

Because the majority of these acts are tax reductions, these are shown as positive numbers, with the **tax increases shown as negative numbers in bold face type**.

The second set of tables, provided for each major tax category, summarizes the total estimates of tax expenditures contained in the Tax Expenditure Reports issued as appendices to the annual budget documents. These contain totals greater than those highlighted in the policy tables for two major reasons: first, they contain older tax policy changes that are still in effect. Second, they contain estimates of the impacts of changes in federal law on state tax policy, which have generally been disregarded for this study, which focuses solely on changes initiated and adopted by the Michigan Legislature and Governors.

They do, however, provide perspective on the even greater scope of foregone revenues that have been institutionalized as public policy in Michigan in an effort by policy makers to achieve real or perceived equity (or favoritism if you are of the "its who you know" school of public policy). Overall, we suggest that while some or even many of these—may make good sense individually—collectively they need to be subject to much greater review, and in many cases elimination.

This discussion does not assume that all of these tax reductions were bad or that none should have been enacted. Some clearly improved the equity of the tax structure for both individuals and businesses. Too many, however were enacted with no clear concept of out-year costs, or with vaguely hopeful goals of economic development with no measuring stick provided to allow for future evaluation. None were considered in the context of Michigan's still highly cyclical auto-based economy.

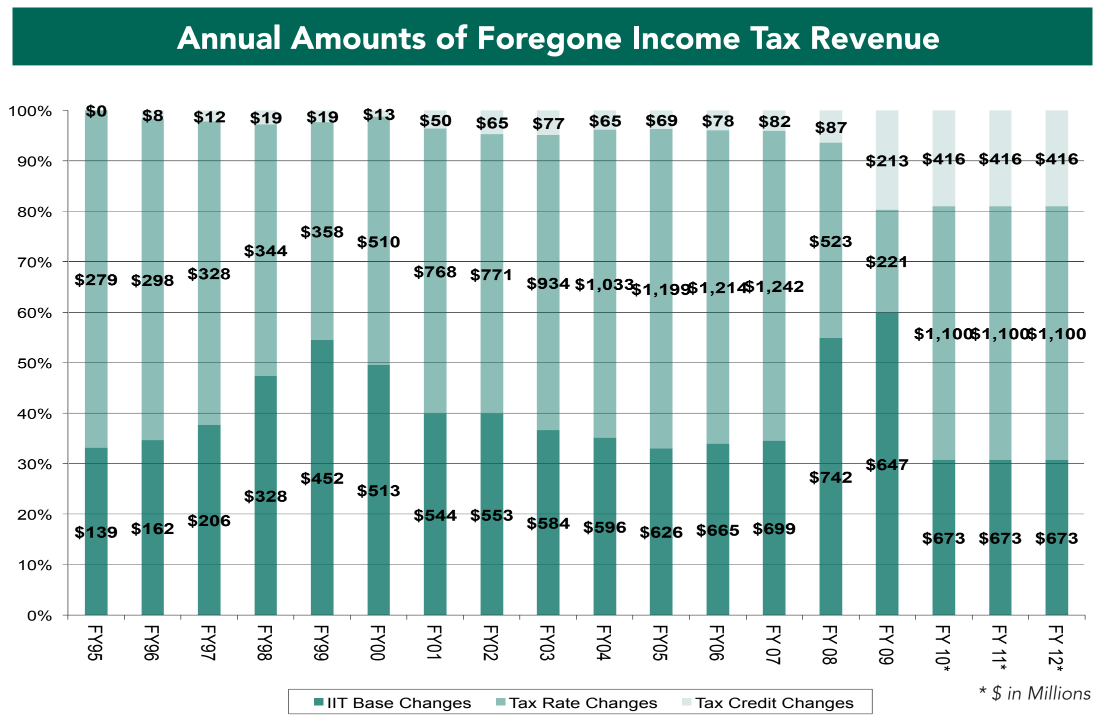
Michigan has invested dramatically via tax incentives in the future of alternative energy—mostly in the form of automotive battery technology. Providing these incentives may be good public policy, but how much can one state afford to invest in the many possible future technologies?

Income Tax Policy Changes

Appendix Table 1-A in the data appendices summarizes some large and some small policy changes enacted into law from 1994 through 2010.

Figure 10 below, summarizes these changes by year, as to whether they are a change to the income tax base, to the income tax rate, or whether they are the result of a credit applicable to the tax due. These distinctions are relevant because they have differing impacts on the amounts of earmarked income tax revenue available to flow to the School Aid Fund.. Tax credits only impact the revenues flowing to general fund general purpose (GFGP) funds, whereas tax base and rate changes could potentially impact the amount available to the school aid fund (SAF) and GFGP.

Figure 10



* $ in Millions

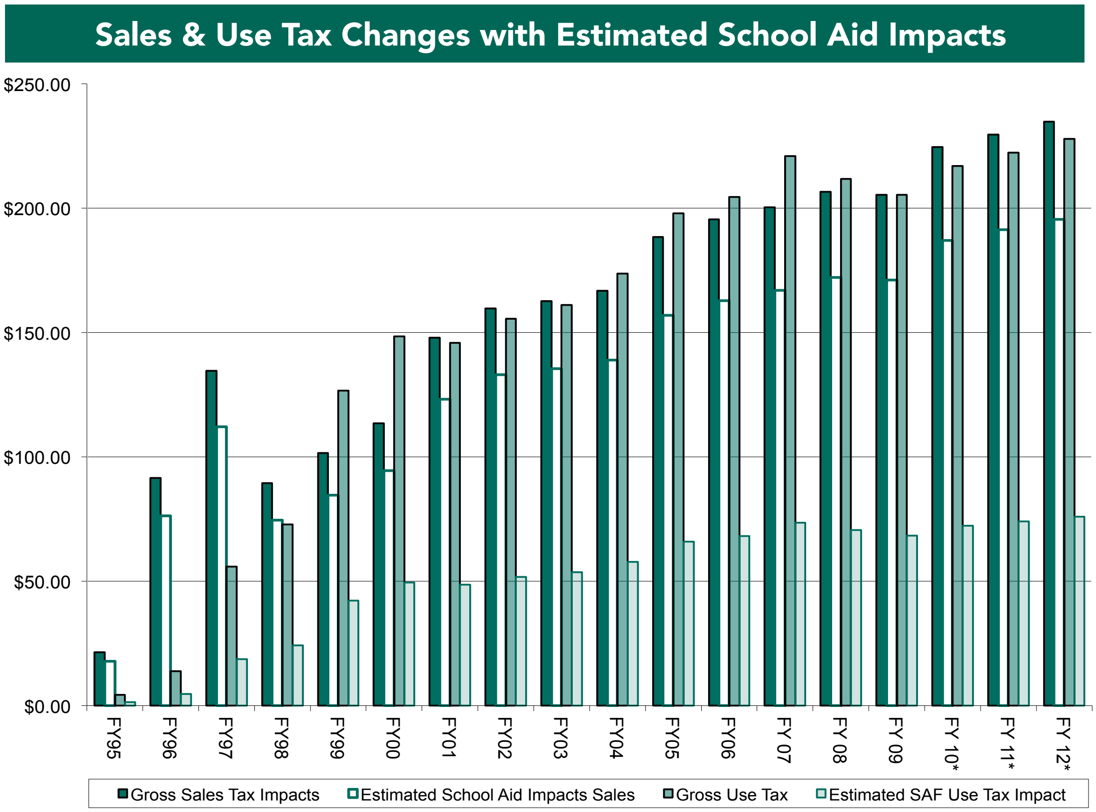
Appendix Table 1-A details these changes by category, with a cumulative impact of $20.5 billion, with funds available for School Aid being reduced by a total of $1.96 billion, and now running at least $150 million a year and "growing" in terms of larger annual reductions.

Appendix Table 1-B summarizes the tax expenditure report detail on total income tax policies. As suggested above, the total here is substantially larger, due to inclusion of the state effects of federal income tax policy changes, and likely to more comprehensive review of state policy changes as well. This table has been "re-assembled" to break out data by Federal-related changes, as well as changes related to tax base, rate and credit changes. These tables suggest the total changes to the state income tax be to about $8.8 billion in 2010, with state base changes of about $6.1 billion.

Sales and Use Tax Policy Changes

Tables 2-A and 2-B in the data appendix, accompanied by the comparable summary table (2-C) of Tax Expenditure report data summarize the fiscal impacts of policy changes to the state sales and use taxes.

Figure 11



** $ in Millions*

The sum total of the Sales Tax changes in Table 2-A increase from $12.1 million annually, $10.0 million SAF impact in 1994 to just under $225 million a year in 2010 (approximately $187 million SAF, with much of the rest in reduced local government revenue sharing), and a cumulatively estimated impact of $2.4 billion total and $2.0 billion SAF.

The Use Tax changes in Table 2-B are graphically displayed in Figure 11 increase from $ 3.0 million gross annually in 1994, $1.0 million School Aid Fund impact, to $216.9 million gross in 2010, with an SAF impact of $72.3 million. The cumulative impact over this period was $2.3 billion gross, and $771.3 million SAF.

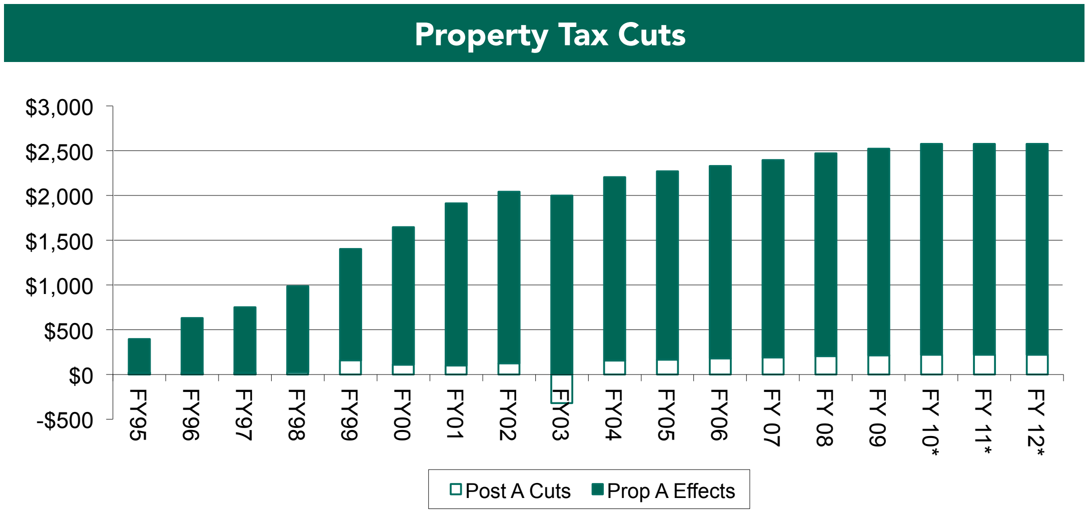
Appendix Table 2-C, summarizing both Sales and Use Tax changes from Tax Expenditure Reports, as with the Income Tax changes, show dramatically larger impacts $13.8 billion in 2010 alone for the two taxes combined. The combined SAF impacts are estimated to be in the vicinity of $5.5 billion for FY 2010.

These numbers do not include the recently enacted "Sales Tax/Use Tax" or the "difference" for trade-ins. This is to be phased-in, but will increase dramatically over time—especially if auto sales increase significantly.

Property Tax Policy Changes

Once exclusively a question of impact on local governments, K-12 schools, community colleges and some special purpose governmental functions (parks, for example), Proposal A changed the nature of the use of property taxes for school financing and in the process created three new and different specific property tax uses related to school financing. (Appendix Tables 3-A and 3-B)

Figure 12



First, Proposal A created a new statewide tax of 6 mills on all property, dedicated to the School Aid Fund. Second, it required most school districts to levy up to 18 mills of tax on non-homestead property in order to be eligible to receive the full foundation grant per pupil that is the core of Proposal A. Third, it "allowed" and effectively mandated a small number of higher spending districts to levy so-called "hold harmless" millages on all property in order to avoid actual cuts in per pupil funding from the generally higher levels of funding they had prior to the change. This levy impacted about 45 districts across the state. For all three of these levies, the net result is that while Proposal A dramatically reduced school property taxes, especially on homestead property, they remain a critical part of the overall financing structure. Note that Figure 12 shows a negative impact of Post A tax cuts for FY 03 reflecting a one-time change in summer tax payments.

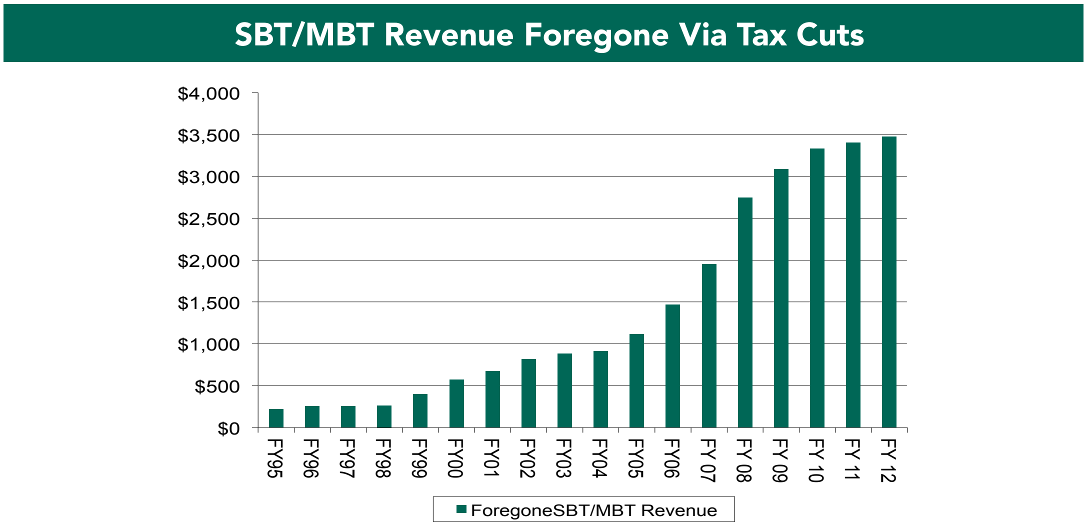
Appendix Table 3-A lists identified cuts impacting property taxes, and groups them into several categories: First, the cuts associated with the adoption of Proposal A (the assessment freeze, the assessment cap, and the net tax cut that was part of the adopted overall package). These total an estimated $2.4 billion as of 2010.

The second category includes individually adopted changes approved over the subsequent years for varying purposes of perceived equity and potential economic development. These include such exemptions as hunting preserves and horse boarding stables as well as exemptions for certain "start-up" businesses in certain specific locations. Our estimate is that these now impact school related property tax collections to the extent of roughly $200 million a year as of 2010, and the number is growing.

We have noted earlier in Tables 9 and 10 that in many Michigan counties—and in communities within them—businesses could already find lower tax rates by moving relatively short distances.

The summary of data from Tax Expenditure reports in Table 3-B shows a much larger total: $8.5 billion. Keep in mind this would be the cumulative impact of changes in addition to those related to and subsequent to Proposal A.

Figure 13



While not a direct revenue impact relative to the School Aid Fund for most of the years reviewed in this study, changes to the Single Business Tax, and to the Michigan Business Tax, and the subsequent elimination of the MBT as a cornerstone of Governor Snyder's tax reforms in 2011 do pose significant issues for both Michigan public finance in general and school finance in particular. We have discussed issues of tax burden and tax competition, especially on business taxes earlier in this report.

We note here that Michigan business tax cuts have accelerated in recent years. Figure 13 above summarizes the SBT/MBT cuts detailed in Appendix 4-A. Note first that these are just cuts since 1994, and there were many more from the beginning of the SBT in 1975 to 1993. Note also that MBT revenue, including the oft criticized surcharge that replaced revenue foregone when the proposed sales tax on services was repealed before it took effect totaled far less than the revenue foregone in FY 2010 (estimated at $3.3 billion), with actual collections of only about $2.2 billion, leaving Michigan a long, long way from the policy ideal of as broad a base as possible.

Relative to good tax policy, we note also that Appendix Table 4-B attempts to estimate, based upon staff analyses done at the time of passage of several major pieces of legislation, the very long term impact of some of the major specific business tax incentives such as the so-called battery tax package. These changes have committed hundreds of millions of future tax incentives in support of promising, but still unproven technologies that may become obsolete long before the credits expire. See Appendix Table 4-B for these examples.

Miscellaneous Taxes

Appendix Table 5 lists changes in a variety of miscellaneous taxes, only one set of which impact the School Aid Fund. Those impacts center on the cigarette tax increases. Note overall that Michigan has cut taxes for beer drinkers, dead people (inheritance/estate tax elimination), wealthy people (Intangibles tax elimination), utility and railroad property. In contrast, taxes were increased for gamblers in Detroit, smokers (twice), and drivers.

Economic Development

In addition to reductions in its major business taxes (SBT/MBT, property, sales and use) Michigan over the years has enacted hundreds if not thousands of specific development incentive acts, usually in the form of reductions or at least deferments of liability for one or more taxes. Appendix Table 6 lists those changes since 1998, which is the oldest year for which Michigan public act summaries are available online. Note that these total 251 public acts (some of which will be included in previous appendices with specific detail). This is an average of about 27 a year, with some acts so very specific that analyses and summaries name the specific companies and/or communities to be effected would probably be true for earlier years as well. This analysis will not attempt to cover all of these, but will focus on one of the major specific tools. As a policy however, this all to often is more like "let's make a deal."

One of the oldest tools in Michigan's economic development arsenal is Public Act 198 of 1974, which provides property tax reductions of 50 % for new projects, and property tax freezes for projects which rehab existing property. The casual observer might have thought that these incentives would decline in use after the major property tax cuts of Proposal A, but such has not been the case.

Table 11 summarizes relevant data for these projects from 1984 through 2010, with some data not available for all years. The number of projects seems to be about the same after Proposal A as before it, but the average value of per abatement has skyrocketed from $37.4 million to $96.1 million, more than double. While some of this is likely due to inflation, clearly the scope of projects has grown as well. This would be an indicator that overall Michigan's business climate has become much more favorable to large development since Proposal A and to larger reductions in property taxes–yet– 10,670 project specific additional tax cuts were sought and approved. Missing data for more recent years was not comparable or not available.

Table 11

Public Act 198 Tax Abatements, Before and After Proposal A

	# of Abatements	Abated Real Prop	Abated Pers Prop	Total Abated	Avg Value Per Abate	Claimed New Jobs	Abated Per Job
1984	855	$551,545,725	$1,225,277,681	$1,776,823,406	$2,078,156	5,109	$347,783
1985	843	$748,416,141	$2,359,017,778	$3,107,433,919	$3,686,161	12,236	$253,958
1986	799	$469,994,189	$1,889,446,300	$2,359,440,489	$2,952,992	17,406	$135,553
1987	713	$992,034,683	$2,234,484,851	$3,226,519,534	$4,525,273	12,142	$265,732
1988	708	$619,611,350	$1,691,064,323	$2,310,675,673	$3,263,666	12,183	$189,664
1989	765	$672,612,489	$1,108,963,671	$1,781,576,160	$2,328,858	13,457	$132,390
1990	718	$668,062,110	$2,753,632,860	$3,421,694,970	$4,765,592	13,238	$258,475
1991	565	$283,848,655	$1,357,537,597	$1,641,386,252	$2,905,108	10,548	$155,611
1992	635	$335,566,386	$2,386,173,025	$2,721,739,411	$4,286,204	11,331	$240,203
1993	678	$669,777,613	$1,909,338,322	$2,579,115,935	$3,804,006	12,547	$205,556
1994	648	$372,229,776	$1,467,821,651	$1,840,051,427	$2,839,586	11,218	$164,027
1995	823	$832,095,600	$3,698,018,881	$4,530,114,481	$5,504,392	18,833	$240,541
1996	804	$667,014,775	$3,994,719,442	$4,661,734,217	$5,798,177	13,451	$346,572
1997	793	$768,749,853	$4,432,404,525	$5,201,154,378	$6,558,833	15,604	$333,322
1998	759	$771,900,982	$4,315,998,208	$5,087,899,190	$6,703,424	14,168	$359,112
1999	784	$917,202,870	$2,134,948,254	$3,052,151,124	$3,893,050	16,598	$183,887
2000	755	$1,289,880,956	$3,005,911,322	$4,295,792,278	$5,689,791	19,313	$222,430
2001	628	$869,560,947	$2,363,307,317	$3,232,868,264	$5,147,879	16,181	$199,794
2002	572	$2,197,009,790	$2,241,311,334	$4,438,321,124	$7,759,303	16,903	$262,576
2003	589	$641,066,112	$3,014,488,721	$3,655,554,833	$6,206,375	16,579	$220,493
2004	664	$1,379,945,299	$2,746,446,113	$4,126,391,412	$6,214,445	15,077	$273,688
2005	682	$874,670,859	$2,762,448,644	$3,637,119,503	$5,333,020	20,476	$177,628
2006	713	$666,941,120	$2,745,973,251	$3,412,914,371	$4,786,696	13,222	$258,124
2007	697	$1,063,299,941	$2,724,646,265	$3,787,946,206	$5,434,643		$0
2008	625	$4,608,260,057	$3,211,369,604	$7,819,629,661	$12,511,407		$0
2009	386	$522,784,909	$1,397,016,957	$1,919,801,866	$4,973,580		$0
2010	396	$280,798,884	$1,156,474,672	$1,437,273,556	$3,629,479		$0
Sum since Prop A							
1995 FWD	10,670	$18,351,182,954	$45,945,483,510	$64,296,666,464	$96,144,494	196,405	$327,368
Tot Pre A	7,927	$6,383,699,117	$20,382,758,059	$26,766,457,176	$37,435,601	131,415	$203,679
Total All	18,597	$24,734,882,071	$66,328,241,569	$91,063,123,640	$133,580,095	327,820	$277,784

Values are nominal dollars, not inflation adjusted
Need to do constant dollars to see if Prop A tax cut contributed to boost in average value of projects that still got 50 % tax cut

Changes Enacted and Proposed by Governor Snyder in 2011

The November 2010 elections resulted in a new Republican Governor and Republican control of both Houses of the Michigan Legislature, amidst the continuing economic and fiscal crisis that resulted from the so-called "Great Recession" spawned by the collapse of the housing bubble and the financial crisis. For Michigan that power shift was a precursor to dramatic changes in both tax and spending policy.

The legislative session of 2011 saw the Governor propose and the Legislature enact perhaps the most sweeping fiscal policy changes in Michigan since the adoption of the income tax in 1967. Governor Snyder and the Legislature repealed the Michigan Business Tax, and its earmarking, and replaced it with a Corporate Income Tax in a return to pre-1975 and pre-SBT Michigan.

While this package was a $17 billion tax cut for Michigan business, it was partially paid for by eliminating or reducing a number of tax exemptions enjoyed under the individual income tax. The principal individual tax changes were an 80 % reduction in the Michigan Earned Income Tax Credit (EITC), and the near complete elimination of exemptions for retirement income for most Michigan retirees, public and private. While the final changes were somewhat less draconian than the Governor's original proposal, the impact was still a very substantial tax shift from businesses to individuals, and in particular, poor people and retired people, despite being a net cut overall.

The changes also included two major revenue/expenditure related changes. First, the adopted school aid budget eliminated the business tax revenues that had been earmarked to the School Aid Fund, thus reducing on-going income for that fund, and second, on the spending side, appropriations were made for the first time from the SAF for higher education in addition to K-12.

While this non-traditional use of SAF dollars for higher education is allowed under Michigan's constitution (Article IX, Section 8), it has not been done historically, except for the use of SAF dollars for retirement funding for the community colleges and smaller universities that were historically part of the Michigan Public School Employees Retirement System, and that ended with the adoption of Proposal A.

Proposal A itself certainly never contemplated the use of SAF dollars for the on-going support of higher education in addition to K-12—the structure of Proposal A and its related tax and expenditure changes balanced out to the penny with K-12 expenditures only, with a small added GFGP grant.

In addition, as noted earlier, the recently enacted "sales tax/use tax" on the difference" will have a growing impact on total collections from these taxes and revenues to both the School Aid and General Funds.

These issues will certainly be revisited in future budgets given policy and budget hints from the Snyder administration.

At this writing there is pending full implementation of personal property tax (PPT) reduction of the remaining personal property taxes on business equipment (fyi, the property tax on business inventory was eliminated as part of the Single Business Tax package in 1975, under Governor Milliken, with the revenue replaced, and local governments reimbursed for the loss as part of the overall package.) At this writing it may be yet one more additional tax cut with have significant fiscal impact on cities, villages, townships, counties, community colleges, special purpose districts levying property taxes, and the state School Aid Fund, which receives revenue from the state six mill property tax dedicated to the School Aid Fund.

Observers have noted that there is increasing fiscal stress on local government and local education, including community colleges and universities. Some have suggested that this was due to mismanagement. The reality is that these beneficiaries of state funding have been subject to the same economic stress that hit state government, and were further impacted by funding cuts from both the federal and state governments. In many cases, state actions have balanced its budget at the expense of education and local government. In very few cases, some local governments and schools have aggravated these problems by their own actions, but these have been a relative few, not the mass incompetence suggested by the media.

Recent commentaries by retired state budget expert Mitch Bean have noted that both K-12 and our community colleges and universities as well as local governments have been one of the budget areas bearing the heaviest brunt of recent constrained budgets. Consideration of still more tax cuts now under way will only worsen this situation over time.

Commentator Jack Lessenberry (Dome, March 7, 2014,"What Are They Thinking?!") has recently noted two more examples of questionable public policy. First, approval of major additional state and local incentives for the second new hockey arena in bankrupt Detroit since 1979 (at a price of $260 million).

Second, the current legislative consideration for major additional permanent income tax cuts, with much of the benefit going to upper income citizens (and as we have noted relative to business tax cuts earlier in this report, these are the people who are most likely to be deducting state taxes from federal liability, meaning that a significant portion of their state tax "savings" will go out of the state economy to Washington, D.C.

Summary and Conclusions

At this writing, Michigan is still struggling to recover from the Great Recession, but improvement is clear and significant without the benefit of additional business tax "reforms" that went into effect on January 1, 2012.

In Michigan, that financial crisis was aggravated by years of deterioration in market share and profitability for the domestic automobile industry, the core foundation of Michigan's economy. While the Great Recession nearly killed two of the three major auto manufacturers in Michigan, they survived, thanks to federal intervention that began under President Bush and continued under President Obama. Michigan would almost certainly have become an economic disaster zone without that intervention, and no amount of state tax policy changes would have reversed it.

Michigan continues to be more dependent upon the automobile industry than any other of the 50 states. We've known that for decades, yet we continually seem to forget it. To paraphrase James Carville and Bill Clinton, in Michigan, it really is the economy!

Michigan taxes, both in total and on businesses, are well below the national average in total, and seem to be competitive with those of most major states that might be reasonably judged to be our real competitors. Our problem is not taxes, it is as it has historically been: our relative over-dependence on one of the most cyclically volatile non-energy economies of any of the states. Indeed the national evidence-of decades-seems to pretty clearly suggest that the higher tax states also tend to be the higher income, higher prosperity states. If high taxes are a barrier to a high quality of life, why does anyone live in or do business in states such as New York, New Jersey, Connecticut or Massachusetts, or California, or…? And why are these states consistently in the top 10 in per capita income?

Instead of pursuing prosperity by investment in education and infrastructure Michigan has tried to grab the fool's gold of low taxes and low costs as its desired future. The discussion in this report of the relative status of low tax states with low per capita incomes clearly points out the folly of the route Michigan has historically chosen. We once had high quality low tuition universities that were the envy of the nation. Today our legislators criticize their high tuition and high salaries, and ignore the dramatic reductions in state support over the last several decades.

Even if, with stress on the "if," lower taxes and tax incentives could magically bring Michigan to prosperity, Michigan needs to do a much better and more selective job of granting incentives, and following up with true effectiveness evaluation and monitoring. Promises go unfulfilled and there are no consequences—except increased problems for struggling communities and schools.

Governor Snyder's 2011 tax "reforms" made Michigan tax policy even worse in terms of fairness than it had been. The tax system overall is more regressive, more abusive to poor people , the middle class,and old people, and much less likely to be responsive to future budget needs. There was a reason Michigan abandoned the Corporate Income Tax in 1975, and its boom and bust performance that reflected our cyclical manufacturing-based economy. It not only made planning difficult for the state budget, but for many businesses, and businesses supporting the change to value-added taxation in 1975 made frequent reference to their need to do better tax planning, with more predictability than they could do under a corporate income tax.

It is not necessary to even go outside of Michigan to find evidence that questions how critical taxes really are to business decisions. With commonly shared state rates of taxation, Washtenaw County has an average local property tax rate that is 111.2 % of the state average. We have computed its average unemployment rate over the last 21 years at 4.1 %, the lowest in the state. Ingham County, with the highest average property tax rate in the state at 130.3 % of the state average has a 21 year average unemployment rate of 5.5 %. Lapeer County has the lowest average property tax rate at only 70% of the state average, but its unemployment rate over 21 years has averaged 8.5%, more than double that of Washtenaw. To this observer this contrast suggests that taxes matter a lot less than education.

Right Direction/Wrong Direction?

In troubled times it is common to ask the above question of our leaders. It is appropriate today.

Our current state administration and legislature have given us one answer by accelerating Michigan's decades-long push to lower taxes, and especially business taxes.

The data in this report —both the main body and the appendices—suggest that this direction is the wrong direction for a better future. It may—may—create some more lower paying jobs but the evidence is lacking to date. It will not make us a stronger competitor in the knowledge economy of the future. It will not allow us to improve the safety of our communities, or the infrastructure of our transportation system, or of our water and sewer and energy systems, or the quality of schools and the affordability of higher education

This analysis suggests that we have chosen the wrong direction, and that there is a better way forward. We're quite competitive already on business taxes, and we can urge investments in many areas where local taxes are far below the state average.

Data Appendices

Table 1-A	Individual Income Tax: Enacted Income Tax Changes, 1994-2010
Table 1-B	Individual Income Tax: Tax Expenditure Report History
Table 2-A	Enacted Michigan Sales Tax Changes List 1994 to 2010
Table 2-B	Enacted Michigan Use Tax Changes List 1994 to 2010
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Table 3-A	Enacted Michigan State and Local Property Tax & Related Cuts List 1994 to 2010
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Table 4-A	Enacted Michigan Tax Cuts List 1994 to 2010 Single Business Tax (SBT) & Michigan Business Tax (MBT)* with Associated Tax Credits
Table 4-B	Tax Expenditure Impacts With Long Term Future Impacts
Table 5-A	Enacted Michigan Tax Cuts--AND Increases--Miscellaneous
Table 6	Economic Development Legislation

Individual Income Tax: Enacted Income Tax Changes, 1995-2012

(Millions of dollars)*	Affects	Public Act	PA Yr	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	Cumulative after 1994
Income Tax Negative numbers indicate an increase that offsets decreases in totals																						
Changes Impacting Tax Base (Affect SAF earmarking Without special provisions)																						
Exempt Private Pensions	Base	PA 268/269 of 1994	1994	$63.00	$63.26	$66.42	$69.74	$73.23	$76.16	$79.21	$82.38	$85.67	$89.10	$92.66	$96.37	$100.22	$104.23	$108.40	$110.00	$110.00	$110.00	$1,580.05
Senior Dividends and Interest Exemption	Base	PA 268/269 of 1994	1994	$7.00	$7.44	$7.81	$8.20	$8.61	$8.96	$9.32	$9.69	$10.08	$10.48	$10.90	$11.33	$11.79	$12.26	$12.75	$13.00	$13.00	$13.00	$185.61
Medical Care Savings	Base	PA 289/290 of 1994	1994	$0.10	$0.10	$0.10	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.30
Raise Personal Exemption to $2,400, Index for Inflation	Base	PA 2/3 of 1995	1995	$68.60	$91.20	$113.60	$154.30	$164.90	$184.60	$193.30	$204.70	$230.00	$234.30	$251.90	$279.00	$307.02	$335.84	$275.39	$280.00	$280.00	$280.00	$3,928.65
Increase Senior Dividend and Interest Exemption	Base	PA 230 & 291 of 95	1995	......	......	$17.60	$49.30	$60.50	$63.20	$65.73	$68.36	$71.09	$73.94	$76.89	$79.97	$83.17	$86.49	$89.95	$92.00	$92.00	$92.00	$1,162.19
Raise Personal Exemption $200	Base	PA 86 of 1997	1997	......	......	......	$46.30	$65.00	$63.80	$61.00	$58.00	$58.00	$58.00	$58.00	$58.00	$58.00	$58.00	$20.50	$20.50	$20.50	$20.50	$724.10
Child Deduction	Base	PA 81 of 1997	1997	......	......	......	......	$29.40	$29.55	$56.20	$55.70	$53.40	$52.10	$52.00	$52.30	$52.60	$52.91	$53.21	$54.00	$54.00	$54.00	$701.36
Holocaust Survivors Deduction	Base	PA 181 of 1999	1999	......	......	......	......	$0.10	$0.05	$0.05	$0.48	$0.05	$0.40	$0.04	$0.03	$0.03	$0.20	$0.02	$0.01	$0.01	$0.01	$1.45
Military Pay and Pensions (from TE Reports)	Base	Various		......	......	......	......	$50.00	$37.00	$19.10	$19.93	$20.94	$23.65	$23.30	$31.51	$27.48	$27.70	$33.15	$40.58	$40.58	$40.58	$435.50
Increase 7-12 Child Exemption to $600; 13-18 at $600	Base	PA 42 of 2000	2000	......	......	......	......	......	$20.40	$26.51	$25.87	$25.25	$24.64	$25.00	$25.36	$25.73	$26.20	$26.20	$26.50	$26.50	$26.50	$330.66
College Savings Accounts (MESP)	Base	PA 162 of 2000	2000	......	......	......	......	......	......	$7.70	$4.92	$8.92	$8.32	$14.84	$12.73	$13.26	$17.36	$9.58	$17.57	$17.57	$17.57	$150.34
Increase Special Exemptions for elderly, disabled and dependents	Base	PA 301 of 2000	2000	......	......	......	......	......	$28.90	$25.64	$22.85	$20.69	$20.64	$20.70	$18.04	$20.05	$20.61	$18.35	$18.53	$18.53	$18.53	$272.06
Deduct for charitable contribution funded from IRAs	Base	PA 400 of 2000	2000	......	......	......	......	......	......	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$1.20
Revise definitions of business income	Base	PA 52 of 2002/HB 4557	2002	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	na	na	na	$0.00
Include casino and track winnings in tax base (Increase)	Base	PA 21 of 2003/HB 4556	2003	......	......	......	......	......	......	......	......	......	......	*-$0.20*	*-$0.20*	*-$0.20*	*-$0.20*	*-$0.20*	*-$0.20*	*-$0.20*	*-$0.20*	-$1.60
Provide filing ext & exempt for active duty military in combat zone	Base	PA 199 of 2004/ HB 4710	2004	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$0.00
Deduction for portion of equity invest in Mi Early Stage VC	Base	PA 214 of 2005/SB 521	2005	......	......	......	......	......	......	......	......	......	......	......	na	na	na	na	na	na	na	$0.00
Calculation of pension & retirement deductions	Base	PA 154 of 2007/ HB 5139	2007	......	......	......	......	......	......	......	......	......	......	......	......	......	......	na	na	na	na	$0.00
Redirection of IIT withholding (portion) to CCs for job trng	Base	PA 360 of 2008/ HB 6185	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	......	na	na	na	na	$0.00
Deduction for Individual and family Devel-opment Accounts	Base	PA 450 of 2008/ SB 1636	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	......	na	na	na	na	$0.00
Deduct for charitable contribution made from an IRA	Base	PA 134 of 2009/ HB 4191	2009	......	......	......	......	......	......	......	......	......	......	......	......	......	......	na	na	na	na	$0.00
MESP-provide for funds w.o. designated beneficiaries	Base	2010 PA 6/HB 4042	2010	......	......	......	......	......	......	......	......	......	......	......	......	......	......	na	na	na	na	$0.00
Subtotal Tax Base Changes				$138.70	$162.00	$205.54	$327.85	$451.74	$512.61	$543.85	$552.96	$584.18	$595.66	$626.13	$664.54	$699.24	$741.70	$647.40	$672.59	$672.59	$672.59	$9,471.87
Changes Impacting Tax Rate (Affect SAF earmarking Without special provisions)																						
Cut IIT Rate to 4.4%	Rate	PA 328 of 1993	1993	$279.00	$298.00	$328.00	$344.00	$358.00	$386.00	$408.00	$322.27	$328.72	$335.29	$342.00	$348.84	$355.82	$362.00	$296.84	$300.00	$300.00	$300.00	$5,992.78
Lower Income Tax Rate 4.4% to 3.9%	Rate	PA 2-6 of 1999	1999	......	......	......	......	......	$123.50	$301.10	$448.30	$605.10	$780.20	$856.70	$864.80	$886.40	$905.00	$742.10	$800.00	$800.00	$800.00	$8,913.20
Accelerate Income Tax Rate Cut to 4.2% (from 4.3)	Rate	PA 40 of 2000	2000	......	......	......	......	......	......	$58.80	......	......	......	......	......	......	......	......	......	......	......	$58.80
Delay 2004 Rate Cut to Until 7/1/2004 (6 months)	Rate	PA 239 of 2003/SB 852	2003	......	......	......	......	......	......	......	......	......	-$82.00	......	......	......	......	......	......	......	......	-$82.00
Income Tax Increase Temp All to GFGP?	Rate	PA 94 of 2007/HB 5194	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	-$743.90	-$818.40	......	......	......	-$1,562.30
Subtotal Tax Rate Changes				$279.00	$298.00	$328.00	$344.00	$358.00	$509.50	$767.90	$770.57	$933.82	$1,033.49	$1,198.70	$1,213.64	$1,242.22	$523.10	$220.54	$1,100.00	$1,100.00	$1,100.00	$13,320.48
Changes Impacting Tax Collections Via Tax Credits (Would Affect GFGP Revenue, But Not SAF earmarking)																						
College Tuition Credit at $250/4% & 97 Increase $375/8%	Credit	PA 7 of 95	1995	......	$8.00	$12.20	$19.00	$19.00	$5.00	$13.00	$12.00	$20.50	$10.30	$5.40	$4.90	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$159.30
College Tuition Credit at $250/4% & 97 Increase $375/8%	Credit	PA 82 of 97	1997	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$0.00
Credits for Renaissance Zones	Base	PA 448 of 1996	1996	......	......	......	$0.25	$0.27	$0.28	$0.29	$0.30	$0.31	$0.32	$0.34	$0.35	$0.36	$0.38	$0.39	$0.40	$0.40	$0.40	$5.04
Income tax credit for historic preservation	Credit	PA 535 of 1998	1998	......	......	......	......	......	$7.80	$0.20	$0.25	$0.47	$0.61	$0.46	$0.73	$0.80	$0.83	$0.63	$1.33	$1.33	$1.33	$16.77
Increase Disabled Homestead Property Tax Credit	Credit	PA 41 of 2000	2000	......	......	......	......	......	......	$4.80	$4.80	$4.80	$4.90	$5.00	$5.11	$5.20	$5.30	$5.30	$5.50	$5.50	$5.50	$61.71
College Savings Accounts	Credit	PA 162 of 2000	2000	......	......	......	......	......	......	......	$4.90	$8.90	$8.30	$14.80	$18.10	$18.30	$18.70	$18.70	$19.00	$19.00	$19.00	$167.70
Adoption Credit	Credit	PA 393/394 of 00	2000	......	......	......	......	......	......	......	$1.10	$0.70	$1.00	$1.20	$1.63	$1.35	$1.05	$1.02	$0.79	$0.79	$0.79	$11.42
Agricultural PA 116 Expansion/Lower Income Threshold	Credit	PA 421 of 2000	2000	......	......	......	......	......	......	......	$7.30	$7.30	$7.30	$7.30	$7.30	$7.40	$7.60	$7.60	$8.00	$8.00	$8.00	$83.10

Credit for Income Tax Pd to Another State..TE REPORTS STARTING 2002		PA 313 of 2002	2002	......	......	......	......	......	......	$31.29	$34.29	$34.11	$32.41	$33.93	$38.91	$41.31	$44.75	$45.84	$47.83	$47.83	$47.83	**$480.33**
Include spec assmts for police, fire, adv life support in calc homestead pt cr	Credit	PA 28,29 of 2003/ HB 4008/SB 23	2003	......	......	......	......	......	......	......	......	......	......	$0.60	$0.60	$0.60	$0.60	$0.60	$0.75	$0.75	$0.75	**$5.25**
Venture capital investment credit	Credit	PA 295 of 2003/ HB 5322	2003	......	......	......	......	......	......	......	......	......	na	na	na	na	na	na	na	na	na	**$0.00**
Credit for Certain Vehicle Donations	Credit	PA 313 of 2004/ SB 1003	2004	......	......	......	......	......	......	......	......	......	......	$0.08	$0.12	$0.12	$0.12	$0.17	$0.14	$0.14	$0.14	**$1.03**
Revisions of Home Heating Credit	Credit	PA 335 of 2004/ HB 5798	2004	......	......	......	......	......	......	......	......	......	......	$0.03	$0.07	$0.24	$0.32	$0.22	$0.31	$0.31	$0.31	**$1.81**
Revisions to MESP credit	Credit	PA 387 of 2004/ HB 5782	2004	......	......	......	......	......	......	......	......	......	......	na	na	na	na	na	na	na	na	**$0.00**
Allow tax credit after MESP withdrawal	Credit	PA 394 of 2004/ HB 5534	2004	......	......	......	......	......	......	......	......	......	......	na	na	na	na	na	na	na	na	**$0.00**
Marriage Preservation Tax Cr	Credit	PA 503 of 2004/ HB 5468	2004	......	......	......	......	......	......	......	......	......	......	na	na	na	na	na	na	na	na	**$0.00**
Create Michigan Early Stage Venture Capital Fund	Credit	2005 PA 102/SB 525	2005	......	......	......	......	......	......	......	......	......	......	na	na	na	na	na	na	na	na	**$0.00**
Venture Capital Investment Income Tax Reduction/Deduct Gains	Credit	2005 PA 214/SB 521	2005	......	......	......	......	......	......	......	......	......	......	......	......	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	**$6.00**
Tax vouchers as alt to tax credit in PA 214	Credit	2005 PA 234 /HB 5216	2005	......	......	......	......	......	......	......	......	......	......	na	na	na	na	na	na	na	na	**$0.00**
Income tax credit for historic preservation-expand (elim pop rqmt)	Credit	PA 52 of 2006/SB 569	2006		......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**
Income tax credit for stillborn births	Credit	PA 319 of 2006/ SB 1176	2006	......	......	......	......	......	......	......	......	......	......	......	$0.10	$0.02	$0.04	$0.04	$0.04	$0.04	$0.04	**$0.32**
Earned Income Tax Credit	Credit	PA 372 of 2006/SB 453	2006	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$125.00	$325.00	$325.00	$325.00	**$1,100.00**
Create family development account program-See 514 for ests	Credit	PA 513 of 2006/SB 640	2006	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	....
..............................Credit itself	Credit	PA 514 of 2006/SB 640 HB 5022	2006	......	......	......	......	......	......	......	......	......	......	......	......	$0.70	$1.00	$1.00	$1.00	$1.00	$1.00	**$5.70**
Credit for certain production cos (film)	Credit	PA 79 of 2007/HB 5844	2007									......	......	......	......	na	na	na	na	na	na	**$0.00**
New Credit for disabled veterans	Credit	PA 94 of 2007/HB 5194	2007	......	......	......	......	......	......	......	......	......	......	......	......	......	$0.05	$0.07	$0.10	$0.10	$0.10	**$0.42**
Chg options & calc of CR MESP,	Credit	PA 153,154 of 2007/ HB 5138, 39	2007	......	......	......	......	......	......	......	......	......	......	......	......	na	na	na	na	na	na	**$0.00**
Credit for donation of items to food banks	Credit	PA 207 of 2007/SB 975	2007	......	......	......	......	......	......	......	......	......	......	......	......	na	na	na	na	na	na	**$0.00**
Value of donated food eligible for food bank credit	Credit	PA 207 of 2008/SB 150	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$2.00	$2.00	$2.00	$2.00	**$8.00**
Credit for purchase of certain energy efficient home improvements	Credit	PA 287 of 2008/ SB 1048	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	......	na	na	na	na	**$0.00**
Revisions to historical preservation credit	Credit	PA 447 of 2008/ HB 6496	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**
Repeal of sunset for CR for donation of auto to charity;	Credit	2009 PA 195/SB 563	2009			......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**
Credit for clean energy electric co-ops	Credit	2010 PA 214/HB 5680	2010	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$22.60	$22.60	$22.60	**$67.80**
Subtotal Tax Credit Changes				$0.00	$8.00	$12.20	$19.25	$19.27	$13.08	$49.58	$64.94	$77.09	$65.14	$69.14	$77.92	$82.40	$86.69	$212.51	$416.09	$416.09	$416.09	**$2,105.48**
Headlee Revenue Limit (Sec 26) One-time Refund (Impacts only GFGP, not SAF)				-$113.00	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**-$113.00**
Grand Total All				$417.70	$468.00	$545.74	$691.10	$829.01	$1,035.19	$1,361.32	$1,388.48	$1,595.09	$1,694.30	$1,893.97	$1,956.10	$2,023.86	$1,351.49	$1,080.45	$2,188.68	$2,188.68	$2,188.68	**$24,897.84**
Grand Total Tax Base Changes* (Net of Increases Shown in Table as Negative #'s)				$138.70	$162.00	$205.54	$327.85	$451.74	$512.61	$543.85	$552.96	$584.18	$595.66	$626.13	$664.54	$699.24	$741.70	$647.40	$672.59	$672.59	$672.59	**$9,471.87**
* Tax credits don't impact SAF earmarking, and tax rate changes cause automatic adjustment of earmarking																						
Earmarking Percentage Applicable for Fiscal Year				14.40%	23.00%	23.00%	23.00%	23.00%	23.00%	24.10%	24.50%	25.10%	25.80%	25.90%	25.90%	25.24%	23.26%	23.26%	23.26%	23.26%	23.26%	
Total of Base and Rate Changes Impact on School Aid Fund				**$19.97**	**$37.26**	**$47.27**	**$75.40**	**$103.90**	**$117.90**	**$131.07**	**$135.48**	**$146.63**	**$153.68**	**$162.17**	**$172.12**	**$176.49**	**$172.52**	**$150.59**	**$156.44**	**$156.44**	**$156.44**	**$2,271.78**

*Estimates by author, with inputs from annual Tax Expenditure Reports, bill analyses, and other contemporary legislative and executive documents.

Individual Income Tax: Tax Expenditure Report History

Estimate year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Totals Across
State Tax Credits																				
Adoption Credit								$0.00	$1.10	$0.70	$1.00	$1.20	$1.63	$1.35	$1.05	$1.02	$0.79	$0.69	$0.72	$11.25
Art Work Credit	$0.05	$0.05	$0.05	$0.05	$0.05													na	na	$0.25
City Income Tax	$30.23	$31.74	$34.30	$36.00	$37.00	$38.00	$38.00	$38.60	$39.60	$37.93	$33.82	$33.57	$33.86	$33.93	$34.07	$33.00	$31.60	$29.34	$29.63	$654.42
Community Foundations CR	$0.80	$1.00	$1.02	$1.10	$1.40	$1.50	$2.10	$2.30	$3.01	$3.01	$2.88	$3.20	$3.22	$3.48	$3.67	$3.46	$3.36	$3.44	$3.49	$47.44
Donated Vehicle Credit												$0.08	$0.12	$0.12	$0.12	$0.17	$0.14	$0.11	$0.11	$0.96
Earned Income Tax CR EITC																$140.00	$338.00	$340.00	$360.00	$1,178.00
Energy Efficient Home Imprv CR																		$15.80	$16.43	$32.22
Farmland PA 116	$64.70	$13.00	$19.50	$18.00	$19.00	$20.00	$20.00	$17.90	$24.47	$29.96	$33.15	$29.02	$31.46	$33.04	$33.86	$35.11	$37.36	$41.46	$43.12	$564.11
Higher Education	$19.10	$19.68	$19.50	$20.00	$21.00	$21.00	$22.50	$24.50	$26.50	$26.93	$26.67	$27.14	$25.85	$26.57	$26.50	$25.24	$24.74	$23.54	$23.46	$450.42
Historic Preservation Credit	na	na	na	na	na	$0.00	$7.80	$0.20	$0.25	$0.47	$0.61	$0.46	$0.73	$0.80	$0.83	$0.63	$1.43	$1.30	$1.36	$16.87
Home Heating Assistance Cr -new	$3.08	$3.17	$3.00	$3.00	$0.50	$0.50	$1.20	$1.40	$0.50	$0.12	$0.06	$0.03	$0.07	$0.24	$0.32	$0.22	$0.31	$0.23	$0.23	$18.18
Homeless Shelters/Food Bank CR	$5.00	$6.00	$6.30	$7.30	$8.90	$9.00	$11.80	$13.10	$16.26	$17.52	$18.24	$18.98	$18.63	$20.03	$19.88	$19.15	$20.28	$19.85	$20.46	$276.67
Homestead Property Tax Credits	$968.20	$339.00	$422.50	$402.00	$431.00	$445.00	$471.00	$483.60	$518.96	$576.53	$750.84	$756.56	$820.28	$849.86	$889.45	$940.45	$967.88	$865.69	$831.06	$12,730.06
Income Tax Pd To Another St CR	na	na	na	na	na	na	na	na	$34.29	$34.11	$32.41	$33.93	$38.91	$41.31	$44.75	$45.84	$47.83	$42.06	$43.23	$438.67
Prescription Drug Cr	$16.80	$16.40	$17.50	$16.30	$16.70	$17.00	$15.50	$16.10	$2.00	na	na	na	na	na	na	na	na	na	na	$134.30
Renaissance Zone CR				$0.70	$1.10	$1.10	$0.30	$0.30	$0.30	na	na	na	na	na	na	na	na	$1.40	$1.40	$6.70
Renewable Energy Surcharge CR																		$4.21	$1.06	$5.28
Still birth CR															$0.02	$0.04	$0.04	$0.06	$0.06	$0.22
Tuition CR			$12.60	$13.30	$12.70	$32.00	$8.00	$8.50	$11.70	$5.69	$4.72	$5.67	$13.48	$4.53	$7.13	$10.20	$7.13	$3.18	$8.28	$169.11
Subtotal tax credits	**$1,107.96**	**$430.04**	**$536.27**	**$517.75**	**$549.35**	**$585.10**	**$598.20**	**$606.50**	**$678.93**	**$732.97**	**$904.40**	**$909.84**	**$988.24**	**$1,015.26**	**$1,061.65**	**$1,254.53**	**$1,480.87**	**$1,392.36**	**$1,384.10**	**$16,735.12**
State Adjustments to Income (Potentially Also Impact Tax Earmarking to School Aid Fund)																				
Other Adjustments to Income	$671.48	$774.18	$777.00	$954.00	$1,350.00	$1,350.00	$1,600.00	$1,871.50	$2,001.79	$1,717.36	$1,563.48	$1,439.37	$2,319.24	$2,975.99	$3,311.37	$4,389.05	$3,274.67	$3,137.16	$3,296.16	$38,774.30
Child Deduction					$0.0	$29.4	$29.5	$56.20	$54.82	$53.36	$52.11	$51.97	$51.02	$50.66	$54.08	$55.38	$53.82	$51.59	$52.10	$696.01
College Savings Accounts								$7.70	$4.92	$8.92	$8.32	$14.84	$12.73	$13.26	$17.36	$9.58	$17.57	$13.23	$10.88	$139.31
Dependent Exemptions								$28.90	$25.64	$22.85	$20.69	$20.64	$20.70	$18.04	$20.05	$20.61	$18.35	$15.83	$15.99	$248.29
Medical Care Savings Accounts	$1.00	$1.00	$0.01															na	na	$2.01
Military Pay & Pensions Subtr						$50.0	$37.0	$19.10	$19.93	$20.94	$23.65	$23.30	$31.51	$27.48	$27.70	$33.15	$40.58	$52.04	$55.53	$461.91
Personal Exemption	$761.66	$873.97	$855.70	$857.00	$860.00	$980.00	$987.00	$940.00	$971.03	$1,001.12	$923.45	$920.92	$927.89	$968.21	$1,157.28	$1,153.68	$1,158.74	$1,162.07	$1,173.69	$18,633.61
Special Exemptions								$64.00	$38.35	$39.61	$36.82	$38.17	$36.23	$39.16	$50.91	$57.07	$54.84	$60.79	$63.22	$579.17
Tribal Tax Agreements	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	$0.00
Subtotal State Income Adjustments	**$1,434.14**	**$1,649.15**	**$1,632.71**	**$1,811.00**	**$2,210.00**	**$2,409.40**	**$2,653.50**	**$2,987.40**	**$3,116.48**	**$2,864.16**	**$2,628.52**	**$2,509.21**	**$3,399.32**	**$4,092.80**	**$4,638.75**	**$5,718.52**	**$4,618.56**	**$4,492.71**	**$4,667.57**	**$59,534.60**
Total State Credits & Adjustments	**$2,542.09**	**$2,079.19**	**$2,168.98**	**$2,328.75**	**$2,759.35**	**$2,994.50**	**$3,251.70**	**$3,593.90**	**$3,795.41**	**$3,597.13**	**$3,532.92**	**$3,419.05**	**$4,387.56**	**$5,108.06**	**$5,700.40**	**$6,973.05**	**$6,099.73**	**$5,885.07**	**$6,051.68**	**$76,269.72**
Federal Adjustments to Income																				
Effects of Federal Flow Through Exemptions and Definitions																				
Fed Accelerated Depreciation	$46.44	$47.80	$54.50	$57.00	$54.00	$52.00	$81.00	$69.47	$47.32	$47.31	$36.77	-$14.21	-$38.05	-$43.49	$139.80	$148.51	$146.54	$14.44	$39.37	$986.52
Employer Contrib to Insurances	$326.88	$352.00	$446.50	$465.00	$405.00	$434.00	$683.00	$603.79	$563.02	$593.85	$606.72	$750.79	$755.95	$809.81	$910.77	$1,029.71	$1,049.36	$870.23	$902.90	$12,559.27
Employer Contributions to Pension Exemptions???	$463.49	$490.31	$630.00	$605.00	$515.00	$535.00	$720.00	$709.63	$582.62	$600.56	$652.69	$786.99	$784.03	$597.44	$561.49	$582.01	$555.04	$541.60	$545.05	$11,457.95
Federal Adjs To Income-Misc				$5.00	$5.00	$5.00	$5.50	$6.68	$8.36	$11.44	$16.71	$20.80	$21.62	$53.76	$26.23	$29.55	$34.29	$48.32	$52.39	$350.64
Fellowships & Scholarships	$10.15	$10.15	$9.90	$13.00	$13.00	$14.00	$11.00	$10.59	$6.28	$6.18	$6.60	$8.72	$9.09	$8.93	$11.65	$12.43	$11.44	$9.12	$14.72	$196.94
Gains on Sale of Principal Residence									$114.56	$115.14	$109.32	$155.21	$156.99	$226.42	$180.27	$193.10	$212.81	$198.17	$236.76	$1,898.75
Income Maintenance Benefits	$10.23	$10.23	$7.50	$9.00	$11.00	$11.00	$4.00	$3.97	$3.47	$3.47	$3.11	$4.03	$4.21	$2.78	$5.64	$5.99	$5.23	$5.62	$7.19	$117.67
Individual Retirement Accounts	$63.92	$66.70	$86.00	$93.00	$97.00	$102.00	$125.00	$183.38	$128.47	$130.81	$138.85	$203.77	$209.85	$93.73	$167.69	$185.29	$187.79	$199.02	$230.99	$2,693.25
Interest on Life Insurance Savings	$62.24	$68.97	$99.00	$115.00	$155.00	$203.00	$120.00	$123.21	$100.02	$106.29	$111.63	$140.85	$144.68	$159.40	$131.03	$144.00	$143.25	$97.85	$109.51	$2,334.93

Medical Savings Accounts				$0.00	$0.20	$0.20	$0.20	$0.22	$0.14	$0.09	$0.66	$3.04	$5.07	$13.43	$5.97	$7.90	$7.46	$9.37	$8.83	$62.78
Railroad Retirement	$4.16	$4.16	$4.50	$5.00	$5.00	$5.00	$2.80	$2.96	$1.63	$1.60	$1.76	$1.93	$1.93	$1.82	$1.84	$1.88	$1.73	$1.35	$1.49	$52.54
Student Loan Deduction							$2.90	$2.96	$2.11	$2.06	$3.51	$5.08	$5.19	$4.73	$4.87	$5.03	$4.47	$4.58	$4.23	$51.72
Social Security	$302.80	$318.21	$251.00	$255.00	$275.00	$287.00	$280.00	$303.80	$220.36	$225.01	$208.18	$223.49	$223.63	$214.67	$241.11	$249.37	$252.47	$231.60	$276.75	$4,839.45
Veterans Admin Benefits	$9.07	$9.07	$18.00	$20.00	$20.00	$20.00	$33.90	$35.71	$36.05	$37.03	$34.69	$40.50	$43.05	$40.26	$28.60	$29.72	$42.08	$38.49	$53.30	$589.52
Workers Compensation	$34.48	$36.05	$37.00	$37.00	$41.00	$42.00	$57.50	$41.80	$52.37	$53.39	$53.12	$64.21	$64.19	$45.61	$49.86	$51.64	$47.52	$37.57	$50.27	$896.48
Total Federal Flow-Through	**$1,333.75**	**$1,413.65**	**$1,643.90**	**$1,679.00**	**$1,596.20**	**$1,710.20**	**$2,126.80**	**$2,098.17**	**$1,866.77**	**$1,934.23**	**$1,984.32**	**$2,395.20**	**$2,391.43**	**$2,229.30**	**$2,466.82**	**$2,676.13**	**$2,701.48**	**$2,307.31**	**$2,533.75**	**$39,088.41**

Enacted Michigan Sales Tax Changes List 1994 to 2012

Sales Taxes (millions of dollars)*	Tax	Public Act		FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	Cumulative 1995–2012
Proposal A Sales Tax Rate Increase				$1,563.00	$1,657.00	$1,733.00	$1,809.00	$1,901.00	$2,034.00	$2,141.00	$2,166.12	$2,125.87	$2,151.90	$2,210.54	$2,192.45	$2,188.22	$2,269.40	$2,028.51	$2,094.70	$2,147.07	$2,200.74	**$36,613.52**
Proposal A Use Tax Rate Increase				$296.00	$326.00	$342.00	$359.00	$373.00	$392.00	$411.00	$415.82	$408.09	$413.09	$424.35	$420.88	$420.06	$435.65	$389.41	$402.11	$412.16	$422.47	**$7,063.10**
Add Interstate phone calls to Use Tax Base				$54.00	$57.00	$59.00	$62.00	$65.00	$68.00	$71.00	$71.83	$70.50	$71.36	$73.31	$72.71	$72.57	$75.26	$67.27	$69.46	$71.20	$72.98	**$1,224.45**
Add Cigarettes to Sales Tax Base				$17.00	$17.00	$17.00	$17.00	$19.00	$19.00	$19.00	$20.16	$24.34	$24.06	$23.40	$23.16	$22.32	$21.19	$20.37	$19.45	$19.94	$20.43	**$363.81**
Total Proposal A Sales & Use Tax Increase (Offset by Property Tax Cuts)				$1,913.00	$2,040.00	$2,134.00	$2,230.00	$2,339.00	$2,494.00	$2,623.00	$2,653.78	$2,604.46	$2,636.35	$2,708.20	$2,686.03	$2,680.85	$2,780.30	$2,485.19	$2,566.28	$2,630.43	$2,696.19	**$44,901.07**
Primary Impact on Sales Taxes (some are combined Sales & Use)																						
Commercial Aircraft & parts	Sales & Use	PA 34 of 1994	1994	$12.46	$10.00	$10.00	$10.00	$5.30	$7.90	$9.04	$8.04	$8.13	$5.00	$5.00	$5.00	$5.00	$5.20	$5.20	$5.20	$5.33	$5.46	**$127.26**
Certain Mobile Vendor Food Items	Sales & Use	PA 49 of 1994	1994	$6.60	$6.80	$6.85	$7.00	$7.10	$7.24	$7.46	$7.68	$7.91	$8.15	$8.39	$8.65	$8.55	$8.55	$8.55	$8.80	$9.02	$9.25	**$142.55**
Portion of price returned from lemon law	Sales & Use	PA 127 of 1994	1994	$0.20	$0.90	$0.93	$0.95	$0.98	$1.01	$1.04	$1.07	$1.11	$1.14	$1.17	$1.21	$1.20	$1.20	$1.20	$1.20	$1.23	$1.26	**$18.99**
Exemption for non-profit purchases	Sales & Use	PA 156/157 of 1994	1994	$2.00	$2.00	$2.06	$2.12	$2.19	$2.25	$2.32	$2.39	$2.46	$2.53	$2.61	$2.69	$2.66	$2.66	$2.66	$2.80	$2.87	$2.94	**$44.20**
Exempt Vended Baked Goods	Sales & Use	PA 63 of 1995	1995	$0.20	$0.50	$0.52	$0.53	$0.55	$0.56	$0.58	$0.60	$0.61	$0.63	$0.65	$0.67	$0.67	$0.67	$0.67	$0.67	$0.69	$0.71	**$10.69**
Commercial Advertising Exemption	Sales & Use	PA 208/209 of 1995	1995	$0.00	$2.90	$4.00	$4.12	$4.24	$4.37	$4.50	$4.64	$4.78	$4.92	$5.07	$5.22	$5.16	$5.16	$5.16	$5.16	$5.29	$5.42	**$80.12**
Exempt Certain Trucks, Truck Parts	Sales & Use	PA 477&576 of 1996	1996	......	......	$20.00	$22.30	$22.97	$23.66	$24.37	$25.10	$25.85	$26.63	$27.43	$28.25	$29.10	$29.97	$30.87	$31.79	$32.75	$33.73	**$434.76**
Cargo Air	Sales & Use	PA 477&576 of 1996	1996	......	$68.45	$88.51	$40.00	$40.00	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	**$626.96**
Exempt Vended Juice Drinks	Sales & Use	PA 576 of 1996	1996	......	......	$1.70	$2.40	$2.47	$2.55	$2.62	$2.70	$2.78	$2.87	$2.95	$3.04	$3.13	$3.23	$3.32	$3.42	$3.52	$3.63	**$46.34**
Church Construction Exemption	Sales	PA 193 of 1997	1997		......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**
Clarify vended bev ex retro to 95, prohib ref	Sales	PA 60 of 1998/ SB 717	1998	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**
Repealer of Prop A existing contracts ex (expired?)	Sales	PA 257 of 1998/SB 847	1998	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**
Technical corrections to earlier changes	Sales	PA 258 of 1998/SB 848	1998	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**
Revisions to pre-payment provisions	Sales	PA 265 of 1998/HB4942	1998	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**
Revisions to pre-payment provisions	Sales	PA 267 of 1998/SB 1158 HB4942	1998	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**
Ex mat'ls to construct or repair churches etc	Sales	PA 274 of 1998/HB 4163	1998	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**
Industrial Laundry Sales	Sales & Use	PA 365 of 1998/HB 5212	1998		......	......	......	$1.80	$1.80	$1.83	$1.85	$1.88	$1.90	$1.95	$2.00	$2.25	$2.50	$2.75	$3.00	$3.08	$3.15	**$31.73**
Exemption of grain dryers & fuel for grain dryers	Sales	PA 398 of 1998/HB 6069	1998	......	......	......	......	$0.10	$0.30	$0.30	$0.30	$0.40	$0.40	$0.40	$0.40	$0.40	$0.40	$0.40	$0.40	$0.41	$0.42	**$5.03**
Hospital Construction Exemption	Sales & Use	PA 451,452 of 1998/HBs 5053/4742	1998	......	......	......	......	......	$0.40	$1.20	$1.20	$1.25	$1.30	$1.33	$1.35	$1.38	$1.40	$1.43	$1.45	$1.49	$1.52	**$16.68**
Delay Payments on Construction Mat'ls / Credit Purch	Sales	PA 453 of 1998/HB 6251	1998	......	......	......	......	......	$2.70	$2.80	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00	$3.08	$3.15	**$38.73**
Clarify, correct, on multiple earlier exemptions	Sales & Use	PA 490,491 of 1998/HB 5967/5968	1998	......	......	......	......	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.82	$0.84	**$11.26**
Sales Tax Exemption for Gold Bullion/ Invest Coins	Sales	PA 105 of 1999/SB 396	1999	......	......	......	......	$0.10	$0.30	$0.30	$0.30	$0.30	$0.45	$0.40	$0.40	$0.40	$0.40	$1.10	$2.50	$2.56	$2.63	**$12.14**
Expansion of Non-Profit Hospital Construction	Sales & Use	PA 116/117 of 1999/HB 4744	1999	......	......	......	......	$0.40	$1.20	$1.25	$1.30	$1.35	$1.40	$1.46	$1.52	$1.50	$1.50	$1.50	$1.60	$1.64	$1.68	**$19.30**
S T Apportion, Indust Process; elim trk ex sunset	Sales & Use	PA 116/117 of 1999	1999	......	......	......	......	$2.30	$4.60	$4.88	$5.17	$5.48	$5.81	$6.16	$6.53	$6.45	$6.45	$6.45	$6.60	$6.77	$6.93	**$80.57**
Expanded Rolling Stock	Sales & Use	PA 116 of 1999/SB 544	1999	......	......	......	......	$4.30	$10.90	$11.45	$12.02	$12.62	$13.25	$13.91	$14.61	$14.80	$15.00	$15.00	$15.20	$15.58	$15.97	**$184.60**
Court Case, Retailer Not Liable on Non-collectible Sales	Sales	na	1999	......	......	......	......	$6.00	$6.00	$6.00	$6.07	$5.96	$6.03	$6.19	$6.14	$6.13	$6.36	$5.68	$5.87	$6.02	$6.17	**$84.63**
Electric Deregulation	Sales & Use	PA 141 of 2000/SB 937	2000	......	......	......	......	......	$1.70	$5.00	$5.20	$5.41	$8.18	$8.32	$8.44	$8.37	$8.21	$8.11	$8.06	$8.26	$8.47	**$91.73**
Returned Goods		PA 149 of 2000/HB 4664	2000																			
Airplane Weight and Parts Sales and Use	Sales & Use	PA 204 of 2000/SB 627	2000						$3.20	$2.40	$2.50	$2.60	$2.70	$2.81	$2.92	$2.89	$2.89	$2.89	$3.00	$3.08	$3.15	**$37.05**
Exempt Employee Meals	Sales & Use	PA 329 of 2000/SB 773	2000	......	......	......	......	......	......	......	$7.00	$7.00	$7.60	$7.87	$8.11	$10.95	$12.19	$12.31	$13.42	$13.76	$14.10	**$114.30**

Electric Deregulation	Sales	PA 390 of 2000/SB 988	2000	......	......	......	......	......	......	$20.00	$20.00	$21.50	$22.00	$22.50	$23.00	$23.50	$24.00	$24.50	$25.00	$25.63	$26.27	$277.89
Vended Soft Drinks	Sales & Use	PA 417 of 2000	2000	......	......	......	......	......	......	$7.70	$10.70	$11.24	$11.80	$12.39	$13.01	$12.86	$12.70	$12.70	$13.00	$13.33	$13.66	$145.07
Ex certain mobile services, tech amends	Sales	PA 452 of 2002/SB1248	2002	......	......	......	......	......	......	......	No measurable impacts		......	......	......	......	......	......	......	......	......	$0.00
Elimination of sales tax license fee	Sales	PA 457 of 2002/HB5992	2002	......	......	......	......	......	......	......	......	$0.15	$0.15	$0.15	$0.15	$0.15	$0.15	$0.15	$0.15	$0.15	$0.16	$1.51
Ex certain int'l sporting events	Sales	PA 510 of 2002/HB6002	2002	......	......	......	......	......	......	......	No measurable impacts		......	......	......	......	......	......	......	......	......	$0.00
Ex certain vehicle sales	Sales	PA 617of 2002/ HB 6481	2002	......	......	......	......	......	......	......	No measurable impacts		......	......	......	......	......	......	......	......	......	$0.00
Revise liability of officers upon dissolution	Sales	PA 25 of 2003/ HB 4568	2003	......	......	......	......	......	......	......	......	-$2.00	-$1.90	-$1.50	-$1.30	-$1.20	-$1.00	-$1.00	-$1.00	-$1.03	-$1.05	-$12.98
Sales Tax reductions for implementation of SSTI	Sales	PA 173,174,175 of 04/HB 5503,04,05	2004	......	......	......	......	......	......	......	......	......	......	$17.00	$17.00	$17.00	$17.00	$17.00	$17.10	$17.53	$17.97	$137.59
Eliminate exemption for prisoner purchases	Sales	PA 224 of 2005/HB4980	2005	......	......	......	......	......	......	......	......	......	......	No measurable impacts			......	......	......	......	......	$0.00
Eliminate certain exemptions	Sales	PA 230 of 2005/HB5106	2005	......	......	......	......	......	......	......	......	......	......	No measurable impacts			......	......	......	......	......	$0.00
Aircraft exemptions ---See also 1994 fwd	Sales	PA 17 of 2006/ HB4855	2006						......	......	......	......	......	......	$0.20	$0.40	$0.40	$0.40	$0.40	$0.41	$0.42	$2.63
Exp aircraft ex, ex excl postage from delivery chrgs on direct mail	Sales	PA 428 of 2006/HB 6089	2006	......	......	......	......	......	......	......	......	......	......	......	$1.40	$0.70	$0.70	$0.70	$0.70	$0.72	$0.74	$5.65
Excl postage on delivery chrgs from def of price	Sales	PA 434 of 2006/HB 6090	2006	......	......	......	......	......	......	......	......	......	......	......	$1.00	$0.70	$0.70	$0.70	$0.70	$0.72	$0.74	$5.25
Cr for motion picture prod expenses	Sales	PA 434 of 2006/HB 6090	2006	......	......	......	......	......	......	......	......	......	......	......	......	......	$3.00	$0.00	$0.00	$0.00	$0.00	$3.00
Reduced sales tax for certain charitable auction purchases	Sales	PA 577 of 2006/SB 1039	2006	......	......	......	......	......	......	......	......	......	......	......	......	$0.70	$1.00	$1.00	$1.10	$1.13	$1.16	$6.08
Ex sunset, ex college sports , extend sunsets	Sales	PA 590 of 2006/HB6387	2006	......	......	......	......	......	......	......	......	......	No measurable impacts			$0.50	......	......	......	......	......	$0.50
Ex certain movie cos	Sales	PA 657 of 2006/HB5204	2006	......	......	......	......	......	......	......	......	......	......	......	......	$0.20	$0.20	$0.20	$0.20	$0.21	$0.21	$1.22
Revise Ex for non-profit hospitals	Sales	PA 665 of 2006/HB6076	2006	......	......	......	......	......	......	......	......	......	No measurable impacts			......	......	......	......	......	......	$0.00
Revise procedures for telcomm ex	Sales	PA 669 of 2006/HB6277	2006	......	......	......	......	......	......	......	......	......	No measurable impacts			......	......	......	......	......	......	$0.00
SSTI conformity	Sales	PAs 436,437,438 of 2007	2007		......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$0.00
CR for production exp for motion picture co		PA 78 of 2008/ HB5842	2008	......	......	......	......	......	......	......	......	......	......	......	No measurable impacts			......	......	......	......	$0.00
Loss of ST license for tobacco tax violations		PA 459 of 2008/SB883	2008	......	......	......	......	......	......	......	......	......	......	......	No measurable impacts			......	......	......	......	$0.00
Exemptions for use in extractive industries/ ex Cobo Hall		PA 556 of 2008/SB 881	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$11.00	$11.28	$11.56	$33.83
Exp ex fr sales and use for aircraft temp in state for sale, repair		PA 58 of 2009/ HB 4930	2009	......	......	......	......	......	......	......	......	......	......	......	No measurable impacts			......	......	......	......	$0.00
SSTI conformity		PA 138 of 2009/HB 4906	2009	......	......	......	......	......	......	......	......	......	......	......	No measurable impacts			......	......	......	......	$0.00
Exemption for sawmill equipment/indus processing		PA 116 of 2010/HB 4406	2010	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$2.00	$2.05	$2.10	$6.15
SSTI conformity & deduct for earth-moving equipment		PA 333 of 2010/SB 883	2010	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$0.25	$0.26	$0.26	$0.77
Subtotal Sales Tax Reductions		......	......	**$21.46**	**$91.55**	**$134.56**	**$89.43**	**$101.60**	**$113.44**	**$147.83**	**$159.62**	**$162.56**	**$166.74**	**$188.41**	**$195.40**	**$200.30**	**$206.59**	**$205.41**	**$224.55**	**$229.59**	**$234.76**	**$2,873.79**
Approximate School Aid Fund Impact				**$17.88**	**$76.26**	**$112.09**	**$74.49**	**$84.63**	**$94.50**	**$123.14**	**$132.97**	**$135.41**	**$138.90**	**$156.95**	**$162.77**	**$166.85**	**$172.09**	**$171.10**	**$187.05**	**$191.25**	**$195.55**	**$2,393.87**

*Estimates by author, with inputs from annual Tax Expenditure Reports, bill analyses, and other contemporary legislative and executive documents.

$871.54		Totals Column Includes Partial Year 1994 Not Shown	$2,002.25
$725.99			$1,667.87

Enacted Michigan Use Tax Changes List 1994 to 2012

Use Taxes (millions of dollars)	Public Act	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10*	FY 11*	FY 12*	Cumulative After 1994
Proposal A Sales Tax Rate Increase		$1,563.00	$1,657.00	$1,733.00	$1,809.00	$1,901.00	$2,034.00	$2,141.00	$2,166.12	$2,125.87	$2,151.90	$2,210.54	$2,192.45	$2,188.22	$2,269.40	$2,028.51	$2,094.70	$2,147.07	$2,200.74	$36,613.52
Proposal A Use Tax Rate Increase		$296.00	$326.00	$342.00	$359.00	$373.00	$392.00	$411.00	$415.82	$408.09	$413.09	$424.35	$420.88	$420.06	$435.65	$389.41	$402.11	$412.16	$422.47	$7,063.10
Add Interstate phone calls to Use Tax Base		$54.00	$57.00	$59.00	$62.00	$65.00	$68.00	$71.00	$71.83	$70.50	$71.36	$73.31	$72.71	$72.57	$75.26	$67.27	$69.46	$71.20	$72.98	$1,224.45
Add Cigarettes to Sales Tax Base		$17.00	$17.00	$17.00	$17.00	$19.00	$19.00	$19.00	$20.16	$24.34	$24.06	$23.40	$23.16	$22.32	$21.19	$20.37	$19.45	$19.94	$20.43	$363.81
Total Proposal A Sales & Use Tax Increase (Offset by Property Tax Cuts)		**$1,913.00**	**$2,040.00**	**$2,134.00**	**$2,230.00**	**$2,339.00**	**$2,494.00**	**$2,623.00**	**$2,653.78**	**$2,604.46**	**$2,636.35**	**$2,708.20**	**$2,686.03**	**$2,680.85**	**$2,780.30**	**$2,485.19**	**$2,566.28**	**$2,630.43**	**$2,696.19**	**$44,901.07**
Primary Impact on Use Taxes																				
Certain Promotional Merchandise	PA 34 of 1994	$0.40	$0.41	$0.42	$0.44	$0.45	$0.46	$0.48	$0.49	$0.51	$0.52	$0.54	$0.55	$0.55	$0.55	$0.55	$0.55	$0.56	$0.58	**$8.19**
Exemptions for Trans Among Relatives	PA 67 of 1995	......	$0.50	$0.52	$0.54	$0.56	$0.58	$0.61	$0.63	$0.65	$0.67	$0.69	$0.70	$0.71	$0.72	$0.73	$0.74	$0.76	$0.78	**$10.59**
Commercial Advertising Exemption	PA 208/209 of 1995	......	$2.90	$4.00	$4.12	$4.24	$4.37	$4.50	$4.64	$4.78	$4.92	$5.07	$5.22	$5.16	$5.16	$5.16	$5.16	$5.29	$5.42	**$77.22**
Exempt Certain Trucks, Truck Parts	PA 477 & 576 of 1996	......	......	$20.00	$22.30	$22.97	$23.66	$24.37	$25.10	$25.85	$26.63	$27.43	$28.25	$29.10	$29.97	$30.87	$31.79	$32.59	$33.40	**$434.27**
Exempt Telecommunications Equipment	PA 435/436 of 1996	......	......	......	......	$3.90	$5.40	$5.60	$5.70	$5.90	$6.10	$6.30	$6.40	$6.60	$6.70	$6.80	$6.90	$7.07	$7.25	**$86.62**
Exempt Telecommunications Equipment Use	PA 435 of 1996	......	......	$3.90	$5.40	$5.56	$5.73	$5.90	$6.08	$6.26	$6.45	$6.64	$6.84	$6.77	$7.00	$7.00	$7.20	$7.38	$7.56	**$101.67**
Exempt phone cards from use tax Use	PA 194 of 1997	......	......	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.11	**$1.61**
Heavy Trucks and Parts Exemption		......	......	$3.00	$5.00	$6.00	$6.35	$6.70	$7.00	$7.35	$7.65	$8.00	$8.35	$8.70	$9.00	$9.35	$9.75	$9.99	$10.24	**$122.44**
Revisions to pre-payment provisions Use	PA 266 of 1998/HB 5313	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**
Church Construction Exemption	PA 275 of 1998/HB 4743	......	......	......	......	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.03	$1.05	**$14.08**
Industrial Laundry Sales Sales & Use	PA 366 of 1998/HB 5213	See Sales Tax Page for estimate			......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**
Eliminate sunset on rolling stock exemption	PA 70 of 1999/HB 4586	......	......	......	......	$4.30	$10.90	$11.45	$12.02	$12.62	$13.25	$13.91	$14.61	$14.80	$15.00	$15.00	$15.20	$15.58	$15.97	**$184.60**
Expansion of Non-Profit Hospital Construction	PA 116/117 of 1999	......	......	......	......	$0.40	$1.20	$1.25	$1.30	$1.35	$1.40	$1.46	$1.52	$1.50	$1.50	$1.50	$1.60	$1.64	$1.68	**$19.30**
Expansion of Non-Profit Hospital Construction	PA 116/117 of 1999	......	......	......	......	$0.40	$1.20	$1.20	$1.30	$1.30	$1.35	$1.40	$1.45	$1.50	$1.55	$1.60	$1.60	$1.64	$1.68	**$19.17**
Use Tax Apportionment, Industrial Processing	PA 116/117 of 1999	......	......	......	......	$9.20	$18.40	$19.50	$20.67	$21.91	$23.23	$24.62	$26.10	$26.50	$26.80	$26.80	$27.20	$27.88	$28.58	**$327.40**
Use Tax Bad Debt	PA 117 of 1999	......	......	......	......	$27.60	$5.80	$5.90	$6.00	$6.10	$6.20	$6.30	$6.40	$6.50	$6.60	$6.60	$6.80	$6.97	$7.14	**$110.92**
Use Tax Ex investment coins & bullion	PA 225 of 1999/HB 4863	See Sales Tax Exemption			......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**......**
Electric Deregulation	PA 141 of 2000	$3.94	$10.00	$24.00	$35.00	$40.00	$60.00	$54.90	$58.00	$59.45	$58.99	$60.48	$61.71	$60.99	$59.27	$56.13	$55.96	$57.36	$58.79	**$861.03**
Retail goods	PA 153 of 2000/SB 585																			**$0.00**
Airplane Weight and Parts	PA 200/204 of 2000	......	......	......	......	......	$3.20	$2.40	$2.50	$2.60	$2.70	$2.81	$2.92	$2.89	$2.89	$2.89	$3.00	$3.08	$3.15	**$37.05**
Exempt Employee Meals	PA 328 of 2000/SB 734	......	......	......	......	......	......	......	$3.00	$3.25	$3.50	$3.45	$4.00	$4.25	$4.50	$4.75	$5.00	$5.13	$5.25	**$46.08**
Define price base of motor vehicle held for resale	PA 110 of 2002/HB5327sb 678	No net fiscal impact	......		......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**
Define taxable portion of aggregated transactions	PA 255 of 2002/SB 477	No net fiscal impact	......		......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**
Mobile sourcing	PA 456 of 2002/SB 824	No net fiscal impact	......		......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**
Ex ltd liability cos & int'l sporting events	PA 511 of 2002/SB 1370	Corporate sponsor booths at such events as PGA Oakland Hills, Ryder Cup, 2006 Super Bowl, -- no net fiscal impact										......	......	......	......	......	......	......	......	**$0.00**
Ex vehicles sold to mfgrs and distributors	PA 614 of 2002/HB 6478	Assumed long term revenue neutral, short term losses					......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**
Ex certain vehicle sales to Indian tribes	PA 614 of 2002/HB 6478	Assumed long term revenue neutral, short term losses					......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**
Revise liability of officers upon dissolution	PA 24 of 2003/HB 4569										$3.00	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00	$3.08	$3.15	**$27.23**
Use Tax Ex for pers property brought into Mich	PA 27 of 2003/HB 4219	......	......	......	......	......	......	......	......	......	$3.00	$3.60	$3.70	$3.90	$4.00	$4.20	$4.30	$4.41	$4.52	**$35.63**
Use Tax Reductions for Implementation of SSTI	PA 172 of 2004/HB 5502	Assumption of long term revenue neutrality.				......	......	......	......	......	......	**$18.00**	**$12.00**	**$6.00**	**$3.00**	**-$3.00**	**-$6.00**	**-$6.15**	**-$6.30**	**$17.55**
Use Tax exempt for auto trans to ind by charitable org	PA 312 of 2004/SB 1001	......	......	......	......	......	......	......	......	......	$3.00	$3.10	$3.15	$3.20	$3.25	$3.30	$3.33	$3.41	$3.49	**$29.23**
Aircraft exemption, also PA 428 (ST is PA 17)	PA 18 of 2006/HB 4856	See also ST PA 200 of 2000; 17 of 2006, 58 of 2009, and UT PA 18 of 2006						......	......	......	......	......	$6.70	$1.30	$1.30	$1.36	$1.42	$1.46	$1.49	**$15.03**
Exp aircraft ex, ex delivery chrgs on direct mail	PA 428 of 2006/HB 6089	......	......	......	......	......	......	......	......	......	......	......	......	$0.50	$0.50	$0.70	$1.30	$1.33	$1.37	**$5.70**
Ex constr mat'ls affixed to non-profit hospital	PA 666 of 2006/HB6077	......	......	......	......	......	......	......	......	......	......	......	**-$0.20**	**-$0.20**	**-$0.20**	**-$0.20**	**-$0.20**	**-$0.20**	**-$0.20**	**-$1.40**
Ext sunsets of ex, certain college & prof athletic events	PA 673 of 2006/HB 6386	......	......	......	......	......	......	......	......	......	......	......	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	**$0.00**
Corporate sponsorships--see Sales tax		na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	
Services Tax, Repealed Before Effective Date	PA 93 of 2007/HB 5198	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**
Services Tax, Repealed Before Effect Date	PA 103 of 2007/HB 4882	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**
Deduction for uncollectible use tax liability	PA 104 of 2007/HB 5096	......	......	......	......	......	......	......	......	......	......	......	......	$25.50	$16.60	$17.10	$17.70	$18.14	$18.60	**$113.64**
Repeal of services tax	PA 148 of 2007/SB 845	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**
Clarification def of taxable use litigation (3rd party bad debt)	Court Case	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**

Use Taxes (millions of dollars)	**Public Act**	**FY 95**	**FY 96**	**FY 97**	**FY 98**	**FY 99**	**FY 00**	**FY 01**	**FY 02**	**FY 03**	**FY 04**	**FY 05**	**FY 06**	**FY 07**	**FY 08**	**FY 09**	**FY 10***	**FY 11***	**FY 12***	**Cumulative After 1994**
Exp def of indus proc for use in ag proc, extract ind & biomass	PA 314 of 2008/HB 5877	......	......	......	......	......	......	......	......	......	......	......	......	......	$1.00	$1.00	$1.00	$1.03	$1.05	**$5.08**
SSTI conformity, defs of purchase price	PA 439 of 2008/HB 5556	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**
Medicaid Tax on Mgd Care Orgs for Fed Medicaid match**	PA 440 of 2008/HB 5192	No GF or SAF impacts, repealed 2011 in switch to different Medicaid financing mechanism , 2011 PA 115/SB 198									......	......	......	No impact on GFGP or SAF/medicaid case tax						**$0.00**
Exemptions for use in extracive industries	PA 555 of 2008/SB 880	......	......	......	......	......	......	......	......	......	......	......	......	......	$1.00	$1.00	$1.00	$1.03	$1.05	**$5.08**
Exp ex fr sales and use for aircraft temp in state for sale, repair	PA 54 of 2009/SB 624	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**$0.00**
MI Promotion Fund	PA 37 of 2010/SB 619	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$9.50	$9.74	$9.98	**$29.22**
Industrial Processing-Sawmill equipment	PA 115 of 2010/SB 198	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$1.00	$1.03	$1.05	**$3.08**
Use Tax Bad Debt Deduction Change	PA 36 of 2010 HB 5018	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$1.00	$1.03	$1.05	**$3.08**
Subtotal USE Tax Reductions	......	**$4.34**	**$13.81**	**$55.94**	**$72.90**	**$126.68**	**$148.35**	**$145.86**	**$155.53**	**$160.98**	**$173.66**	**$197.90**	**$204.48**	**$220.82**	**$211.76**	**$205.29**	**$216.90**	**$222.33**	**$227.89**	**$2,750.34**
Approximate SAF Use Tax Impact		**$1.45**	**$4.60**	**$18.63**	**$24.27**	**$42.19**	**$49.40**	**$48.57**	**$51.79**	**$53.61**	**$57.83**	**$65.90**	**$68.09**	**$73.53**	**$70.52**	**$68.36**	**$72.23**	**$74.03**	**$75.89**	**$915.86**

*Estimates by author, with inputs from annual Tax Expenditure Reports, bill analyses, and other contemporary legislative and executive documents.

Appendix Table 2-C

Sales/Use Taxes: History from Tax Expenditure Reports

1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	1994-2012 Totals Across
$9.55	$12.46	$10.00	$10.00	$10.00	$10.00	$5.30	$7.90	$8.04	$8.13	$8.18	$8.32	$8.44	$8.37	$8.21	$8.11	$8.06	$6.70	$6.60	$162.36
$36.75	$47.96	$71.00	$50.00	$23.00	$23.00	$24.00	$29.00	$33.00	$39.00	$42.00	$44.00	$42.00	$37.00	$45.10	$52.00	$48.00	$55.00	$57.00	$798.81
$3.02	$3.94	$10.00	$24.00	$35.00	$40.00	$60.00	$54.90	$58.00	$59.45	$58.99	$60.48	$61.71	$60.99	$59.27	$56.43	$55.96	$58.80	$60.90	$881.84
$68.45	$88.51	$40.00	$40.00	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$24.00	$23.64	$674.60
$8.02	$10.46	$5.00	$7.00	$7.00	$7.00	....	....	....	....	....	....	....	....	....	....	....	....	....	$44.48
....	....	....	....	....	....	$3.30	$4.30	$4.17	$4.16	$4.05	$4.15	$4.23	$3.99	$3.86	$3.71	$3.60	$3.60	$3.60	$50.72
....	....	....	....	....	....	$2.80	$2.90	$3.00	$3.10	$3.20	$3.20	$3.20	$3.20	$3.20	$3.20	$2.97	$3.07	$3.18	$40.22
$20.45	$21.07	$15.00	$20.00	$20.00	$20.00	$16.20	$15.50	$15.61	$15.58	$15.46	$15.85	$16.17	$15.98	$15.33	$28.34	$32.41	$41.70	$42.60	$403.25
$1.24	$1.62	$1.70	$2.00	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$4.00	$4.00	$79.56
$3.35	$4.37	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	$7.72
$15.92	$20.58	$20.00	$26.00	$28.00	$28.00	$35.00	$37.00	$37.00	$37.00	$37.00	$37.00	$37.00	$37.00	$37.00	$37.00	$37.00	$37.00	$37.00	$617.50
$37.27	$48.64	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	$85.91
$42.00	$97.00	$80.00	$50.00	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	$269.00
na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	$0.00
....	....	....	....	....	....	$2.70	$2.80	$2.90	$2.89	$2.87	$2.94	na	na	na	na	na	na	na	$17.10
$0.12	$0.15	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	$0.27
....	....	....	na	na	na	na	na	na	na	na	$0.40	$0.50	$0.50	$0.50	$0.50	$0.13	$0.13	$0.13	$2.78
$3.32	$4.34	$1.00	$0.50	$0.50	$0.50	$0.50	$0.60	$0.58	$0.59	$0.60	$0.66	$0.64	$0.50	$0.47	$0.37	$0.38	$0.37	$0.37	$16.78
....	....	....	....	....	....	....	....	$7.00	$7.00	$7.60	$7.87	$8.11	$10.95	$12.19	$12.31	$13.42	$17.16	$17.55	$121.16
....	....	....	$0.05	$0.05	$0.05	$0.05	na	na	na	na	na	na	na	na	na	na	na	na	$0.20
$608.72	$794.38	$910.00	$940.00	$830.00	$860.00	$860.00	$832.00	$834.59	$856.16	$843.14	$926.84	$1,006.99	$1,129.02	$1,112.17	$1,132.44	$1,113.70	$1,193.13	$1,220.21	$18,003.48
$5.10	$6.65	$35.00	$40.00	$38.00	$40.00	$42.00	$45.00	$46.00	$48.32	$55.89	$31.90	$32.08	$22.75	$20.21	$19.33	$19.46	$19.75	$20.20	$587.65
$5.03	$6.56	$8.00	$8.00	$8.00	$180.32	$186.00	$158.70	$156.74	$161.61	$160.36	$178.65	$182.02	$159.02	$154.42	$150.57	$164.43	$176.67	$182.87	$2,387.97
$15.65	$20.42	$35.50	$35.00	$40.00	$40.00	$51.00	$43.30	$43.66	$48.93	$52.37	$58.36	$59.55	$62.69	$60.91	$52.55	$52.17	$60.26	$61.62	$893.94
$63.13	$83.17	$85.00	$85.00	$125.00	$130.00	$144.00	$130.30	$130.28	$130.28	$130.28	$130.20	$130.28	$145.33	$147.51	$235.23	$252.88	$247.70	$260.10	$2,785.67
$5.37	$6.94	$7.20	na	na	na	na	na	na	na	na	na	na	na	na	na	na	n a	na	$19.51
na	na	na	na	na	na	na	na	na	na	$1.70	$3.20	$3.20	$3.20	$3.20	$3.20	$3.20	$1.60	$1.60	$24.10
$465.98	$496.82	$600.00	$500.00	$520.00	$540.00	$660.00	$806.00	$739.72	$767.71	$891.85	$914.36	$717.17	$850.90	$835.78	$807.97	$828.01	$860.00	$920.00	$13,722.27
$0.31	$0.28	$0.30	$0.30	$0.30	$0.35	$0.50	$0.50	$0.55	$0.57	$0.60	$0.62	$0.55	$0.56	$0.56	$0.55	$0.52	$0.49	$0.48	$8.89
$105.85	$138.14	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	$243.99
$33.96	$43.91	$35.00	$30.00	$30.00	$30.00	$37.00	$41.60	$42.01	$42.51	$34.57	$20.93	$21.35	$15.61	$14.83	$18.00	$11.59	$11.00	$10.00	$523.87
....	....	....	$20.00	$23.00	$23.00	$48.00	$35.00	$37.00	$37.92	$37.63	$38.58	$39.37	$38.91	$37.81	$35.27	$23.07	$24.11	$24.95	$523.62
....	....	....	....	....	....	$0.30	$0.30	$0.30	$0.30	$0.40	$0.40	$0.40	$0.40	$0.40	$1.10	$2.50	$5.10	$5.22	$17.12
$4.63	$6.05	$0.50	$1.00	$1.00	$1.00	$1.00	$1.50	$1.54	$1.54	$1.68	$1.76	$1.89	$1.61	$1.56	$1.53	$0.84	$0.67	$0.69	$31.98
$1.33	$1.74	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	$3.07

....	....	....	....	....	....	....	....	....	....	....	....	....	$1.00	$3.00	....	....	....	....	$4.00
$57.92	$74.07	$87.00	$80.00	$63.00	$66.00	$74.00	$99.80	$92.22	$91.41	$89.89	$100.86	$98.97	$101.52	$95.48	$98.77	$94.21	$94.04	$95.10	$1,654.26
$0.22	$0.29	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	$0.51
$4.90	$6.34	$4.00	$5.00	$5.00	$5.00	$6.20	$9.50	$10.00	$10.25	$10.17	$10.43	$10.64	$10.52	$10.22	$1.73	$1.14	$1.22	$1.26	$123.52
$38.31	$50.02	$75.00	$90.00	$95.00	$100.00	$136.00	$172.20	$173.67	$173.33	$172.00	$176.34	$172.26	$170.26	$165.44	$162.33	$164.29	$232.70	$238.00	$2,757.14
$1.70	$1.70	$2.00	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	$5.39
$3.49	$4.48	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	$7.97
$21.30	$27.84	$31.00	$33.00	$33.00	$34.00	$40.00	$51.90	$47.68	$46.86	$42.37	$50.15	$48.70	$51.16	$51.74	$53.56	$51.81	$52.41	$53.98	$822.46
$28.18	$36.77	$136.00	$144.00	$175.00	$185.00	$242.00	$324.90	$371.36	$435.60	$498.96	$537.25	$547.67	$483.33	$519.96	$514.08	$510.32	$512.10	$536.30	$6,738.78
$2.50	$3.26	$3.50	$4.00	$4.00	$4.00	$4.20	$4.40	$4.40	$4.40	$4.40	$4.40	$4.40	$4.40	$4.40	$4.40	$4.40	$4.40	$4.40	$78.26
$24.98	$32.60	$34.00	$30.00	$30.00	$30.00	$30.00	$1.60	$1.59	$1.59	$1.58	$1.62	$1.65	$1.63	$1.59	$1.56	$1.54	$1.63	$1.69	$230.85
$29.40	$70.00	$74.00	$78.00	$86.00	$90.00	$60.00	$101.15	$103.00	$107.00	$114.35	$117.00	$137.50	$136.50	$142.50	$152.50	$153.00	$155.00	$156.50	$2,063.40
$0.12	$0.82	$0.90	$1.00	$1.00	$1.00	$1.00	$1.10	$1.10	$1.10	$1.10	$1.10	$1.10	$1.10	$1.10	$1.10	$1.10	$1.10	$1.10	$19.04
$3.77	$4.91	$5.00	$5.00	$6.00	$6.00	$6.00	$81.60	$81.58	$81.58	$62.42	$67.41	$68.45	$65.61	$66.62	$67.66	$62.73	$59.00	$59.60	$860.94
$1,613.17	$2,105.21	$3,313.00	$3,500.00	$3,765.00	$3,960.00	$4,392.00	$4,583.30	$4,623.24	$7,242.90	$7,160.98	$8,573.07	$8,237.21	$8,296.46	$9,914.34	$9,709.74	$10,005.89	$10,208.40	$10,357.20	$121,561.11
$6.00	$7.84	$9.00	$10.00	$9.00	$10.00	$10.00	$16.20	$16.56	$16.90	$17.23	$17.58	$17.93	$12.07	$12.31	$12.85	$13.11	$12.86	$13.31	$240.74
$2.44	$3.18	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	$5.62
$17.27	$22.54	$27.50	$28.00	$30.00	$30.00	$33.00	$119.60	$120.67	$120.43	$90.74	$38.90	$41.59	$41.11	$39.95	$33.53	$33.25	$34.73	$35.42	$938.23
$12.30	$33.00	$6.90	$9.40	$9.50	$10.00	$10.30	$18.40	$21.70	$22.50	$23.40	$24.30	$25.20	$26.30	$27.40	$18.12	$15.56	$21.30	$21.50	$357.08
$3,432.49	**$4,451.02**	**$5,779.00**	**$5,906.25**	**$6,085.35**	**$6,539.22**	**$7,259.35**	**$7,869.75**	**$7,905.46**	**$10,663.58**	**$10,715.01**	**$12,246.08**	**$11,825.12**	**$12,046.45**	**$13,665.54**	**$13,526.64**	**$13,821.62**	**$14,242.89**	**$14,539.86**	**$182,520.67**

Enacted Michigan State and Local Property Tax & Related Cuts List 1995 to 2012

These Changes below would impact local property tax levies for general government and schools, community colleges, the state 6 mills, and / or specific taxes such as Industrial or Commercial Facilities Taxes

(Millions of dollars)			FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	
Property Tax																					
Property Tax Assessment Freeze	School Millages Only		$118.59	$124.13	$130.98	$138.86	$144.73	$153.81	$160.66	$167.18	$175.00	$175.00	$180.00	$185.00	$190.00	$195.00	$200.00	$205.00	$205.00	$205.00	**$3,174.16**
Property Tax Assessment Cap	School Millages Only		$81.69	$185.06	$297.94	$473.27	$700.07	$934.10	$1,175.46	$1,250.03	$1,275.00	$1,300.00	$1,325.00	$1,350.00	$1,375.00	$1,400.00	$1,425.00	$1,450.00	$1,450.00	$1,450.00	**$18,897.61**
Proposal A Net Cut except Income Tax Cut	School Millages Only		$175.30	$301.30	$301.30	$350.00	$400.00	$450.00	$475.00	$500.00	$550.00	$575.00	$600.00	$615.00	$640.00	$672.00	$685.00	$700.00	$700.00	$700.00	**$9,961.30**
Total Proposal A Cuts			$375.58	$610.49	$730.22	$962.13	$1,244.80	$1,537.91	$1,811.12	$1,917.20	$2,000.00	$2,050.00	$2,105.00	$2,150.00	$2,205.00	$2,267.00	$2,310.00	$2,355.00	$2,355.00	$2,355.00	**$32,033.07**
Post Proposal A Property Tax Changes--Specific Economic Development Changes Not Shown Here																					
Expanded definition of Ag Homestead (impacted only 18 mills)		1994	$21.00	$21.00	$22.00	$22.00	$23.00	$23.50	$24.00	$24.50	$25.00	$25.25	$25.50	$25.75	$26.00	$26.35	$26.70	$27.00	$27.00	$27.00	**$452.55**
Water Softener Exemption		1996	......	......	......	$0.93	$1.85	$1.85	$1.95	$2.10	$2.45	$2.80	$3.10	$3.40	$3.58	$3.85	$4.00	$4.25	$4.25	$4.25	**$44.61**
Allow local governments to grant certain exemptions		1998	......	......	......	$2.14	$9.26	$8.90	$9.97	$10.33	$12.00	$13.00	$14.00	$15.00	$16.00	$17.00	$17.50	$18.00	$18.00	$18.00	**$199.10**
Exempt Pers Prop part of Nat Gas Dist Sys in Fed Rural Enter Comm		1998	......	......	......	......	......	......	......	......	......	......	......	......	......	......	Unknown Impacts				
Exempt certain bottled water coolers		1998	......	......	......	......	$0.50	$0.50	$0.50	$0.50	$0.50	$0.50	$0.50	$0.50	$0.50	$0.50	$0.50	$0.50	$0.50	$0.50	**$7.00**
Exempt certain property held in charitable trusts		1998	......	......	......	......	......	......	......	......	......	......	......	......	......	No data available to make est					
Limit local authorization to exemp in distr comml area		1999	......	......	......	......	Unknown but potentially very significant--this bill affected developments such as Lansing's Jackson Natl Life and Delta Twp GM plant														
Agriculture Transfers (Exempt, but recapture on chg of use)		2000	......	......	......	......	......	......	$2.80	$3.20	$3.50	$3.70	$3.90	$4.20	$4.50	$4.90	$5.30	$5.70	$5.70	$5.70	**$53.10**
Agriculture Transfers (Exempt, but recapture on chg of use)		2000	......	......	......	......	......	......	Incl in 260	Incl in 260	Incl in 260	Incl in 260	Incl in 260	Incl in 260	Incl in 260	Incl in 260	Incl in 260	Incl in 260	Incl in 260	Incl in 260	**Incl in 260**
Administrative Implementation of New Personal Property Tax Depreciation Tables			......	......	......	......	$123.71	$74.54	$62.91	$85.12	$90.00	$95.00	$100.00	$105.00	$110.00	$115.00	$120.00	$125.00	$125.00	$125.00	**$1,456.28**
Require summer levy	SET	2002	......	......	......	......	......	......	......	......	$266.00	......	......	......	......	......	......	......	......	......	**$266.00**
Require summer levy - one-time	SET	2002	......	......	......	......	......	......	......	......	($727.80)	......	......	......	......	......	......	......	......	......	**-$727.80**
Exempt & create alt taxation for low grade hematite	Property	2002	......	......	......	......	......	......	......	......	$1.50	$1.60	$1.70	$1.80	$1.90	$2.00	$2.10	$2.20	......	......	**$266.00**
Exempt personal prop components of alt egy sys	Property	2002	......	......	......	......	......	......	......	......	$5.80	$12.10	$14.00	$16.50	$18.50	$20.00	$21.00	$22.00	......	......	**-$727.80**
Pers Prop Tax Chgs for Special Tools and Std Tools	Property-PPT	2003	......	......	......	......	......	......	......	......	......	$0.60	$0.60	$0.60	$0.60	$0.60	$0.60	$0.60	$0.60	$0.60	**$5.40**
Property Tax Exempt for Start-up Business Prop - 5 yrs	Property	2004	......	......	......	......	......	......	......	......	......	$1.50	$2.25	$3.38	$5.06	$7.59	$7.75	$8.00	$8.00	$8.00	**$51.53**
Exemption for Start-ups from Tax and Lessees and Users of Tax-Exempt Property	Property	2004	......	......	......	......	......	......	......	......	......	included	included	included	included	included	included	included	included	included	**$0.00**
Incr pop limits for police & fire special assessments	Property	2004	......	......	......	......	......	......	......	......	......	......	Unknown, likely minor impacts								
Incr pop limits for police & fire special assessments	Property	2004	......	......	......	......	......	......	......	......	......	......	Unknown, likely minor impacts								
Allow correction erroneously uncapped assmt	Property	2005						......	......	......	......	$0.00	$1.00	$1.00	$1.00	$1.00	$1.10	$1.20	$1.20	$1.20	**$8.70**
Expand def of livestock for ag operations	Property	2006	......	......	......	......	......	......	......	......	......	......	......	$2.00	$2.00	$2.00	$2.25	$2.50	$2.50	$2.50	**$15.75**
Reduce Property Taxes for Hunting Preserves	Property	2006	......	......	......	......	......	......	......	......	......	......	......	$1.00	$1.00	$1.00	$1.25	$1.50	$1.50	$1.50	**$8.75**
Ex fed qual hlth centers from real & pers prop tax	Property	2006	......	......	......	......	......	......	......	......	......	......	......	Unknown, most already were exempt							
Reduce Property Taxes for Horse Boarding Stable Operations	Property	2006	......	......	......	......	......	......	......	......	......	......	......	$0.50	$0.50	$0.50	$0.53	$0.55	$0.55	$0.55	**$3.68**
Exempt certain qualified forest property	Property	2006	......	......	......	......	......	......	......	......	......	......	......	......	......	$2.00	$2.25	$2.50	$2.50	$2.50	**$11.75**
Spec Comml Forest Conservation Easements	Property	2006	......	......	......	......	......	......	......	......	......	......	......	Unknown state and local impacts, likely minor							
"Pop Up"Exemp/Land Subj to Cons Esmt-Def Ownership	Property	2006	......	......	......	......	......	......	......	......	......	......	......	......	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	**$6.00**
New Property Tax Exemption for Methane Digesters	Property	2006	......	......	......	......	......	......	......	......	......	......	......	Unknown, no such systems in existence as bill was considered							
Pers Prop include alt energy systems in def		2006	......	......	......	......	......	......	......	......	......	......	......	Unknown, but likely minor if any							
Create class for state owned real property		2006						......	......	......	......	......	......	Unknown, but likely minor if any							
Allow school dists to ex prop from certain school op mills		2006																			
Princ res exemp-revise formula to calc for B & B		2006		......	......	......	......	......	......	......	......	......	......	Unknown, but likely minor if any			......	......	......	......	
Ex for n/p housing serving the disabled	Property	2006		......	......	......	......	......	......	......	......	......	......	Unknown, but likely minor if any			......	......	......	......	

Ex for new pers prop in certain jurisdictions	Property	2007	......	......	......	......	......	......	......	......	......	......	Unknown, but likely minor if any			......	......		......		
Pers prop-def of eligible business & el acquiring bus	Property	2007	......	......	......	......	......	......	......	......	......	......	Unknown, but likely minor if any			......	......		......		
Allow two principal res exempts for up to 3 years	Property	2008	......	......	......	......	......	......	......	......	......	......	Unknown, but likely minor if any			......	......		......		
Revise exemps for new personal property	Prop-Personal	2008	......	......	......	......	......	......	......	......	......	......	Unknown, but likely minor if any			......	......		......		
Active duty mil renting home retains prin res exemp	Property	2008	......	......	......	......	......	......	......	......	......	......	Unknown, but likely minor if any			......	......		......		
Exemps for certain ag equipment	Property	2008	......	......	......	......	......	......	......	......	......	......	Already exempt under current law			......	......		......		
Incl maple syrup in def of agricultural use	Property	2008	......	......	......	......	......	......	......	......	......	......	Unknown, but likely minor if any			......	......		......		
Ex for equip used in making maple syrup	Property	2008	......	......	......	......	......	......	......	......	......	......	Unknown, but likely minor if any			......	......		......		
Expand exemption for business personal property	Property	2008	......	......	......	......	......	......	......	......	......	......	Unknown, but likely minor if any			......	......		......		
Clarify eligibiliy for deferment on ag land		2009	......	......	......	......	......	......	......	......	......	......	Unknown, but likely minor if any			......	......		......		
Revise exempts for elderly		2010	......	......	......	......	......	......	......	......	......	......	Unknown, but likely minor if any			......	......		......		
Ex adjoining timber cut-ver land to principal res ex		2010	......	......	......	......	......	......	......	......	......	......	Unknown, but likely minor if any			......	......		......		
Ex of real & pers prop of N/P used in retail store		2010	......	......	......	......	......	......	......	......	......	......	Unknown, but likely minor if any			......	......		......		
Modify definition of new personal property		2010	......	......	......	......	......	......	......	......	......	......	Unknown, but likely minor if any			......	......		......		
Assmt @ sales price certain N/P & Habitat homes		2010	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$0.20	$0.20	$0.20	$0.20	
Total Post-Proposal A Cuts			**$21.00**	**$21.00**	**$22.00**	**$25.06**	**$158.32**	**$109.30**	**$102.13**	**$125.75**	**-$321.05**	**$156.05**	**$166.55**	**$180.63**	**$192.14**	**$205.29**	**$213.83**	**$222.70**	**$222.70**	**$222.70**	**$2,056.10**
Proposal A Cuts			**$375.58**	**$610.49**	**$730.22**	**$962.13**	**$1,244.80**	**$1,537.91**	**$1,811.12**	**$1,917.20**	**$2,000.00**	**$2,050.00**	**$2,105.00**	**$2,150.00**	**$2,205.00**	**$2,267.00**	**$2,310.00**	**$2,355.00**	**$2,355.00**	**$2,355.00**	**$32,033.07**
#VALUE!			**$396.58**	**$631.49**	**$752.22**	**$987.19**	**$1,403.12**	**$1,647.20**	**$1,913.25**	**$2,042.95**	**$1,678.95**	**$2,206.05**	**$2,271.55**	**$2,330.63**	**$2,397.14**	**$2,472.29**	**$2,523.83**	**$2,577.70**	**$2,577.70**	**$2,577.70**	**$34,089.16**

Appendix Table 3-B

State and Local Property Taxes: Tax Expenditure History

Estimate year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	1994-2012 Totals Across
Local Property Taxes																				
Agricultural Transfers	......	......	......	......	......	......	......	$0.50	$0.50	$12.80	$19.00	$24.00	$27.70	$29.50	$29.20	$31.20	$33.20	$33.20	$33.70	**$274.50**
Air & Water Pollution Control Equipment	$53.00	$43.62	$40.00	$60.00	$110.00	$110.00	$80.00	$85.00	$110.00	$140.00	$140.00	$140.00	$120.00	$140.00	$150.00	$120.00	$120.00	$120.00	$120.00	**$2,001.62**
Church Transfers	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	**$0.00**
Commercial Facilities	$11.00	$9.05	$9.50	$9.00	$9.00	na	na	na	na	na	na	na	na	na	na	na	na	na	na	**$47.55**
Commercial Housing	$7.00	$5.76	$6.10	$5.00	$5.00	na	na	na	na	na	na	na	na	na	na	na	na	na	na	**$28.86**
Cultural Facility Transfers	......	......	......	......	......	......	......	......	......	na	na	na	na	na	na	na	na	na	na	**$0.00**
Energy Cons Devices	$2.00	$1.08	$1.10	$1.00	$1.00	$1.00	$0.90	$0.81	$0.73	$0.65	$0.59	$0.53	$0.48	$0.38	$0.31	$0.24	$0.20	$0.16	$0.13	**$13.29**
Enterprise Zones	$1.50	$1.24	$1.30	$1.50	$1.50	$1.20	$1.50	$2.70	$1.00	$1.20	$1.20	$1.20	$1.20	$1.10	$1.00	$0.90	$0.00	$0.00	$0.00	**$21.24**
Fairground Property	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	**$0.00**
Homestead Exemption	......	......	......	......	......	$1,905.00	$2,040.00	$2,210.00	$2,370.00	$2,560.00	$2,730.00	$2,890.00	$3,060.00	$3,200.00	$3,620.00	$3,570.00	$3,360.00	$3,170.00	$3,110.00	**$39,795.00**
Homestead Exemption-Farm Properties		......	......	......	$130.00	$135.00	$120.00	$120.00	$130.00	$130.00	$130.00	$140.00	$140.00	$130.00	$150.00	$150.00	$160.00	$150.00	$160.00	**$2,075.00**
Industrial Facilities	$295.00	$242.79	$250.00	$250.00	$250.00	$270.00	$290.00	$310.00	$310.00	$330.00	$306.00	$320.00	$325.00	$300.00	$245.00	$256.00	$236.00	$225.00	$221.00	**$5,231.79**
Mobile Homes	$75.20	$76.72	$45.00	$47.00	$42.00	$44.00	$49.00	$48.10	$42.10	$48.00	$48.00	$52.10	$55.41	$53.88	$58.00	$65.30	$48.50	$50.60	$52.10	**$1,001.01**
Neighborhood Enterprise Zones (NEZ)		......	......	$0.30	$0.30	$0.30	$0.60	$2.00	$2.60	$3.10	$5.00	$6.20	$7.70	$10.90	$16.20	$17.80	$19.50	$20.50	$21.50	**$134.50**
Next Energy	......	......	......	......	......	......	......	......	......	$0.00	$0.40	$0.50	$0.80	$1.00	$0.75	$0.90	$2.60	$3.00	$3.20	**$13.15**
Obsolete Property Rehabilitation		......	......	......	......	......	......	......	......	$1.50	$1.20	$1.70	$2.30	$3.10	$3.50	$4.30	$10.00	$10.50	$11.00	**$49.10**
Personal Property	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$68.80	$55.10	$61.60	$66.00	$65.00	**$316.50**
Personal Property- Industrial/Commercial Ad Valorem				......	......	......	......	......	......	......	......	......	......	......	......	$385.30	$371.00	$369.00	$356.00	**$1,481.30**
Poverty Exemptions	......	......	......	......	......	......	......	$2.10	$2.20	$2.20	$2.30	$2.40	$2.40	$0.00	$5.50	$6.00	$7.00	$7.50	$7.80	**$47.40**
Renaissance Zones (RZ)	......	......	......	$0.50	$10.80	$8.10	$10.70	$12.00	$18.30	$32.70	$52.80	$63.36	$80.00	$100.00	$120.00	$75.00	$84.00	$83.50	$84.90	**$836.66**
RR Right of Way/Broadband CRs	......	......	......	......	......	$12.10	$13.10	$15.10	$15.10	$22.70	$31.30	$36.30	$41.10	$48.51	$45.70	$47.90	$49.50	$49.40	$50.20	**$478.01**
Tax Exempt Property*	$1,750.00	$1,841.18	$1,836.30	$1,960.00	$2,100.00	$2,140.00	$2,251.00	$2,132.00	$2,968.00	$2,018.00	$2,016.00	$2,043.00	$1,995.00	$1,721.00	$1,960.00	$1,512.00	$1,527.00	$1,659.00	$1,684.00	**$37,113.48**
Taxable Value Cap	......	......	......	......	......	$1,090.00	$1,310.00	$1,800.00	$2,150.00	$2,700.00	$3,200.00	$3,410.00	$3,660.00	$3,610.00	$3,570.00	$3,480.00	$2,180.00	$1,750.00	$1,360.00	**$35,270.00**
Technology Parks	$2.00	$1.65	$2.50	$2.50	$2.50	$2.60	$0.30	$0.30	$0.20	$0.01	na	na	na	na	na	na	na	na	na	**$14.56**
TIFA	$250.00	$250.00	$200.00	$200.00	$200.00	$210.00	$230.00	$250.00	$260.00	$270.00	$280.00	$290.00	$290.00	$300.00	$300.00	$310.00	$275.00	$275.00	$280.00	**$4,920.00**
Veteran's Organizations	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	**$0.00**
Water Softeners	......	......	......	......	$0.40	$0.90	$0.95	$0.95	$1.05	$1.05	$1.08	$1.13	$1.16	$1.17	$1.19	$1.21	$1.22	$1.23	$1.25	**$15.94**
Total Local Property	**$2,446.70**	**$2,473.09**	**$2,391.80**	**$2,536.80**	**$2,862.50**	**$5,930.20**	**$6,398.05**	**$6,991.56**	**$8,381.78**	**$8,273.91**	**$8,964.87**	**$9,422.42**	**$9,810.25**	**$9,650.54**	**$10,345.15**	**$10,089.15**	**$8,546.32**	**$8,043.59**	**$7,621.78**	**$131,180.46**

Enacted Michigan Tax Cuts List 1994 to 2012 Single Business Tax (SBT) & Michigan Business Tax (MBT) with Associated Tax Credits

Known "packages" are shaded dark or light for ID
* Includes MEGA Credits against SBT/MBT and certain other credits. (**Tax INCREASES shown as bold face NEGATIVE #s**)

Single Business Tax	Tax	Tax	Public Act		FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	Cumulative After 1994
1991 SBT Apportionment and CAD Changes	SBT	Base	PA 77 of 1991	1991	$35.40	$36.80	$38.30	$39.80	$41.36	$42.98	$44.66	$46.41	$48.23	$50.12	$52.08	$54.12	$56.24	$58.44	$60.73	$62.00	$63.24	$64.50	**$895.41**
Lower Alternative Profit Tax 4 to 3%	SBT	Rate	PA 98 of 1992	1992	$10.00	$10.40	$10.80	$11.20	$11.70	$12.10	$12.50	$12.90	$13.30	$13.70	$14.10	$14.51	$14.94	$15.37	$15.82	$16.50	$16.83	$17.17	**$243.84**
Lower Alternative Profit Tax 3 to 2%	SBT	Rate	PA 245 of 1994	1994	$10.00	$10.80	$11.23	$11.68	$12.15	$12.51	$12.89	$13.28	$13.67	$14.08	$14.51	$14.94	$15.39	$15.85	$16.33	$18.00	$18.36	$18.73	**$254.40**
Raise Threshold from $40,000 to $100,000	SBT	Base	PA 246 of 1994	1994	$11.00	$11.40	$11.90	$12.40	$12.90	$13.30	$13.71	$14.14	$14.58	$15.03	$15.49	$15.97	$16.47	$16.98	$17.51	$18.00	$18.36	$18.73	**$267.87**
Raise Threshold from $100,000 to $250,000	SBT	Base	PA 246 of 1994	1994	$30.00	$31.60	$33.18	$34.84	$36.58	$37.68	$38.81	$39.97	$41.17	$42.41	$43.68	$44.99	$46.34	$47.73	$49.16	$51.00	$52.02	$53.06	**$754.22**
Cut SBT Rate to 2.3%	SBT	Rate	PA 247 of 1994	1994	$49.45	$50.58	$51.03	$53.16	$56.71	$58.44	$53.96	$56.24	$52.61	$52.19	$54.79	$52.37	$53.42	$54.48	$55.57	$60.00	$61.20	$62.42	**$988.61**
Remove UI, WDC, FICA from SBT Base	SBT	Base	PA 6 of 1995	1995	$74.00	$105.00	$112.00	$117.00	$123.00	$126.69	$130.49	$134.41	$138.44	$142.59	$146.87	$151.27	$155.81	$160.49	$165.30	$170.00	$173.40	$176.87	**$2,503.63**
MEGA Credit (ORIGINAL)	SBT	MEGA	PA 23 of 1995	1995	......	......	$1.30	$3.40	$8.00	$10.40	$13.30	$18.30	$21.30	$23.50	$21.91	$21.65	$21.39	$21.14	$20.89	$22.00	$22.44	$22.89	**$273.81**
1995 SBT Apportionment and CAD Changes	SBT	Base		1995	......	......	**-$24.30**	**-$31.20**	**-$46.40**	**-$27.50**	**-$20.00**	**-$20.80**	**-$21.60**	**-$22.50**	**-$23.40**	**-$24.30**	**-$25.23**	**-$26.21**	**-$27.21**	**-$28.00**	-$28.00	-$28.00	**-$424.65**
SBT Small Business Credit Changes	SBT	Credit	PA 284 of 1995	1995	......	......	......	......	$15.80	$21.90	$22.60	$23.20	$24.00	$24.70	$25.89	$26.99	$27.80	$28.60	$29.40	$32.00	$32.64	$33.29	**$368.81**
Brownfield Tax Credit	SBT	Bfld Cr	PA 382 of 1996	1996	......	......	$0.10	$0.80	$2.70	$4.00	$3.10	$2.30	$2.50	$3.00	$3.60	$4.30	$5.14	$6.13	$7.33	$8.00	$8.16	$8.32	**$69.48**
Exemptions for Renaissance Zones	SBT	Base	PA 441 of 1996	1996	......	......	$3.00	$4.40	$4.70	$5.50	$8.30	$14.60	$15.40	$15.70	$16.50	$17.30	$18.14	$19.02	$19.94	$21.00	$21.42	$21.85	**$226.77**
Revise definition tax base for insurance comp.	SBT	Base	PA 578 of 1996	1996	......	......	$3.70	$1.00	$1.03	$1.06	$1.09	$1.13	$1.16	$1.19	$1.23	$1.27	$1.30	$1.34	$1.38	$1.50	$1.53	$1.56	**$22.48**
Youth Apprenticeship Credit	SBT	Credit	PA 593 of 1996	1996	......	......	......	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$1.00	$1.02	$1.04	**$8.46**
Clarify retail sale for Ag cooperatives, tree nursery exemption	SBT	Base	PA 124 of 1997/HB 4773	1997	......	......	$3.00	$2.50	$2.60	$2.65	$2.70	$2.75	$2.85	$2.95	$3.00	$3.10	$3.20	$3.30	$3.40	$3.50	$3.57	$3.64	**$48.71**
SBT CR for community foundations donations, elim sunset	SBT	Credit	PA 190 of 1997/SB 705	1997	......	......	......	$0.50	$0.50	$0.55	$0.55	$0.60	$0.60	$0.65	$0.65	$0.70	$0.70	$0.75	$0.75	$0.80	$0.82	$0.83	**$9.95**
SB CR for food bank & homeless shelters elim sunset	SBT	Credit	PA 191 of 1997/HB 4091	1997	......	......	......	$0.30	$0.30	$0.35	$0.35	$0.40	$0.40	$0.45	$0.45	$0.50	$0.50	$0.55	$0.55	$0.60	$0.61	$0.62	**$6.94**
Eliminate Throwback, Voluntary Disclosure & Nexus	SBT	Base	PA 221 of 98/HB 5580	1998	......	......	......	......	$27.00	$27.00	$15.00	$5.00	**-$5.00**	**-$15.00**	**-$20.00**	**-$27.00**	**-$25.00**	**-$25.00**	**-$25.00**	**-$25.00**	-$25.00	-$25.00	**-$143.00**
Change sales factor apportionment calculation	SBT	Base	PA 225 of 98/HB 4910	1998	......	......	......	......	Incl 221	Incl 221	Incl 221	Incl 221	Incl 221	Incl 221	Incl 221	Incl 221	Incl 221	Incl 221	Incl 221	Incl 221	Incl 221	Incl 221	......
Agricultural Co-op Exemption	SBT	Base	PA 240 of 1998/SB 116	1998	......	......	......	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00	$2.04	$2.08	**$30.12**
SBT Historical Tax Credit	SBT	Credit	PA 534 of 1998/SB 105	1998	......	......	......	......	$1.50	$1.00	$0.33	$0.66	$1.14	$1.38	$1.51	$1.66	$1.83	$2.01	$2.21	$2.50	$2.55	$2.60	**$22.90**
Treatment of software royalties	SBT	Base	PA 539 of 1998/SB 1030	1998	......	......	......	......															
Revise certification periods for MEGA CRs	SBT	MEGA	PA 100 of 1999/SB 573	1999	......	......	......	......	......	$6.00	$8.00	$10.00	$10.25	$10.50	$10.75	$11.00	$11.25	$11.50	$11.75	$12.00	$12.24	$12.48	**$137.72**
SBT Phase-out & Rate Cut, Invest Tax CR	SBT	Rate	PA 115 of 1999/HB 4745	1999	......	......	......	......	$85.06	$204.54	$296.78	$421.79	$420.90	$417.50	$438.30	$418.90	$422.90	$426.90	$430.00	$435.00	$443.70	$452.57	**$5,314.84**
Clarify SBT Foreign Tax Base	SBT	Base	PA 115 of 1999/HB 4745	1999	......	......	......	......	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	......
Industrial Restructuring Provision	SBT	Base	PA 115 of 1999/HB 4745	1999	......	......	......	......	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	......
Replace SBT CAD with Investment Tax Credit	SBT	Credit	PA 115 of 1999/HB 4745	1999	......	......	......	......	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	......
SBT youth apprentice CR, eliminate sunset	SBT	Credit	PA 184 of 1999/SB 717	1999	......	......	......	......	$0.10	$0.13	$0.15	$0.25	$0.35	$0.50	$0.50	$0.50	$0.50	$0.50	$0.50	$0.50	$0.51	$0.52	**$5.51**
SBT Historical preservation CR	SBT	Credit	PA 213 of 1999/SB 888	1999	......	......	......	......	......	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	**$1.31**
SBT Historical preservation CR	SBT	Credit	PA 214 of 1999/SB 889	1999	......	......	......	......	......	Incl 213	Incl 213	Incl 213	Incl 213	Incl 213	Incl 213	Incl 213	Incl 213	Incl 213	Incl 213	Incl 213	Incl 213	Incl 213	......
Change SBT Investment Tax Credit	SBT	Credit	2000 PA 44/SB 1040	2000	......	......	......	......	......	$4.80	$6.33	$5.33	$5.54	$5.76	$5.99	$6.23	$6.48	$6.74	$7.01	$7.35	$7.50	$7.65	**$82.68**
MEGA Job Retention Credit	SBT	MEGA	2000 PA 143/SB 269	2000	......	......	......	......	......	......	......	......	$0.62	$0.70	$1.15	$1.90	$3.15	$5.20	$6.00	$6.25	$6.38	$6.50	**$37.84**
Brownfield Credits (New)	SBT	Bfld Cr	2000 PA 143/SB 269	2000	......	......	......	......	......	......	$1.96	$2.50	$5.32	$11.39	$17.27	$21.33	$21.50	$21.70	$22.00	$22.50	$22.95	$23.41	**$193.83**
MEGA High Tech Credit	SBT	MEGA	2000 PA 144/HB 5443	2000	......	......	......	......	......	......	$0.16	$0.80	$1.04	$0.67	$0.87	$1.10	$1.39	$1.75	$2.21	$2.50	$2.55	$2.60	**$17.64**
Brownfield Credit Act	SBT	Bfld Cr	2000 PA 145/HB 4400	2000	......	......	......	......	......	......	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	Incl.	......
Exempt fgn based trucking companies from SBT	SBT	Base	2000 PA 373/SB 1380	2000	......	......	......	......	......	......	$0.80	$0.85	$0.90	$0.95	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.02	$1.04	**$11.56**
New MEGA CRS	SBT	MEGA	2000 PA 428/SB 1046	2000	......	......	......	......			Unknown impact - expected to be minor						......	......	......	......	......	......	......
Ex Atty-in-fact for ins xchg; Cr for certain; comm foundations	SBT	Base	2000 PA 429/SB 1345	2000	......	......	......	......			Unknown impact - expected to be minor						......	......	......	......	......	......	......
Gross Receipts exclusion/TP acting in agency function	SBT	Base	2000 PA 477/SB 1300	2000	......	......	......	......	......	$2.30	$2.50	$3.10	$3.10	$3.10	$3.10	$3.10	$3.10	$3.20	$3.35	$3.50	$3.57	$3.64	**$40.66**
Exemp tax base attrib to multiple emp welfare dental plan	SBT	Base	2001 PA 224/SB 490	2001	......	......	......	......	......	......	$0.50	$0.55	$0.60	$0.65	$0.70	$0.75	$0.80	$0.85	$0.90	$0.95	$0.97	$0.99	**$9.21**
Exclude certain royalties from tax base	SBT	Base	2001 PA 229/HB 5474	2001	......	......	......	......	......	......	$0.10	$0.15	$0.20	$0.23	$0.25	$0.28	$0.30	$0.33	$0.35	$0.38	$0.38	$0.39	**$3.32**
Excl certain pymts by franchisees & franchisors	SBT	Base	2001 PA 230/SB 486	2001	......	......	......	......	......	......	$0.10	$0.15	$0.25	$0.35	$0.45	$0.55	$0.65	$0.75	$0.85	$0.95	$0.97	$0.99	**$7.01**
Low grade hematite (Iron Ore) CR	SBT	Credit	2001 PA 249/SB 516	2001	......	......	......	......	......	......	$0.70	$1.50	$1.70	$1.70	$1.70	$1.70	$1.70	$1.70	$1.70	$2.00	$2.04	$2.08	**$20.22**
Tax base of fgn airline, exempt for one year	SBT	Base	2001 PA 278/SB 775	2001	......	......	......	......			No info available to est fiscal impact						......	......	......	......	......	......	......
SBT, amend definition of foreign "person"	SBT	Base	2002 PA 442/SB 1278	2002		......	......	......	......	......	......	......	......	......	......	......	......	......	......	No fiscal impact			
Raise SBT Threshhold to $350,000	SBT	Base	2002 PA 531/SB 1322	2002	......	......	......	......	......	......	......	......	$12.59	$16.69	$17.28	$16.91	$17.10	$17.20	$17.20	$17.50	$17.85	$18.21	**$168.52**
Accelerate SBT rate phase-out	SBT	Base	2002 PA 531/SB 1322	2002	......	......	......	......	......	......	......	......	$18.50	$18.50	$150.00	$300.00	$500.00	$700.00	$925.00	$1,100.00	$1,122.00	$1,144.44	**$5,978.44**
R&D CR for alt egy tech for payroll & business activity	SBT	Credit	2002 PA 531/SB 1322	2002	......	......	......	......	......	......	......	......	$0.40	$0.80	$1.20	$2.00	$3.00	$4.00	$5.00	$6.00	$6.12	$6.24	**$34.76**
Pharma R & D (Pfizer)	SBT	Credit	2002 PA 588/HB 6073	2002	......	......	......	......	......	......	......	......	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.20	$10.40	**$100.60**
NEXT Energy	SBT	Credit	2002 PA 593/SB 1316	2002	......	......	......	......	......	......	......	......	$5.80	$12.80	$15.00	$15.00	$20.00	$22.00	$25.00	$25.00	$25.50	$26.01	**$192.11**
Adjust base for PEOs	SBT	Base	2002 PA 603/HB 5403	2002	......	......	......	......	......	......	......	......	$0.50	$0.50	$0.50	$0.50	$0.50	$0.50	$0.50	$0.50	$0.51	$0.52	**$5.03**
Tax base exclusions	SBT	Base	2002 PA 606/SB 1422	2002	......	......	......	......	......	......	......	......	Unknown - possibly significant revenue loss				......	......	......	......	......	......	......
Brownfield & other Crs, Create more tax relief zones	SBT	Bfld Cr	2002 PA 622/SB 1500	2002	......	......	......	......	......	......	......	......	Unknown - likely minor revenue loss			......	......	......	......	......	......	......	......

Brownfield & other Crs, Create more tax relief zones	SBT	Bfld Cr	2002 PA 726/HB 6501	2002	......	......	......	......	......	......	......	......	$15.00	$16.00	$16.50	$17.00	$17.50	$18.00	$18.00	$18.00	$18.36	$18.73	**$173.09**
Tax Abatement for Bio-Diesel Manufacturing	SBT	Base	2003 PA 5/HB 4010	2003	......	......	......	......	......	......	......	......	......	Unknown impact, no known firms preparing to do this				......	......	......	......	......	**......**
Estimate liability of owner selling/quitting business	SBT	Base	2003 PA 23/HB 4567	2003	......	......	......	......	......	......	......	......	......	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00	$2.04	$2.08	**$18.12**
Doubled # of Tax-Exempt Agricultural Renaissance Zones	SBT	Base	2003 PA 93/SB 163	2003	......	......	......	......	......	......	......	......	......	......	......	$0.85	$7.10	$7.31	$15.27	$16.00	$16.32	$16.65	**$79.50**
Remove Health Care Costs from SBT Tax Base 04, 05, & 06	SBT	Base	2003 PA 240/SB 672	2003	......	......	......	......	......	......	......	......	......	$2.20	$9.90	$22.20	......	......	......	......	......	......	**$34.30**
Remove Health Care Costs from SBT Tax Base for 07 fwd	SBT	Base	2003 PA 241/SB 673	2003	......	......	......	......	......	......	......	......	......	......	......	......	$34.10	$35.50	$69.60	$110.00	$112.20	$114.44	**$475.84**
MEGA - New Rural (Pkg w 820,821,5246,5255	SBT	MEGA	2003 PA 248/HB 5255	2003	......	......	......	......	......	......	......	......	......	......	......	$0.05	$5.00	$4.90	$5.70	$6.00	$6.12	$6.24	**$34.01**
Authorize MEGA CRs for Qualified High Tech Businesses	SBT	MEGA	2003 PA 249/HB 5246	2003	......	......								......	......	$5.00	$4.90	$5.70	$15.60	$16.00	$16.32	$16.65	**$80.17**
MEGA Extension	SBT	MEGA	2003 PA 250/SB 820	2003	......	......	......	......	......	......	......	......	......	......	$8.80	$8.80	$8.90	$9.00	$9.00	$9.00	$9.18	$9.36	**$72.04**
Single Business Tax Credit for Distressed Businesses	SBT	Credit	2003 PA 251/SB 821	2003	......	......	......	......	......	......	......	......	......	$8.80	$8.80	$18.70	$26.50	$27.00	$89.80	$90.00	$91.80	$93.64	**$455.04**
New Tax-Exempt Tool and Die Recovery Renaissance Zones	SBT	Base	2003 PA 266/SB 825	2003	......	......	......	......	......	......	......	......	......	$0.66	$2.30	$5.00	$7.75	$10.68	$29.00	$30.00	$30.60	$31.21	**$147.20**
Double SBT Credit for Apprenticeship Training	SBT	Credit	2003 PA 273/SB 814	2003	......	......	......	......	......	......	......	......	......	$0.70	$0.70	$0.70	$0.70	$0.70	$3.50	$3.50	$3.57	$3.64	**$17.71**
SBT CR for venture capital investment	SBT	Credit	2003 PA 296/SB 834	2003	......	......	......	......	......	......	......	......	Unknown size of impact, earliest would be 2010, possibly significant-max annual $30M; max tot to 2010 $150M										
Expansion of Boundaries of Coldwater Renaissance Zone	SBT	RZ	2004 PA 16/SB 275	2004	......	......	......	......	......	......	......	......	......	......	$0.10	$0.10	$0.10	$0.10	$0.40	$0.40	$0.40	$0.40	**$2.00**
Expansion of certain Enterprise Zones	SBT	EZ	2004 PA 60/HB 5344	2004	......	......	......	......	......	......	......	......	......	......									
MEGA - New Retention	SBT	MEGA	2004 PA 80/HB 5445	2004	......	......	......	......	......	......	......	......	......	......	$6.40	$6.42	$6.50	$6.50	$6.50	$6.50	$6.63	$6.76	**$52.21**
Expanded Eligibility for Single Business Tax Credits approved by Michigan Economic Growth Authority for Multi-Site Facilities and Businesses with Leased Employees	SBT	Credit	2004 PA 81/SB 824	2004	......	......	......	......	......	......	......	......	......	......	$3.20	$6.40	$11.30	$12.30	$13.50	$46.70	$47.63	$48.59	**$189.62**
Single Business Tax Exemption for Start-up Businesses	SBT	Base	2004 PA 126/HB 5331	2004	......	......	......	......	......	......	......	......	......	......	$0.90	$1.20	$1.25	$1.30	$1.35	$6.00	$6.12	$6.24	**$24.35**
Single Business Tax Deduction for Research Programs and Grants	SBT	Base	2004 PA 258/SB 1116	2004	......	......	......	......	......	......	......	......	......	......	$0.10	$0.10	$0.10	$0.10	$0.10	$0.50	$0.51	$0.52	**$2.03**
Single Business Tax Credit for Automobile Donation	SBT	Credit	2004 PA 302/HB 5463	2004	......	......	......	......	......	......	......	......	......	......	$0.30	$0.50	$0.50	$0.50	$0.50	$2.30	$2.35	$2.39	**$9.34**
One Percent Compensation Credit - Start-ups	SBT	Credit	2004 PA 319/SB 1274	2004	......	......	......	......	......	......	......	......	......	......	$2.70	$0.80	$0.80	$0.80	$0.80	$0.80	$0.82	$0.83	**$8.35**
Technology Park Facilities Tax Exemption for Start-up Business Facilities	SBT	Base	2004 PA 321/SB 1302	2004	......	......	......	......	......	......	......	......	......	......	In PA 319	In PA 319	In PA 319	In PA 319	In PA 319	In PA 319	In PA 319	In PA 319	**......**
MEGA - New Retention	SBT	MEGA	2004 PA 398/SB 1396	2004	......	......	......	......	......	......	......	......	......	......	$0.00	$0.20	$0.20	$0.20	$0.20	$0.80	$1.60	$3.00	**$6.20**
New Tax-Exempt Redevelopment Renaissance Zone	SBT	RZ	2004 PA 430/SB 1453	2004	......	......	......	......	......	......	......	......	......	......	NA	NA	NA	NA	NA	NA	NA	NA	**......**
Credit for early stage venture capital/or tax vouchers	SBT	Credit	2005 PA 102/SB 525	2005	......	......	......	......	......	......	......	......	......	......	......	......	No additional impact vs current law per bill analysis						**......**
MEGA - New Rural Retention - Cadillac Casting	SBT	Base	2005 PA 185/SB 798	2005	......	......	......	......	......	......	......	......	......	......	......	$0.00	$0.50	$0.50	$0.50	$1.50	$1.53	$1.56	**$6.09**
SBT-Rate fr 1.90 to 1.85;chg excess comp/gross recpts calcs	SBT	Rate	2005 PA 216/SB 633	2005	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$25.10	$8.80	$8.98	$9.16	**$52.03**
SBT-phase in excl 100 % of Hlth Care costs, start @ 20%-05	SBT	Base	2005 PA 221/HB 4342	2005	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$7.70	$2.60	$2.65	$2.71	**$15.66**
SBT-CR for new pers prop/R & D/15 %-eff 1-1-06	SBT	Credit	2005 PA 222/HB 4972	2005	......	......	......	......	......	......	......	......	......	......	......	$90.00	$120.00	$120.00	$120.00	$30.00	$30.60	$31.21	**$541.81**
SBT-Sales apportion factor: fr 90-5-5 to 95-2.5-2.5 eff 1-1-06	SBT	Base	2005 PA 223/HB 4973	2005	......	......	......	......	......	......	......	......	......	......	......	$16.10	$22.00	$23.00	$24.00	$6.20	$6.32	$6.45	**$104.07**
SBT-reform pkg, elim sales tax ex for prisoner purchases	SBT	Base	2005 PA 224/HB 4980	2005	......	......	......	......	......	......	......	......	......	......	......	**-$0.50**	**-$0.70**	**-$0.70**	**-$0.80**	**-$0.80**	-$0.80	-$0.80	**-$5.10**
Modify penalties	SBT	Base	2005 PA 227/HB 5095	2005	......	......	......	......	......	......	......	......	......	......	......	**-$3.80**	**-$5.10**	**-$5.30**	**-$5.50**	**-$5.70**	-$5.70	-$5.70	**-$36.80**
SBT Cr for LLCs, Apprenticeships, Ins Cos subject to Sales/Use	SBT	Credit	2005 PA 228/HB 5097	2005	......	......	......	......	......	......	......	......	......	......	......	**$0.00**	**$0.00**	**$0.00**	**-$2.00**	**-$3.00**	-$3.00	-$3.00	**-$11.00**
SBT-relim apprentice CR, except constr; ins cos to sales/use tax;CR for LLC	SBT	Credit	2005 PA 229/HB 5098	2005	......	......	......	......	......	......	......	......	......	......	......	**-$16.40**	**-$22.10**	**-$22.80**	**-$23.70**	**-$6.10**	-$6.10	-$6.10	**-$103.30**
SBT -One yr PPT alt tax rate & reduce liability	SBT	Base	2005 PA 230/HB 5106	2005	......	......	......	......	......	......	......	......	......	......	......	**-$11.10**	**-$15.10**	**-$15.60**	**-$15.20**	**-$4.10**	-$4.10	-$4.10	**-$69.30**
Eliminate certain state exemptions	SBT	Base	2005 PA 231/HB 5108	2005	......	......	......	......	......	......	......	......	......	......	......	$2.20	$3.00	$2.80	$2.90	$0.70	$0.71	$0.73	**$13.04**
Manufacturers Pers Prop Tax CR for 2006	SBT	CR-PPT	2005 PA 289/HB 4982	2005	......	......	......	......	......	......	......	......	......	......	......	......	$115.00	$124.00	$132.00	$68.00	$69.36	$70.75	**$579.11**
Manufacturers Pers Prop Tax CR for 2007	SBT	CR-PPT	2005 PA 290/SB 909	2005	......	......	......	......	......	......	......	......	......	......	......	......	Incl PA 289	Incl PA 289	Incl PA 289	Incl PA 289	Incl PA 289	Incl PA 289	**Incl PA 289**
Manufacturers Pers Prop Tax CR for 2008	SBT	CR-PPT	2005 PA 291/HB 5461	2005	......	......	......	......	......	......	......	......	......	......	......	......	Incl PA 289	Incl PA 289	Incl PA 289	Incl PA 289	Incl PA 289	Incl PA 289	**Incl PA 289**
Manufacturers Pers Prop Tax CR for 2009	SBT	CR-PPT	2005 PA 292/HB 5460	2005	......	......	......	......	......	......	......	......	......	......	......	......	Incl PA 289	Incl PA 289	Incl PA 289	Incl PA 289	Incl PA 289	Incl PA 289	**Incl PA 289**
Insourcing Credit for Jobs Transferred From Another State Or Country to Michigan for 2007 and 2008	SBT	Credit	2005 PA 293/SB 910	2005	......	......	......	......	......	......	......	......	......	......	......	......	......	$20.00	......	......	......	......	**$20.00**
Insourcing CR for Jobs Trans From Another State/Country to Michigan for 2009/Chg Sales Factor Apportionment	SBT	Credit	2005 PA 294/HB 5459	2005	......	......	......	......	......	......	......	......	......	......	......	$95.20	$87.80	$113.80	$112.50	$112.50	$114.75	$117.05	**$753.60**
2005 PA 294 also provided a CR for certified personal property taxes paid			2005 PA 294/HB 5459	2005	......	......	......	......	......	......	......	......	......	......	......	Incl above	Incl above	Incl above	Incl above	Incl above	Incl above	Incl above	**......**
Modify Tax Base Apportionment to Reduce Single Business Tax Liability	SBT	Base	2005 PA 295/SB 634	2005	......	......	......	......	......	......	......	......	......	......	......	$8.70	$11.90	$22.30	$26.40	$26.40	$26.93	$27.47	**$150.09**
Special SBT Provisions	SBT	Base	2005 PA 296/SB 203	2005	......	......	......	......	......	......	......	......	......	......	......	NA	NA	NA	NA	NA	NA	NA	**$0.00**
Authorize Michigan Economic Growth Authority (MEGA) Tax Credits for Vaccine Laboratory Sites	SBT	MEGA	2006 PA 21/HB 5559	2006	......	......	......	......	......	......	......	......	......	......	......	......	Unknown amount of impact-extends eligibility period for CRS						**......**
Expand Historic Preservation SBT CR-elim population rqmt	SBT	Credit	2006 PA 53/SB 570	2006	......	......	......	......	......	......	......	......	......	......	......	......	$0.10	$0.10	$0.13	$0.13	$0.13	$0.13	**$0.71**
Annual cap on MEGA CRs less than $200K of $10M	SBT	Credit	2006 PA 111/HB 4733	2006	......	......	......	......	......	......	......	......	......	......	......	......	$10.00	$10.00	$10.00	$10.00	$10.20	$10.40	**$60.60**
Revise qualifications for certain CRs	SBT	Credit	2006 PA 112/HB 4734	2006	......	......	......	......	......	......	......	......	......	......	......	......	Incl in PA 111	Incl in PA 111	Incl in PA 111	Incl in PA 111	Incl in PA 111	Incl in PA 111	**Incl in PA 111**
SBT provide for assignment of new Brownfield Tax Credits	SBT	Bfld CR	2006 PA 113/SB 599	2006	......	......	......	......	......	......	......	......	......	......	......	......	$4.50	$4.50	$4.50	$4.50	$4.59	$4.68	**$27.27**
Expand Eligibility for Michigan Economic Growth Authority (MEGA) Tax Credits in Ontonagon -Smurfitt Stone Corp	SBT	MEGA	2006 PA 117/HB 5640	2006	......	......	......	......	......	......	......	......	......	......	......	......	$0.50	$0.50	$0.50	$0.50	$0.51	$0.52	**$3.03**
Expand Hi-Tech Businesses Qualified for (MEGA) Tax CRs	SBT	MEGA	2006 PA 188/HB 6034	2006	......	......	......	......	......	......	......	......	......	......	......	Unable to est impact of change to incl oth high tech				......	......	......	**......**
Provide for assignment of Brownfield CRs	SBT	Bfld CR	2006 PA 224/HB 6070	2006	......	......	......	......	......	......	......	......	......	......	......	May impact timing of claims, not amounts			......	......	......	......	**......**

Extension of Brownfield & Hist Pres CRs post SBT repeal	SBT	Bfld CR	2006 PA 240/HB 6183	2006	......	......	......	......	......	......	......	......	......	......	......	......	$60.00	$50.00	$10.00	$10.00	$10.20	$10.40	**$150.60**
Provide RZ for renewable energy	SBT	RZ CR	2006 PA 270/SB 1078	2006	......	......	......	......	......	......	......	......	......	......	......	......	......						
Expand Eligibility for MEGA CRs for Full-Time Job Creation	SBT	MEGA	2006 PA 281/HB 6035	2006	......	......	......	......	......	......	......	......	Amount unknown, but est from other data				$4.20	$4.20	$4.20	$4.20	$4.28	$4.37	**$25.45**
Expand Eligibility for MEGA Tax Credits	SBT	MEGA	2006 PA 283/SB 802	2006	......	......	......	......	......	......	......	......	......	......	......	......	Incl	Incl	Incl	Incl	Incl	Incl	......
Increase Number of Ag Processing Renaissance Zones	SBT	RZ	2006 PA 284/SB 900	2006	......	......	......	......	......	......	......	......	......	......	......	......	Will reduce state & local revenues by unknow amount						......
CR for Forest Products, Rzone	SBT	RZ	2006 PA 304/HB 5456	2006	......	......	......	......	......	......	......	......	......	......	......	......	Unknown fiscal impact		......	......	......	......	......
CR for Forest Products, Rzone	SBT	RZ	2006 PA 305/SB 919	2006	......	......	......	......	......	......	......	......	......	......	......	......	Unknown fiscal impact		......	......	......	......	......
Create defense contract coord center	SBT	RZ	2006 PA 317/SB 727	2006	......	......	......	......	......	......	......	......	......	......	......	......	......	$10.00	$10.00	$10.00	$10.20	$10.40	**$50.60**
R&D Comp Cr for Jt Hybrid Devel Ctr (GM, DCX, BMW)	SBT	SBT	2006 PA 323/HB 4971	2006	......	......	......	......	......	......	......	......	......	......	......	......	$2.50	$2.50	$2.50	$2.50	$2.55	$2.60	**$15.15**
NEZ chg to include property located in Ecorse	SBT	Credit	2006 PA 349/SB 1047	2006	......	......	......	......	......	......	......	......	......	......	......	......	......	$3.19	$3.19	$3.19	$3.25	$3.32	**$16.15**
Credits for distribution & Warehousing facilities	SBT	MEGA	2006 PA 483/SB 1111	2006	......	......	......	......	......	......	......	......	......	Bill reversed STC revocation of cert			Unknown fiscal impact		......	......	......	......	**$0.00**
Expanded Eligibility for MEGA Tax Credits	SBT	MEGA	2006 PA 484/HB 6118	2006	......	......	......	......	......	......	......	......	......	......	......	......	Makes 3 businesses eligible for unknown amounts of credit, but..						
Authorized Rural MEGA Tax Credits in Kent County	SBT	MEGA	2006 PA 484/HB 6118	2006	......	......	......	......	......	......	......	......	......	......	......	......	but project unlikely to go forward without CRs- Mercedes Tech in GR,						
Authorized MEGA Tax Credits in Northern Michigan	SBT	MEGA	2006 PA 484/HB 6118	2006	......	......	......	......	......	......	......	......	......	......	......	......	Eaton in Jackson, and Federal Mogul			......	......	......	......
CR for contr to family development accounts	SBT	Credit	2006 PA 512/SB 1393	2006	......	......	......	......	......	......	......	......	......	......	......	......	Unknown fiscal impact		......	......	......	......	......
Mi NextEnergy Auth Exp Alt Energy Tax CRs & Exemps	SBT	Credit	2006 PA 632/SB 583	2006	......	......	......	......	......	......	......	......	......	......	......	......	$0.20	$1.20	$1.20	$2.60	$2.65	$2.71	**$10.56**
MBT–Create Michigan Business Tax#	MBT	Base	2007 PA 36/SB 094	2007																			
Ex Comm'l/Indust Pers Prop from 18 mills	MBT	PPT	2007 PA 37/HB 4369	2007	......	......	......	......	......	......	......	......	......	......	......	......	......	$342.00	$342.00	$342.00	$348.84	$355.82	**$1,730.66**
Exempts indust Pers Prop Fr 6 mills	MBT	PPT	2007 PA 38/HB 4370	2007	......	......	......	......	......	......	......	......	......	......	......	......	......	$70.00	$70.00	$70.00	$71.40	$72.83	**$354.23**
Exs indust Pers Prop Fr 6 mill portion of IFT & 18 local	MBT	PPT	2007 PA 39/HB 4371	2007	......	......	......	......	......	......	......	......	......	......	......	......	......	$68.00	$68.00	$68.00	$69.36	$70.75	**$344.11**
Exs Comml Pers Prop fr 6 mills and local 18	MBT	PPT	2007 PA 40/HB 4372	2007	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......				**$0.00**
MEGA-chg definition of hi-tech activity (Federal-Mogul)	MBT	MEGA	2007 PA 62/SB 207	2007	......	......	......	......	......	......	......	......	......	......	......	......	Unknown, likely minor revenue impacts			......	......	......	......
Revise business income tax base to acct for def liabilities	MBT	Base	2007 PA 90/HB 5104	2007	......	......	......	......	......	......	......	......	......	......	......	Revenue impacts are significant, don't begin until 2015--SEE BELOW#							
MBT Surcharge	MBT	SrChrg	2007 PA 145/HB 5408	2007	......	......	......	......	......	......	......	......	......	......	......	......	Hold SAF harmless from repeal of services tax						
MBT provide for sourcing of media receipts	MBT	Base	2007 PA 205/HB 5460	2007	......	......	......	......	......	......	......	......	......	......	......	......	......	Unknown fiscal impact			......	......	......
MBT provide CR for certain private equity funds	MBT	Credit	2007 PA 206/HB 5412	2007	......	......	......	......	......	......	......	......	......	......	......	......	Unknown impact, potentially signif, up to $47 M annual						......
MBT expand except to gross recpts: incl securities & com-modities	MBT	Base	2007 PA 207/HB 5413	2007	......	......	......	......	......	......	......	......	......	......	......	......	......	$1.90	$1.90	$1.90	$1.94	$1.98	**$9.61**
CR for certain qualified technology	MBT	Credit	2007 PA 208/HB 5409	2007					......	......	......	......	......	......	......	......	......	$3.00	$3.00	$3.00	$3.06	$3.12	**$15.18**
MBT R&D CR for Hybrid Devel Ctr(GM, DCX, BMW jt venture)	MBT	Credit	2007 PA 214/SB 944	2007	......	......	......	......	......	......	......	......	......	......	......	......	......	$1.90	$1.90	$1.90	$1.94	$1.98	**$9.61**
Allow financial institutions to claim RZ Crs (for GMAC)	MBT	Credit	2007 PA 215/HB 5125	2007	......	......	......	......	......	......	......	......	......	......	......	......	......	No state or local fiscal impact		......	......	......	......
Allow insurance cos to claim RZ Crs	MBT	Credit	2007 PA 216/HB 5126	2007	......	......	......	......	......	......	......	......	......	......	......	......	......	No state or local fiscal impact		......	......	......	......
MBT exclude taxation of captive insurance companies	MBT	Base	2008 PA 30/SB 1062	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	Unknown, but net cut		......	......	......	......
MBT provide CR for certain job trng expenses of film production cos	MBT	Credit	2008 PA 74/SB 1176	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	Unknown, potentially significant					......
MBT credit for certain qualified technology	MBT	Credit	2008 PA 75/SB 1177	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	$2.00	$2.00	$2.00	$2.04	$2.08	**$10.12**
MBT CR for certain film production expenditures	MBT	Credit	2008 PA 77/HB 5841	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	Unknown, potentially significant					......
MBT CR for certain film and digital media infra $$-$20M an cap, but cryfwd	MBT	Credit	2008 PA 86/SB 1173	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$20.00	$20.00	$20.40	$20.81	**$81.21**
MBT CR for creating an anchor zone	MBT	Credit	2008 PA 88/HB 5858	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	Unable to estimate - potentially significant					......
MBT Brownfield CR revisions	MBT	Bfld CR	2008 PA 89/HB 5511	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	Unknown, but significant		......	......	......	......
MBT Mew MEGA CR for certain anchor zone companies	MBT	MEGA	2008 PA 92/ SB 1115	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	Unable to estimate - potentially significant					......
MBT treat film rental/royalty pymts as purchase fr others/ excl fr tax base	MBT	Credit	2008 PA 97/SB 1192	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	$1.20	$1.40	$0.40	$0.41	$0.42	**$3.82**
MBT-include tourism convention facilities in MEGA	MBT	MEGA	2008 PA 108/SB 1187	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	Not possible to estimate impact of change					**$0.00**
MBT CR for being awarded a federal procurement contract	MBT	Credit	2008 PA 109/SB 1188	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	Not possible to estimate impact of change					......
MBT-MEGA-reduce min # of jobs reqd for CR	MBT	MEGA	2008 PA 110/SB 1189	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	Not possible to estimate impact of change					......
MBT MEGA CR, revisions to credit	MBT	MEGA	2008 PA 111/SB 1190	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	Not possible to estimate impact of change					......
MBT revise eligible taxpayer for entertainment complex CR (stadium)	MBT	Credit	2008 PA 114/HB 5463	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	$1.70	$1.70	$1.70	$1.73	$1.77	**$8.60**
MBT revise eligible taxpayer for entertainment complex CR (stadium)	MBT	Credit	2008 PA 115/SB 1118	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	Incl PA 114	Incl PA 114	Incl PA 114	Incl PA 114	Incl PA 114	**$0.00**
MBT deducts for certain affordable housing projects	MBT	Base	2008 PA 168/HB 5893	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	Unable to estimate - potentially significant					......
MBT treat as purchases from others certain pymts to subcont	MBT	Base	2008 PA 177/SB 1217	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	Unable to estimate - potentially significant					......
SBT*clarify sourcing of receipts for mortgage companies	MBT	Base	2008 PA 221/HB 5151	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	$0.51	NA	NA	NA	NA	**$0.51**
MBT provide CR for certain cos based on consumption of energy	MBT	Credit	2008 PA 263/HB 5972	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	Hemlock Semi-Conductor - Revenue					**Signif Futr**
MBT calc for above CR for 2023 tax year	MBT	Credit	2008 PA 264/HB 5976	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	Reductions begin in FY 2011-12 and continue 12 Years beyond					**Signif Futr**
MBT calc for above CR for 2016 -2021 tax year	MBT	Credit	2008 PA 265/SB 1267	2008	......	......	......	......	......	......	......	......	......	......	......	......	......						**Signif Futr**
MBT calc for above CR for 2022 tax year	MBT	Credit	2008 PA 266/SB 1268	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	Reductions begin in FY 2011-12 and continue 12 Years beyond					**Signif Futr**
MBT calc for above CR for 2012 to 2015 tax years	MBT	Credit	2008 PA 267/HB 5973	2008	......	......	......	......	......	......	......	......	......	......	......	......	......						**Signif Futr**
MBT CR for constr & op of new facility for photovoltaic mfgr	MBT	Credit	2008 PA 270/HB 5898	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**Signif Futr**
MBT tech amends to definition of gross receipts	MBT	Base	2008 PA 433/SB 1038	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$115.80	$80.50	$82.11	$83.75	**$362.16**
MBT revise defs of fgn operating entity & fed taxable income	MBT	Base	2008 PA 434/SB 1052	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	......	**-$172.50**	**-$23.40**	**-$23.40**	**-$23.40**	**-$242.70**
MBT provide exemp for foreign persons (non Mich cos) in certain circums	MBT	Base	2008 PA 435/SB 1009	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	......		Unknown amount of impact			......
MBT revisions to historic preservation CR	MBT	Credit	2008 PA 448/SB 973	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$3.00	$3.06	$3.12	**$9.18**

MBT allow CRs for contrib to individ or family development accts	MBT	Credit	2008 PA 451/ SB 1020	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$1.00	$1.02	$1.04	$3.06
MBT extend deadline fo for goodwill deduction for finl companies	MBT	Base	2008 PA 470/HB 5118	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	......	Indeterminate fiscal impact				......
MBT provide realtors exclusion fr gross receipts of pymts to indend contr.	MBT	Base	2008 PA 472/HB 5924	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$5.00	$6.50	$6.63	$6.76	$24.89
MBT Increase CR for certain capital expenditures	MBT	Credit	2008 PA 572/SB 1264	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$0.30	$0.40	$0.41	$0.42	$1.52
MBT provide for revisions to Brownfield CRs	MBT	Bfld CR	2008 PA 578/SB 982	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	......	No fiscal impact				......
MBT CR for certain plug-in traction battery packs*	MBT	Credit	2008 PA 580/HB 6611	2008		......		*See Note after FY 2010 at bottom of table						......				*See Note after FY 2010 at bottom of table					
Incentives for warehousing & distribution facilities	MBT	Credit	2008 PA 581/SB 146	2008	......	......	......	......	......	......	......	......	......	......	......	......	......	......					
MBT incr # of CRs for certain battery mfgy operations	MBT	Credit	2009 PA 5/HB 4515	2009	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$0.00
MBT incr # of CRs, and revise composition of review board	MBT	Credit	2009 PA 6/SB 319	2009	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$0.00
MBT incr # CRs avail for battery cell mfgy & incr R &D CR cap	MBT	Credit	2009 PA 26/SB 466	2009	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$0.00
MBT clarify est pymt procedures during transition	MBT	Base	2009 PA 8/SB 098	2009	......	......	......	......	......	......	......	......	......	......	......	......	......	......	Unknown likely minor loss				......
MBT clarify est pymt procedures during transition-for 2008	MBT	Base	2009 PA 9/HB 4496	2009	......	......	......	......	......	......	......	......	......	......	......	......	......	......	Unknown likely minor loss				......
MBT revise sunset & caps for constr & R&D for new photo-voltaic plants	MBT	Credit	2009 PA 90/HB 4523	2009	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......
MBT exclude certain royalty payments from tax base	MBT	Base	2009 PA 105/SB 219	2009	......	......	......	......	......	......	......	......	......	......	......	......	......	......	No fiscal impact				......
MBT modify distribution to School Aid Fund	MBT	Earmrk	2009 PA 106/SB 480	2009	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......			$0.00
MBT CR for facilities mfgy integrated pwr and smart control systems	MBT	Credit	2009 PA 110/SB 777	2009	......	......	......	......	......	......	......	......	......	......	......	......	......	......	Can't claim before 2012				$0.00
MBT Modify MEGA CRs	MBT	MEGA	2009 PA 123/HB 4922	2009	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$0.00
MBT Modify certain MEGA credits	MBT	MEGA	2009 PA 125/HB 4922	2009	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$0.00
MBT adjust cap on MEGA credits	MBT	MEGA	2009 PA 126/SB 774	2009	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$0.00
MBT allow deduction for pymts to an advanced tuition pymt acct	MBT	Base	2009 PA 135/HB 4629	2009	......	......	......	......	......	......	......	......	......	......	......	......	......	......	Small negative impact				......
MBT allow historic preservation CR to offset recaptured CRs	MBT	Credit	2009 PA 141/HB 4264	2009	......	......	......	......	......	......	......	......	......	......	......	......	......	......	No fiscal impact				......
MBT definition of tax years	MBT	Base	2009 PA 142/HB 4709	2009	......	......	......	......	......	......	......	......	......	......	......	......	......	......	No fiscal impact				......
MBT calculation of sales apportionment factor, clarify	MBT	Base	2009 PA 157/SB 671	2009				......	......	......	......	......	......	......	......	......	......	......	No fiscal impact				......
MBT Anchor Co CR for suppliers	MBT	Credit	2009 PA 159/HB 4674	2009	......	......	......	......	......	......	......	......	......	......	......	......	......	......	No fiscal impact				......
MBT Anchor Co CR for suppliers	MBT	Credit	2009 PA 160/SB 493	2009	......	......	......	......	......	......	......	......	......	......	......	......	......	......	Unknown fiscal impact				$0.00
Create two additional Smart Zones	MBT	Credit	2009 PA 161/SB 358	2009																			
Create certified alternative energy tech parks	MBT	Credit	2009 PA 162/SB 428	2009																			
MBT clarify tax rate for alternative energy CR	MBT	Credit	2009 PA 184/SB 089	2009	......	......	......	......	......	......	......	......	......	......	......	......	......	......	No fiscal impact				$0.00
MBT clarify first year calculation of tax	MBT	Base	2009 PA 185/SB 091	2009	......	......	......	......	......	......	......	......	......	......	......	......	......	......	No fiscal impact				......
MBT revise historical preservation CR	MBT	Credit	2009 PA 192/HB 5479	2009	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$3.00	$3.06	$3.12	$9.18
MBT provide addtl CR for battery mfgr	MBT	Credit	2009 PA240/HB 5469	2009					......	......	......	......	......	......	......	......	......	......	......	......	......	......	$0.00
MBT provide addtl CR for battery mfgr	MBT	Credit	2009 PA241/SB 818	2009					......	......	......	......	......	......	......	......	......	......	......	......	......	......	$0.00
MBT CR for motorsports complex, extend sunset, req addtl invest	MBT	Credit	2010 PA 103/HB 6235	2010	......	......	......	......	......	......	......	......	......	......	......	......	......	$2.10	$2.10	$2.10	$2.14	$2.18	$10.63
MBT modify financing rqmts for certain battery credits	MBT	Credit	2010 PA 114/SB 1343	2010	......	......	......	......	......	......	......	......	......	......	......	......	......	......	No additional fiscal impact				......
MBT excl certain gross receipts from hlth care mgmt consult-ing	MBT	Base	2010 PA 133/SB 962	2010			......	......	......	......	......	......	......	......	......	......	......	......	......	$1.00	$1.02	$1.04	$3.06
MBT incl fed chartered farm credit inst in def of financial inst	MBT	Base	2010 PA 156/HB 5295	2010	......	......	......	......	......	......	......	......	......	......	......	......	......	......	Unknown but minimal impact				......
MBT provide CR for certain taxes pd on tobacco products	MBT	Credit	2010 PA 200/SB 361	2010	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$3.40	$2.10	$2.14	$2.18	$9.83
MBT historical preservation CR, allow for combined plans	MBT	Credit	2010 PA 310/SB 944	2010	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$3.00	$3.00	$3.06	$3.12	$12.18
MBT Provide for film CR confidentiality, require semi-an report	MBT	Base	2010 PA 312/SB 796	2010	......	......	......	......	......	......	......	......	......	......	......	......	......	......	No fiscal impact				$0.00
MBT Allow for disclosure of certain film CRs	MBT	Credit	2010 PA 313/SB 889	2010	......	......	......	......	......	......	......	......	......	......	......	......	......	......	No fiscal impact				$0.00
					$219.85	**$256.58**	**$255.24**	**$263.88**	**$399.39**	**$570.57**	**$674.62**	**$814.65**	**$880.50**	**$912.67**	**$1,114.47**	**$1,466.41**	**$1,950.98**	**$2,744.79**	**$3,087.21**	**$3,330.59**	**$3,399.90**	**$3,471.18**	**$25,813.47**

Appendix Table 4-B

Business Tax Policy Changes From Tax Expenditure Reports

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Totals Across
	SBT	SBT	SBT	SBT	SBT	SBT	SBT	SBT	SBT	SBT	SBT	SBT	SBT	SBT	MBT	MBT	MBT	MBT	MBT	
Affordable Housing	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$2.10	$3.30	$3.60	$4.10	$5.40	**$18.50**
Agricultural Production	$4.50	$4.83	$7.10	$7.20	$14.00	$14.00	$14.20	$13.00	$12.66	$12.36	$12.07	$11.08	$12.33	$11.90	$22.00	$35.20	$43.40	$45.60	$47.80	**$345.24**
Anchor Co CR	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$0.00	......	......	......	......	**$0.00**
Apprenticeship CR	......	......	......	......	$5.00	$5.20	$5.30	$5.50	$0.09	$0.08	$0.79	$0.81	$0.79	$0.81	......	......	......	......	......	**$24.38**
Arts & Culture CR	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$8.90	$14.20	$1.20	$1.30	$1.40	**$27.00**
Bad Bebts Gr Rcpts Exclusion	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$18.70	$5.50	$6.90	$8.00	**$39.10**
Biodeisel Infrastructure CR	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$0.13	$0.25	$0.25	$0.25	**$0.88**
Bottle Deposit Admin CR	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$3.10	$4.90	$9.40	$9.60	$9.80	**$36.80**
Bottle Deposit Gross Recpts EXCL	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$5.30	$4.50	$4.60	$4.70	**$19.10**
Bonus Depreciation CR	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$11.20	$1.10	**$12.30**
Brownfields Redevelopment CR	......	......	......	$2.50	$10.00	$5.00	$10.60	$10.90	$9.99	$30.57	$58.69	$64.53	$25.59	$27.20	$45.30	$72.50	$69.70	$73.20	$76.80	**$593.07**
Business Losses	$111.15	$119.38	$132.00	$110.00	$105.00	$110.00	$86.90	$118.90	$96.54	$104.25	$49.64	$50.66	$48.03	$52.08	$0.00	$23.90	$97.70	$107.40	$118.20	**$1,641.73**
Capital Acq Deduct	$426.87	$458.46	$445.00	$430.00	$295.00	$295.00	......	......	......	......	......	......	......	......	......	......	......	......	......	**$2,350.33**
Certain Taxes, Fees Gross Receipts EXCL	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$53.00	$54.20	$64.10	$83.70	**$255.00**
Community Fndtn Cr	$0.45	$0.48	$0.50	$0.50	$0.60	$0.60	$0.61	$0.70	$0.78	$0.76	$0.67	$0.73	$0.72	$0.76	$2.60	$3.30	$0.33	$0.35	$0.37	**$15.82**
Compensation Exempt	$0.00	$74.00	$105.00	$112.00	$117.00	$123.00	$126.70	$130.50	$134.40	$138.44	$142.59	$146.87	$151.27	$128.72	$137.70	$191.90	$252.90	$266.70	$278.60	**$2,758.30**
Construction Subcontractors Payments, Excl Fr Gross Receipts			......	......	......	......	......	......	......	......	......	......	......	......	$14.40	$23.00	$24.70	$18.90	$18.90	**$99.90**
Donated Vehicle CR	......	......	......	......	......	......	......	......	......	......	......	$0.33	$0.12	$0.13	......	......	......	......	......	**$0.58**
Enterprise Zone Cr	$1.00	$1.07	$1.00	$1.00	$1.00	$0.80	$1.20	$1.31	$1.28	$1.26	$0.83	$0.88	$0.96	$0.50	......	......	......	......	......	**$14.09**
Entrpreneurship CR	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$6.30	$1.00	$0.22	$0.24	$0.26	**$8.02**
Excess Compensation	$365.57	$392.67	$381.00	$315.00	$280.00	$290.00	$246.00	$250.20	$203.20	$183.05	$211.35	$215.72	$194.15	$195.22	......	......	......	......	......	**$3,723.13**
Farmland PA 116	$3.20	$0.86	$0.90	$1.00	$1.00	$1.00	$1.00	$1.00	$1.06	$1.17	$1.32	$1.36	$1.34	$1.38	$0.80	$1.30	$1.40	$1.50	$1.60	**$24.19**
Federal lGov't Contracting CR	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$0.00	......	......	......	......	**$0.00**
Film CR	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$116.60	$61.90	$105.00	$75.00	**$358.50**
Floor Plan Interest	$1.40	$1.50	$1.50	$1.50	$1.50	$1.50	$1.50	$1.50	$1.50	$1.50	$1.50	$1.50	$1.50	$1.50	$2.20	$2.20	$2.70	$3.00	$3.40	**$34.40**
Flow Through Entity Business Inc Deduction		......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$107.10	$112.90	$117.90	**$337.90**
Food Retailer CR	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$8.80	$8.40	$8.80	$9.20	**$35.20**
Foreign Dividends Gross Receipts Excl	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$8.80	$139.60	$150.50	$162.80	**$461.70**
Foreign Persons	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$8.10	$6.10	$6.10	$6.10	**$26.40**
Government Securities Income Excl	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$4.90	$3.70	$3.80	$3.90	**$16.30**
Governmental Utilities	$19.69	$21.15	$25.40	$27.00	$25.00	$25.00	$21.00	$21.40	$8.19	$14.76	$15.81	$14.53	$15.57	$14.42	$14.20	$21.30	$28.90	$30.00	$31.20	**$394.52**
Gross Receipts Cap	$164.90	$177.10	$195.00	$230.00	$200.00	$210.00	......	......	......	......	......	......	......	......	......	......	......	......	......	**$1,177.00**
Gross Receipts Reduction	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$200.80	$178.10	$144.63	$164.18	$155.41	$158.62	$108.31	$108.31	......	......	......	......	......	**$1,218.36**
Gross Receipts Threshhold	$10.70	$52.49	$55.00	$57.00	$58.00	$60.00	$51.00	$52.50	$54.10	$70.00	$75.67	$77.93	$79.35	$81.24	$26.30	$36.70	$31.50	$33.20	$27.30	**$989.98**
Gross Receipts Threshhold CR	......	......	......	......	......	......	......	......	......	......	......	......	......	$31.20	$33.80	$47.10	$33.20	$35.00	$28.80	**$209.10**
Health Care CnsltngGross Receipts Excl	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$1.00	$1.00	**$2.00**
Health Insurance Deduction	......	......	......	......	......	......	......	......	......	......	$2.20	$9.90	$22.20	......	......	......	......	......	......	**$34.30**
Higher Education CR	$2.68	$2.88	$2.60	$2.40	$2.30	$2.30	$2.20	$2.10	$2.10	$1.94	$1.92	$1.97	$1.88	$1.91	......	......	......	......	......	**$31.18**
Historic Preservation Tax CR	......	......	......	......	......	......	$2.30	$0.20	$0.20	$0.40	$0.78	$1.66	$1.83	$1.90	$1.40	$0.70	$4.20	$9.50	$13.30	**$38.37**
Homeless/Food Bank Cr	$0.45	$0.48	$0.50	$0.30	$0.30	$0.30	$0.30	$0.40	$0.37	$0.35	$0.43	$0.53	$0.55	$0.55	$0.30	$0.50	$0.53	$0.56	$0.59	**$8.29**
Hybrid Tech R & D CR	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$1.20	$1.90	$1.30	$1.40	$1.50	**$7.30**
Ins Facility Assmt	$20.00	$21.50	$21.48	$22.00	$31.00	$32.00	$26.40	$27.00	$52.24	$42.69	$71.19	$75.26	$50.52	$21.22	$7.40	......	......	......	......	**$521.90**
Ins Gross Recpts EX	......	......	......	$3.70	$1.00	$1.00	$1.10	$1.10	$1.10	$1.16	$1.19	$1.23	$1.27	$1.31	na	......	......	......	......	**$15.16**

Int'l Auto Show CR	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$0.30	$0.50	$0.25	$0.25	**$1.30**
Inventory, New Auto Dealer CR	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$5.70	$5.80	$22.70	......	......	**$34.20**
Investment Tax CR	......	......	......	......	......	......	$214.00	$484.00	$406.72	$159.34	$125.58	$129.28	$87.33	$74.87	$79.90	$111.40	$203.10	$214.20	$223.70	**$2,513.42**
Low Grade Hematite CR	......	......	......	......	......	......	......	......	......	$1.40	$1.40	$1.40	$1.72	$2.87	$1.90	$3.00	$1.10	$1.10	$1.10	**$16.99**
MEGA Credits	......	......	$1.40	$3.80	$8.20	$18.10	$22.20	$41.90	$34.00	$29.76	$37.10	$35.17	$39.49	$119.09	$59.10	$94.60	$99.20	$104.20	$109.40	**$856.71**
MEGA Photovoltaic CRs	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$1.50	$7.50	**$9.00**
MEGA Battery Crs	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$40.00	**$40.00**
Minority Venture Capital	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	**$0.00**
Motion Picture Gross Receipts EXCL	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$0.40	$0.60	$2.10	$2.10	$2.10	**$7.30**
Movie Credits	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$72.90	......	......	......	......	**$72.90**
Multiple Emp Welfare Entity	......	......	......	......	......	......	......	......	......	$0.03	$0.03	$0.03	$0.02	$0.03	$0.02	$0.03	$0.03	$0.03	$0.03	**$0.27**
NASCAR Safety CR	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$1.90	$3.10	$6.20	$6.20	**$17.40**
NASCAR Speedway CR	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$1.10	$1.70	$1.10	$1.20	$1.80	**$6.90**
New Hiring Credit	......	......	......	......	......	......	......	......	......	......	......	$2.65	$0.88	$0.00	......	......	......	......	......	**$3.53**
New Motor Veh Dealer Inventory CR	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$23.80	$25.00	**$48.80**
Next Energy CR	......	......	......	......	......	......	......	......	......	$0.67	$3.81	$8.65	$8.21	$8.18	$12.60	$20.10	na	na	na	**$62.22**
Nonprofit Organizations	$81.00	$86.99	$95.00	$105.00	$105.00	$105.00	$107.00	$107.00	$81.34	$116.92	$112.56	$114.89	$107.31	$106.87	$84.10	$134.60	$150.00	$157.50	$165.40	**$2,123.49**
Officer Compensation	......	......	......	......	......	......	......	......	......	......	$3.12	$3.19	$3.02	$3.01	......	......	......	......	......	**$12.34**
Pass Thru Entity Gross Receipts Excl	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$16.30	$12.40	$12.70	$12.90	**$54.30**
Personal Property Tax CR	......	......	......	......	......	......	......	......	......	......	......	......	$95.20	$87.71	$97.30	$153.60	$153.60	$137.30	$123.60	**$848.31**
Pharmaceutical Research CR	......	......	......	......	......	......	......	......	......	$5.25	$7.68	$8.37	$8.86	$9.20	......	......	......	......	......	**$39.36**
Private Equity Fund CR	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$0.00	......	......	......	......	**$0.00**
Property Transfer CR	......	......	......	......	......	......	......	......	......	......	......	......	......	$15.00	......	......	......	......	......	**$15.00**
Public Contributions Tax CR	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$1.30	$2.00	$1.00	$1.10	$1.20	**$6.60**
Renaissance Zone CR	......	......	......	$1.00	$5.00	$3.00	$1.30	$1.40	$3.70	$3.12	$6.41	$8.35	$19.93	$20.90	$22.30	$28.90	$20.20	$21.20	$22.30	**$189.00**
R & D CR	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$39.40	$54.90	$21.90	$23.10	$24.20	**$163.50**
Research Funds Exemption	......	......	......	......	......	......	......	......	......	......	......	$0.07	$0.08	$0.07	......	......	......	......	......	**$0.22**
Retailer CR	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$5.90	......	......	......	......	**$5.90**
SBT Credit Carryforwards	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$26.30	$42.00	......	......	......	**$68.30**
Self Employment Net Earnings Deduction	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$79.40	$110.70	$142.90	$150.70	$157.30	**$641.00**
Sm Bus/Low Profit CR	$122.58	$159.95	$153.00	$150.00	$135.00	$145.00	$136.00	$154.70	$117.07	$78.87	$98.19	$100.21	$110.02	$126.21	$229.30	$319.60	$391.70	$413.10	$431.50	**$3,572.00**
Stadium CR	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$1.10	$3.40	$3.40	$2.80	$1.70	**$12.40**
Staffing Co/PEO Gross Receipts Excl	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$10.60	$35.50	$42.20	$44.30	$44.30	**$176.90**
Standard Exemp	$126.77	$136.15	$125.00	$63.00	$55.00	$57.00	$26.00	$26.30	$21.36	$24.88	$8.89	$9.07	$7.99	$7.15	......	......	......	......	......	**$694.56**
Start Up Business CR	......	......	......	......	......	......	......	......	......	......	......	$0.90	$1.20	$1.25	......	......	......	......	......	**$3.35**
Supp Work Comp CR	$11.54	$12.39	$10.00	$10.00	$10.00	$10.00	$6.50	$6.00	$6.20	$5.37	$4.81	$3.74	$4.08	$3.99	$1.80	$2.90	$2.60	......	......	**$111.92**
Tobacco Taxes CR	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$3.40	$2.10	**$5.50**
Tribal Tax Agreements	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	......	......	**$0.00**
Unincorp Business CR	$52.23	$56.20	$55.00	$57.00	$55.00	$57.00	$53.00	$61.40	$58.14	$63.89	$76.56	$90.50	$95.02	$94.36	......	......	......	......	......	**$925.29**
Utility Property Tax CR	$8.78	$9.43	$9.20	$7.00	$5.80	$5.90	$6.60	$8.10	$6.85	$10.70	$3.93	$7.42	$7.79	$5.83	......	......	......	......	......	**$103.33**
Workers Disability Supp Ben CR	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	......	$2.70	$2.80	**$5.50**
Total Business Taxes	$1,535.46	$1,789.96	$1,822.58	$1,719.90	$1,526.70	$1,577.70	$1,371.71	$1,707.11	$1,459.81	$1,269.11	$1,294.14	$1,359.98	$1,316.45	$1,368.84	$1,162.42	$1,853.06	$2,272.96	$2,441.18	$2,545.25	**$31,394.31**

Appendix Table 4-C

Business Tax Expenditure Impacts With Long Term Future Impacts

Selected Examples
These are EXAMPLES, NOT A COMPLETE LIST. Others were also either permanent in law, or scheduled to run for long periods.

Below Cum 2011 - 2027

Totals Down					2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Cumulative
MBT R&D CR for Hybrid Devel Ctr(GM, DCX, BMW jt venture)	MBT	Credit	2007 PA 214/SB 944	2007	$1.90	$1.90	$1.90	$1.90	$1.90	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	$9.50
Unknown if this will or will not be honored with switch to CIT in 2011					$40.00	$60.00	$60.00	$37.50	$37.50	$37.50	$37.50	$310.00	??????	??????	??????	??????	??????	??????	??????	??????	??????	$620.00
CRs for battery pack assembly		Credit	......	......	$15.00	$15.00	$15.00	$15.00	$15.00	$15.00	$15.00	$105.00	??????	??????	??????	??????	??????	??????	??????	??????	??????	$210.00
CRs for expanded vehicle engineering		Credit	......	......	$10.00	$10.00	$10.00	$0.00	$0.00	$0.00	$0.00	$30.00	??????	??????	??????	??????	??????	??????	??????	??????	??????	$60.00
CRs for emerging battery technologies investments		Credit	......	......	$50.00	$50.00	$50.00	$50.00	$0.00	$0.00	$0.00	$200.00	??????	??????	??????	??????	??????	??????	??????	??????	??????	$400.00
CRs for related capital investment expenditures		Credit	......	......	$115.00	$135.00	$135.00	$102.50	$52.50	$52.50	$52.50	$645.00	??????	??????	??????	??????	??????	??????	??????	??????	??????	$1,290.00
Option to claim certain MBT CRS under CIT		Credit	2011 PA 39/HB 4362																			
Eliminating MBT Surcharge		Rate			$0.0	$40.0	$284.5	$241.5	$241.5	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	$807.50
MBT Battery Credits		Credit			$111.0	$146.0	$146.0	$146.0	$146.0	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	$695.00
MBT Film Credits & Infrastructure		Credit			$1.5	$7.5	$7.5	$7.5	$7.5	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	$31.50
Photovoltaic Technology - Facility & Manufacturing		Credit			$0.0	$0.0	$25.0	$25.0	$25.0	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	$75.00
Polycrystalline Manufacturing Credit		Credit			$0.0	$0.0	$0.0	$0.0	$0.0	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	$0.00
FASB 109		Base			($19.2)	($45.3)	($52.3)	($60.0)	($60.0)	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	-$236.80
Decouple bonus depreciation/production activities		Base			$5.0	$8.6	$9.6	$10.6	$10.6	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	$44.40
					2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
			Can't claim before 2012																			
MBT adjust cap on MEGA credits for battery incentives	MBT	MEGA	2009 PA 126/SB 774	2009	......	$25.00	$25.00	$25.00	$25.00	$25.00	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	$125.00
MBT CR for motorsports complex, extend sunset, req addtl invest	MBT	Credit	2010 PA 103/HB 6235	2010	......	$1.58	$1.05	$1.58	$1.58	$1.50	$1.58	??????	??????	??????	??????	??????	??????	??????	??????	??????	??????	$8.87
MBT historical preservation CR, allow for combined plans	MBT	Credit	2010 PA 310/SB 944	2010	......	$3.00	$3.00	$3.00	$3.00	$3.00	Done barring renewal or extension, max of $24 total					??????	??????	??????	??????	??????	??????	$15.00
MBT provide CR for certain taxes pd on tobacco products	MBT	Credit	2010 PA 200/SB 361	2010	......	$3.40	$3.10	$3.10	$3.10	$3.10	$3.10	$3.10	$3.10	$3.10	$3.10	$3.10	$3.10	$3.10	$3.10	$3.10	$3.10	$49.90

Enacted Michigan Tax Cuts—AND Increases—Miscellaneous Taxes Impacting Various Funds - (millions of dollars)

Miscellaneous Tax Cuts	Tax	Public Act		FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	Cumulative After 1994
Beer Tax GFGP																						
Brew Pub Exemption	Beer	PA 421 of 1994	1994	$0.00	$0.20	$0.21	$0.21	$0.22	$0.23	$0.23	$0.24	$0.25	$0.25	$0.26	$0.27	$0.27	$0.27	$0.27	$0.27	$0.27	$0.28	$4.19
Inheritance/Estate Tax GFGP																						
Inheritance Tax Repeal	Inheritance	PA 54 of 1993	1993	$80.00	$83.20	$86.50	$90.00	$93.60	$97.30	$101.20	$105.30	$109.50	$113.90	$118.48	$123.24	$128.19	$133.34	$138.70	$144.27	$150.07	$156.10	$2,052.88
Federal Estate Tax Repeal	Inheritance	Federal Change		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$7.20	$42.70	$93.10	$333.30	$200.00	$200.00	$200.00	$200.00	$200.00	$203.50	$208.08	$1,887.88
Modify Estate Tax to 1997 Federal Law	Inheritance	PA 277 of 1998	1998	$0.00	$0.00	$0.00	$0.00	$3.80	$4.40	$4.58	$4.76	$4.95	$5.15	$5.35	$5.57	$5.79	$6.02	$6.26	$6.51	$6.63	$6.78	$76.54
Subtotal				**$80.00**	**$83.20**	**$86.50**	**$90.00**	**$97.40**	**$101.70**	**$105.78**	**$117.26**	**$157.15**	**$212.15**	**$457.13**	**$328.80**	**$333.98**	**$339.36**	**$344.96**	**$350.78**	**$360.20**	**$370.95**	**$3,286.15**
Intangibles Tax GFGP																						
Raise Exemption	Intangibles	PA 4/5 of 1995	1995	$14.00	$14.00	$16.00	$18.30	$18.85	$19.41	$20.00	$20.60	$21.21	$21.85	$22.51	$23.18	$23.88	$24.59	$25.33	$26.09	$26.55	$27.15	$329.81
Phase-out	Intangibles	PA 4/5 of 1995	1995	$29.10	$31.00	$70.50	$114.20	$180.70	$186.12	$191.70	$197.46	$203.38	$209.48	$215.77	$222.24	$228.91	$235.77	$242.85	$250.13	$254.51	$260.23	$2,809.30
Subtotal				**$43.10**	**$45.00**	**$86.50**	**$132.50**	**$199.55**	**$205.54**	**$211.70**	**$218.05**	**$224.59**	**$231.33**	**$238.27**	**$245.42**	**$252.78**	**$260.37**	**$268.18**	**$276.22**	**$281.06**	**$287.38**	**$3,139.11**
State Utility Property Tax (GFGP)																						
Rail Car Credit	St Util-GFGP	PA 341 of 2000	2000	......	......	......	......	......	......	......	......	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$5.10	$5.19	$5.31	$40.10
Broadband Initiative	St Util-GFGP	PA 48 & 50 of 2002	2002	......	......	......	......	......	......	......	......	$4.80	$12.30	$13.40	$21.90	$22.00	$22.50	$22.50	$22.75	$23.15	$23.67	$142.15
State Telephone Tax Revision	St Util-GFGP	PA 610 of 2002	2002	......	......	......	......	......	......	......	......	......	......	......	$10.00	$10.00	$10.00	$10.00	$10.10	$10.28	$10.51	$50.10
Revise Assmt Procedures for Elec Utilities		2002 PA 744/SB 1203	2002																			
Subtotal				......	......	......	......	......	......	......	......	**$9.80**	**$17.30**	**$18.40**	**$36.90**	**$37.00**	**$37.50**	**$37.50**	**$37.95**	**$38.61**	**$39.48**	**$232.35**

Miscellaneous Tax Increases

		Public Act		FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	Cumulative After 1994
General Fund General Purpose, School Aid Fund and Other Fund Impacts																						
Detroit Casino Tax		Initiated Law of 1996	1996	......	......	......	-$75.00	-$80.00	-$85.00	-$88.00	-$91.00	-$100.00	-$103.00	-$149.00	-$155.00	-$163.00	-$139.60	-$139.60	-$139.60	-$142.04	-$145.24	-$1,795.08
Cigarette Tax Increase $0.75 to $1.25		2002 PA 503/HB 5248	2002	......	......	......	......	......	......	......	-$73.80	-$295.00	-$286.15	-$210.64	-$207.37	-$204.15	-$200.99	-$197.87	-$194.80	-$198.21	-$202.66	-$2,271.63
Cigarette Tax Increase $1.25 to $2.00		2004 PA 164/HB 5632	2004	......	......	......	......	......	......	......	......	......	-$116.00	-$315.80	-$310.90	-$306.08	-$301.33	-$296.65	-$292.05	-$297.16	-$303.85	-$2,539.81
Transportation Taxes																						
Gas Tax Increase		PA 83 of 1997	1997	......	......	-$33.00	-$194.74	-$196.01	-$194.09	-$196.53	-$197.66	-$196.97	-$196.21	-$194.11	-$190.53	-$187.58	-$187.58	-$187.58	-$187.58	-$190.86	-$195.16	-$2,926.17

Appendix Table 6

Economic Development Legislation, 1998 to 2010

	Year	Act #	HB or SB	Short Description	Category
1	1998	PA 1	HB 5121	Loc Devel Fin, modify definitions	LDF
2	1998	PA 18	SB 828	Pers Prop in Ren Zone, elim time req for exemp	RZ
3	1998	PA 92	HB 5556	Loc Devel Fin, design certain LDFA	LDF
4	1998	PA 239	SB 583	Benefits of Ren zone status, except??for casino?	RZ
5	1998	PA 242	SB 587	Benefits of Enter zone status, except??for casino?	EZ
6	1998	PA 243	SB 590	Benefits of Comm'l Redevl zone status, except??for casino?	CRDZ
7	1998	PA 244	SB 591	Exemp fr tax on users of t e prop in RZ, exclude casinos	RZ
8	1998	PA 385	SB 1128	Urban Redevl Corp, increase exemp period & define qual	CRDZ
9	1998	PA 498	HB 5859	R Z, Pers Prop in Zone less than 1/2 yr; grant partial exemp	RZ
10	1998	PA 499	HB 6199	TIFA, modify definition of protected obligations	TIFA
1	1999	PA 36	SB 374	R Z, allow certain locals to determine delq & modifications	RZ
2	1999	PA 49	SB 484	Revise/Create Principal Shopping Dists & Bus Impro Dists	PSD/BID
3	1999	PA 98	SB 573	R Z provide for eligibility for new RZ communities	RZ
4	1999	PA 139	SB 625	R Z provide for eligibility for new RZ communities	RZ
5	1999	PA 140	HB 4844	Plant Rehab (198) mod/elim req for approval res fr comm losing employment	198
1	2000	PA 144	HB 5443	MiEconGrwthAuth_BD to provide for SBT Brwnfld CRs, Hi Tech Bus CRs, & Other	MEGA
2	2000	PA 145	HB 4400	Brwnfld Devel Auth, Create, allow certain credits	Brwnfld
3	2000	PA 146	HB 5444	Obsolete property rehab act, create	ObsoProp
4	2000	PA 247	HB 5767	Plant rehab, 198, include certain hi-tech activities	Plnt Rehab, 198
5	2000	PA 248	HB 5766	TIFA fin; Smart Park Local Dev Districts, Create cert technology parks	198
6	2000	PA 259	SB 1251	RZ, Create agricultural processing RZs	RZ
7	2000	PA 429	SB 1345	MEGA CR, revise definition of new job	MEGA
1	2001	PA 93	HB 4459	Enter Zones, Exp to incl exemption for certain homes	EZ
2	2001	PA 157	HB 4156	Plant Rehab (198) provide auth to impose certain admin fees	198
3	2001	PA 158	HB 4548	Enter Zones, coll of first yr tax on certain properties in the zone	EZ
4	2001	PA 217	HB 4621	Enter Zones, modify def of NEZ and sunset date	EZ
5	2001	PA 260	HB 4736	Prin Shopping Dist, revise act	PSD
6	2001	PA 261	HB 4140	Prin Shopping Dist, revise act	PSD
1	2002	PA 254	HB 5472	Brwnfld Devel Auth, specific taxes, incl neighborhood enterprise zone act	NEZ
2	2002	PA 280	HB 5568	Plnt Rehab, 198, include electric generating plants, extend sunset	198
3	2002	PA 460	HB 6043	DDA, exemp Village of Millington fr certain filing requirements	DDA
4	2002	PA 477	HB 5805	RZ, require local unit to apply to RZ Bd when ext time to a sub-RZ	RZ
5	2002	PA 478	HB 5806	RZ, clarify application and approval procedures	RZ
6	2002	PA 512	HB 6071	RZ, create alternative energy zone	RZ
7	2002	PA 575	HB 5896	TIFA, modify reqmts for certified technology park	TIFA
8	2002	PA 587	SB 1315	RZ, create alternative energy zone	RZ
9	2002	PA 608	SB 1519	NEZ, provide filing time exception for a NEZ	NEZ
10	2002	PA 727	HB 6502	Bfld, extend sunset & other modifications to approval process	Bfld
11	2002	PA 745	SB 1417	RZ, modify state reimbursement to ISDs	RZ
1	2003	PA 5	HB 4010	Plnt Rehab, 198, provide exemption for plants mfgr biodiesel fuel	198
2	2003	PA 20	HB 4197	LDF, revise def of "urban township" for LDF eligibility	LDF
3	2003	PA 93	SB 163	RZ, increase cap on # of RZs	RZ
4	2003	PA 136	HB 4806	DDA, revise definition of other protected obligations	DDA
5	2003	PA 199	HB 4872	EZ, provide for exception to time for filing NEZ application	NEZ
6	2003	PA 209	HB 4263	PSD, revise city and village to municipality	PSD
7	2003	PA 248	HB 5255	MEGA, revisions to the authority board	MEGA
8	2003	PA 259	HB 4480	Brwnfld Redevel Auth Finance Act, provide for revisions	Brwnfld
9	2003	PA 265	HB 5254	Broadband Devel Auth, provide infrastructure grants for tool & die industry	BrdBand
10	2003	PA 266	SB 825	RZ, establish tool and die recovery zone	RZ
11	2003	PA 277	SB 849	Brwnfld, revise definition of initial assessed value	Brwnfld
12	2003	PA 282	SB 718	TIFA, establish funding for environmental pollution cleanup	TIFA
13	2003	PA 296	SB 834	Venture capital, provide incentives for early stage v c	Venture Cap

1	2004	PA 16	SB 275	RZ, extend boundaries of Coldwater RZ	RZ
2	2004	PA 17	SB 780	LDF, modify definition of urban township	LDF
3	2004	PA 60	HB 5344	EZ, NEZ, provide exemption for certain homes	EZ
4	2004	PA 66	SB 338	DDA, provide reqmt for restoration of historic site to include fire alarm	DDA
5	2004	PA 79	HB 4472	Distressed Area, provide for definition of eligible distressed area	Distressed Area
6	2004	PA 81	SB 824	MEGA, provide for revisions to board & other amendments	MEGA
7	2004	PA 118	HB 5241	Hotel-Motel, revise population reqmts for collection & rate of tax	Hotel-Motel
8	2004	PA 196	SB 1240	DDA, uses of levied funds, include wireless infrastructure & marketing initiatives	DDA
9	2004	PA 202	HB 5243	RZ, modify tool and die recovery zone	RZ
10	2004	PA 244	HB 5824	Prop, exempt certain pers prop in smart park innovations center	Smrt Park
11	2004	PA 245	HB 5823	Prop, exempt certain real prop in smart park innovations center	Smrt Park
12	2004	PA 251	HB 6026	Obsolete prop, exempt start-up business for up to five years	Start Ups
13	2004	PA 252	HB 6025	Prop, exempt start-up business for up to five years	Start Ups
14	2004	PA 321	SB 1302	Tech Park, start up, exempt for a certain period	Start Ups
15	2004	PA 322	SB 1303	Exempt start-ups from city utility users tax	Start Ups
16	2004	PA 324	SB 1304	Plant Rehab, start up, exempt for a certain period	Start Ups
17	2004	PA 325	SB 1305	Start-ups, exempt from tax under 1953 PA 189 for 5 Yrs	Start Ups
18	2004	PA 365	SB 774	LDF, revise deadline for certified technology parks	Tech Parks
19	2004	PA 386	HB 6165	Conv Facility, revise distribution of funds	Conv Facility
20	2004	PA 396	SB 1206	EZ, revise housing inspection ordinance	EZ
21	2004	PA 398	SB 1396	MEGA, revise eligibility for credit	MEGA
22	2004	PA 430	SB 1453	RZ, modify renaissance zone criteria	RZ
23	2004	PA 437	HB 5415	Plnt Rehab, 198, provide procedure for community to rescind indus devel district	198
24	2004	PA 442	HB 5725	198, amend to include date a lien is attached to property	198
25	2004	PA 521	SB 1201	DDA, procedure to form joint DDA	DDA
26	2004	PA 530	SB 1202	TIFA, create historical neighborhood district tax increment financing authority	TIFA
27	2004	PA 566	HB 5140	EZ, expand NEZ to include certain homes	EZ, NEZ
1	2005	PA 13	HB 4318	DDA, modify notice requirements for DDAs	DDA
2	2005	PA 14	HB 4013	TIFA, modify notice requirements for TIFAs	TIFA
3	2005	PA 15	HB 4012	LDF, modify notice requirements for LDF	LDF
4	2005	PA 29	HB 4482	TIFA, exp def of eligible obligation to incl mgmt contracts for professional serv	TIFA
5	2005	PA 101	SB 482	Brwnfld, allow pymt of financing costs under certain circumstances	Brwnfld
6	2005	PA 102	SB 102	Venture capital, early stage vc corp, allow multiple fund mgrs, tax vouchers	Venture Capital
7	2005	PA 114	SB 348	DDA, provide for expansion into certain adjoining townships	DDA
8	2005	PA 118	HB 4915	Plnt Rehab, modify definition of industrial property	Plnt Rehab, 198
9	2005	PA 164	HB 4916	RZ, prohibit disqual for failure to file res rental certificate	RZ
10	2005	PA 185	SB 798	MEGA, modify certain eligibility requirements	MEGA
11	2005	PA 210	HB 4369	Comm'l Redevl, modify	Comm'l Redevel
12	2005	PA 213	SB 359	Life Sciences Pipeline, create	Life Sciences Pipeline
13	2005	PA 215	SB 533	Strategic Fund, create Strategic Econ Invest & Commercialization Bd in MSF	MSF
14	2005	PA 225	HB 5047	Create Jobs for Michigan Invest Fund, create & fund comm'l of comp edge tech	JFM
15	2005	PA 251	HB 5050	Plnt Rehab, provide for abatement of certain property	Plnt Rehab, 198
16	2005	PA 267	HB 4027	Plnt Rehab, revise provisions of industrial facilities exemption	Plnt Rehab, 198
17	2005	PA 275	HB 4817	RZ, provide for definition of recovery zone	RZ
18	2005	PA 276	HB 4818	RZ, provide for revocation of designation by local unit in certain circumstances	RZ
19	2005	PA 280	SB 034	Comm'l Redevelopment Corridor, create	Comm'l Redevel
20	2005	PA 287	SB 341	DDA, allow parking violations bureau to be operated by a DDA	DDA
21	2005	PA 312	HB 5480	Conven Facility, revise distribution of funds	Conven Facil
22	2005	PA 338	SB 529	NEZ, modify duration of homestead facilities abatement	NEZ
23	2005	PA 339	SB 530	NEZ, modify duration of homestead facilities abatement	NEZ
24	2005	PA 340	HB 4540	NEZ, modify duration of homestead facilities abatement	NEZ
1	2006	PA 21	HB 5559	MEGA, modify definition of facility	MEGA
2	2006	PA 22	SB 579	Plnt Rehab, 198, revise filing date for application	Plnt Rehab, 198
3	2006	PA 32	HB 5471	Brwnfld, create economic opportunity zone in brwnfld redevel act	Brwnfld
4	2006	PA 70	SB 52	Ec Devel, allow renovations & additions to qualify for CR	Ec Devel
5	2006	PA 93	SB 371	RZ, incl industrial pattern mfgr in definition of tool & die recovery zone	RZ
6	2006	PA 116	SB 922	RZ, designate an additional RZ	RZ
7	2006	PA 117	HB 5640	MEGA, modify definition of "rural business' and conditions	MEGA
8	2006	PA 188	HB 6034	MEGA, revise def of hi-tech business to include "or facility"	MEGA
9	2006	PA 224	HB 6070	Brwnfld, allow for assignment of brwnfld CR	Brwnfld
10	2006	PA 270	SB 1078	RZ, provide RZs for renewable energy facilities	RZ

11	2006	PA 273	HB 5752	RZ, provide RZs for renewable energy facilities	RZ
12	2006	PA 274	HB 5754	EDC, provide funding for fueling infrastructure	EDC
13	2006	PA 279	HB 5056	DDA, allow bd members & employees with an interest in the DDA district	DDA
14	2006	PA 281	HB 6035	MEGA, revise def of full time employee	MEGA
15	2006	PA 283	SB 802	MEGA, modify eligibility criteria	MEGA
16	2006	PA 284	SB 900	RZ, expand # of agricultural processing zones	RZ
17	2006	PA 304	HB 5456	RZ, modify definitions	RZ
18	2006	PA 305	SB 919	RZ, create forest products renaissance zones	RZ
19	2006	PA 317	SB 727	EDC, create defense contract coordination center	EDC
20	2006	PA 329	HB 6005	DDA, validate certain development plans and TIFA plans	DDA
21	2006	PA 438	SB 1284	Plnt Rehab, 198, expand eligibility for an exemption	Plnt Rehab, 198
22	2006	PA 440	HB 5942	RZ, modify requirements for RZ zone status	RZ
23	2006	PA 466	HB 5960	Brwnfld, clarify dates for recapture	Brwnfld
24	2006	PA 475	SB 906	RZ, modify definitions of alternative energy zone	RZ
25	2006	PA 476	SB 1148	RZ, Increase # of zones	RZ
26	2006	PA 483	SB 1111	Ec Devel, provides incentives for warehousing & distribution	Ec Devel
27	2006	PA 484	HB 6118	MEGA, modify certain credits	MEGA
28	2006	PA 554	HB 6043	Comm'l Devel, revise def to include multi-family housing	Comm'l Redevel
29	2006	PA 609	HB 5545	Hotel Motel, revise population limits on county subject to tax	Hotel-Motel
30	2006	PA 632	SB 583	Next Energy, revise	Next Energy
31	2006	PA 659	HB 5901	DDA, modify definition of eligible obligations	DDA
32	2006	PA 660	HB 5947	NEZ, provide for exception to time for filing application	NEZ
33	2006	PA 661	HB 4539	NEZ, provide for abatements for certain facilities	NEZ
34	2006	PA 667	HB 6108	Ec Devel, allow certain renovations to qualify for CR	Ec Devel
35	2006	PA 676	HB 6638	Obsolete Prop, revise condemnation procedures in neighborhood improv act	Obsolete Prop
36	2006	PA 677	HB 6639	Blighted Area, revise condemnation procedures in blighted area act	Blighted Area
1	2007	PA 12	SB 400	Plnt Rehab, 198, modify definition of industrial property	Plnt Rehab, 198
2	2007	PA 13	HB 4629	Plnt Rehab, 198, provide definition of strategic response center	Plnt Rehab, 198
3	2007	PA 25	HB 4261	Tourism & Convention promotion act	Conv & Tourism
4	2007	PA 39	HB 4371	Plnt Rehab, 198, revise calculation of tax	Plnt Rehab, 198
5	2007	PA 40	HB 4372	Pers Prop, Comm'l & Industrial, exempt from certain taxes	Pers Prop
6	2007	PA 44	SB 588	Comm'l Redevelopment Corridor, revise eligibility	Comm'l Redev
7	2007	PA 61	SB 061	TIFA, provide for neighborhood improvement authority	TIFA
8	2007	PA 62	SB 207	MEGA, clarify def of hi-tech, and revise retained jobs threshold	MEGA
9	2007	PA 72	SB 774	Hotel-Motel, allow convention facilities devel funds to be used for general fund	Hotel-Motel
10	2007	PA 146	SB 757	Plnt Rehab, 198, modify criteria for certain facilities	Plnt Rehab, 198
11	2007	PA 150	SB 910	MEGA, ref MBT and other updates	MEGA
12	2007	PA 200	SB 455	LDF, modify definition of urban township	LDF
13	2007	PA 201	HB 4711	Brwnfld, provide revisions to brwnfld redevel act	Brwnfld
14	2007	PA 202	HB 4712	Brwnfld, provide revisions to brwnfld TIFA act	Brwnfld
15	2007	PA 203	SB 539	Brwnfld, provide general amends	Brwnfld
16	2007	PA 204	SB 534	Brwnfld, modify brwnfld requirements	Brwnfld
1	2008	PA 3	HB 5123	Comm'l Redev, modify obsolete requirement	Comm'l Redev
2	2008	PA 4	HB 5101	NEZ, expand to include new facilities	NEZ
3	2008	PA 35	SB 1076	DDA, revise issuance of qualified refunding obligations	DDA
4	2008	PA 44	SB 364	Comm'l Redev, modify corridor improvement act	Comm'l Redev
5	2008	PA 87	SB 1174	MEGA, provide tax incentives for qualified film production companies	MEGA
6	2008	PA 94	SB 047	TIFA, create water improvement TIFA	TIFA
7	2008	PA 104	SB 1203	LDF, expand number of certified technology parks	LDF
8	2008	PA 105	HB 5609	LDF, expand number of certified technology parks	LDF
9	2008	PA 108	SB 1187	MEGA, multi-section bill to revise eligibility criteria	MEGA
10	2008	PA 109	SB 1188	MEGA, CR for being awarded a federal procurement contract	MEGA
11	2008	PA 110	SB 1189	MEGA, multi-section bill to revise eligibility criteria	MEGA
12	2008	PA 111	SB 1190	MEGA, multi-section bill to revise eligibility criteria	MEGA
13	2008	PA 116	HB 5600	RZ, provide certain modifications to RZ eligibility criteria	RZ
14	2008	PA 117	SB 885	RZ, provide for rec of Ag Commission on certain RZs	RZ
15	2008	PA 118	HB 5459	Comm'l Redevel, expand to include certain vacant or blighted properties	Comm'l Redev
16	2008	PA 154	HB 5539	TIFA, reimb certain Brwnfld Auth for certain tax capture	TIFA
17	2008	PA 155	HB 5540	TIFA, reimb of certain tax capture for LDF	TIFA
18	2008	PA 156	HB 5641	TIFA, reimb of certain tax capture for TIFAs	TIFA

19	2008	PA 157	HB 5542	TIFA, reimb of certain tax capture for DDAs	TIFA
20	2008	PA 170	SB 867	Plnt Rehab, 198, extend sunset for certain apps for industrial property	Plnt Rehab, 198
21	2008	PA 204	SB 975	NEZ, modify number of parcels in a zone	NEZ
22	2008	PA 217	HB 4950	RZ, modify definition of renewable energy	RZ
23	2008	PA 224	HB 5638	MSF, revise length of term of board members	MSF
24	2008	PA 225	SB 970	DDA, allow DDA to estab small retail business incubators	DDA
25	2008	PA 226	SB 972	DDA, clarify eligibility for low interest loans & allow DDA to provide	DDA
26	2008	PA 227	SB 974	Comm'l Redevel, reauthorize for certain governmental units	Comm'l Redev
27	2008	PA 228	SB 976	NEZ, expand def of new facilities to include certain eligible rental property	NEZ
28	2008	PA 229	SB 978	Nat Resources Trst Fnd, require consid of funding trails intersecting downtowns	Nat Res Trst Fnd
29	2008	PA 231	SB 294	Comm'l Rehab Districts, establish incentives	Comm'l Rehab
30	2008	PA 242	SB 1206	RZ, modify effective date for certain RZs	RZ
31	2008	PA 257	SB 1367	MEGA, implement def of high wage activity	MEGA
32	2008	PA 262	SB 1270	MEGA, modify eligibility for certain tax CRs	MEGA
33	2008	PA 284	HB 6032	NEZ, provide for app to be forwarded to local assessor	NEZ
34	2008	PA 306	HB 6297	Plnt Rehab, 198, modify certificate eligibility	Plnt Rehab, 198
35	2008	PA 320	SB 1126	EDC, enhance inventory of locations for renewable fuel plants	EDC
36	2008	PA 329	HB 5748	RZ, provide designation of renewable engy zones for cellulosic mat'ls facilities	RZ
37	2008	PA 453	HB 6620	TIFA, revise definition of protected obligation	TIFA
38	2008	PA 457	SB 1376	Plnt Rehab, 198, modify def of industrial prop, trade centers, & tax rate	Plnt Rehab, 198
39	2008	PA 495	SB 1483	RZ, modify for tool and die zones	RZ
40	2008	PA 500	SB 1597	Comm'l Redev, modify def of qualified retail food estab and tax rate	Comm'l Redev
41	2008	PA 504	HB 6420	Obsolete Prop, modify eligibility criteria	Obsolete Prop
42	2008	PA 515	SB 218	Plnt Rehab, 198, allow for exceptions to reqmts for indus facil exemp	Plnt Rehab, 198
43	2008	PA 516	SB 345	Plnt Rehab, 198, modify eligibility rqmts	Plnt Rehab, 198
44	2008	PA 522	SB 816	LDF, repeal ref to an annual audit?????????????	LDF
45	2008	PA 532	HB 6545	Stadia/Conv Facilities, modify population rqmt	Stadia/Conv Facilities
46	2008	PA 548	HB 5977	MEGA, clarify eligibility for certain tax CRs	MEGA
47	2008	PA 553	HB 5691	Hotel-Motel, revise to incl regional convention facility	Hotel-Motel
48	2008	PA 554	SB 1630	Conv Facility, create regional convention facility authority	Conv Facil
49	2008	PA 581	SB 146	Ec Devel, provide tax incentives for dist & warehousing facilities	Ec Devel
1	2009	PA 16	HB 4045	NEZ, revise rqmts for filing certain applications	NEZ
2	2009	PA 60	SB 586	Reg Conv Facil, modify hlth & safety fund, to fund regional conv facility	Conv Facil
3	2009	PA 61	SB 587	Hotel-Motel, modify to fund a regional convention facility	Conv Facil
4	2009	PA 62	SB 588	21st C Jobs Trst Fnd, modify to fund a regional convention facility	Conv Facil
5	2009	PA 63	HB 4998	Reg Conv Facil, clarify leasing authority	Conv Facil
6	2009	PA 123	HB 4922	MEGA, modify the # of CRs for regular and hi-tech retention	MEGA
7	2009	PA 125	SB 071	MEGA, modify the reporting rqmts for the authority	MEGA
8	2009	PA 126	SB 774	MEGA, provide for cap on MEGA CRs	MEGA
9	2009	PA 156	HB 5120	Hotel-Motel, modify distribution of funds	Hotel-Motel
10	2009	PA 161	SB 358	LDF, Smart Zones, establish 2 additional zones	LDF
11	2009	PA 162	SB 428	LDF, provide LDF for certified alternative energy parks	LDF
12	2009	PA 209	SB 126	Plnt Rehab, 198, eligibility, allow exception under certain circumstances	Plnt Rehab, 198
1	2010	PA 6	HB 4202	RZ, provide for designation of border crossing zones, (Canada & other states)	RZ
2	2010	PA 9	HB 5567	NEZ, modify definition of homestead facility	NEZ
3	2010	PA 36	HB 5018	Michigan Promotion Fund, create	Mi Promo
4	2010	PA 64	HB 5555	RZ, modify definition of renewable energy facility	RZ
5	2010	PA 65	HB 5495	NEZ, modify duration of certificate under certain circumstances	NEZ
6	2010	PA 82	SB 1204	Misc, Eliminate special charter exemption	Misc
7	2010	PA 83	SB 1092	RZ, provide for allocation of approp revenue to reimburse certain taxing units	RZ
8	2010	PA 122	SB 500	Plnt Rehab, 198, Def of speculative bldg to include some exist facil & revoked certs	Plant Rehab, 198
9	2010	PA 127	SB 1139	LDF, modify application procedure for treasury approval	LDF
10	2010	PA 136	HB 4986	NEZ, revise eligibility for certain residents	NEZ
11	2010	PA 137	HB 6203	Obsolete Prop, revise def of blighted property & extend exemption deadline	Obsolete Prop
12	2010	PA 153	SB 1324	Obsolete Prop, estab deadline for reimb unused recovery zone facility bonds	Obsolete Prop
13	2010	PA 207	HB 6461	Hotel-Motel, provide for distribution of certain revenue to the general fund	Hotel-Motel
14	2010	PA 237	HB 5979	TIFA, provide incentives to invest in transit-oriented facilities & development	TIFA
15	2010	PA 238	HB 5988	Ec Devel, provide incentives to invest in transit-oriented facilities & development	Ec Dev
16	2010	PA 239	HB 5989	LDF, provide incentives to invest in transit-oriented facilities & development	LDF
17	2010	PA 240	HB 5998	EDCs, provide incentives to invest in transit-oriented facilities & development	EDC

18	2010	PA 241	SB 1233	Brwnfld, provide incentives to invest in transit-oriented facilities & development	Brwnfld
19	2010	PA 242	SB 1234	EcDev, Corridor Impr, incentives to invest in public transit development	Ec Dev
20	2010	PA 243	SB 1235	Loc Gov Bldg Auth, include reference to transit-oriented facilities	Loc Gov
21	2010	PA 244	SB 1236	Comm'l Redev, provide incentives to invest in transit-oriented facilities & develop	Comm'l Redevel
22	2010	PA 245	SB 1238	TIFA, provide incentives to invest in transit-oriented facilities & development	TIFA
23	2010	PA 246	HB 5566	Brwnfld, provide incentives to invest in transit-oriented facilities & development	Brwnfld
24	2010	PA 250	HB 5461	Ec Devel, provide for private infrastructure funding	Ec Devel
25	2010	PA 254	HB 6206	Reg Conv, create regional convention and tourism promotion act	Reg Conv
26	2010	PA 272	SB 1079	MEGA, expand eligibility for Next Michigan Development Businesses	MEGA, Next MI
27	2010	PA 273	SB 1082	Plnt Rehab, 198, expand eligibility to incl Next Michigan Development	Plant Rehab, 198, Next MI
28	2010	PA 274	SB 1084	Prop Tax, Pers Prop in a Next MI Development Corp, exempt	Prop Tax, Next MI
29	2010	PA 275	HB 5346	Next Mich, create Next Michigan Development Act	Next MI
30	2010	PA 276	HB 5347	LDF, Next Michigan Development eligibility	LDF, Next MI
31	2010	PA 277	HB 5349	RZ, Next Michigan Development eligibility	RZ, Next MI
32	2010	PA 283	SB 1515	Hotel-Motel, room assmt, enforcement of reporting rqmts, increase & modify	Hotel-Motel
33	2010	PA 288	SB 1487	Brwnfld, clarify eligible prop included in a plan	Brwnfld
34	2010	PA 368	SB 1135	RZ, modify eligibility for tool and die zones	RZ
35	2010	PA 376	SB 1081	LDF, expand eligibility to Next Michigan Development areas	LDF
			251	**Total Economic Development Related Public Acts Listed Above**	