



## MIRS Capitol Capsule

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# Mackinac Center: Let's Do The Cut, Only

Mackinac Center President Lawrence **REED** said today at his think tank's annual "State of the State" address that lawmakers and the administration could give the state's struggling economy a huge shot in the arm by completely eliminating the Single Business Tax (SBT) entirely and replacing it with nothing.

This single step would move Michigan from 50th in the Tax Foundation's ranking of corporate taxes to a tie for first with four other states. The ranking of our general business climate would shoot up from 36th to 12th.

Obviously, eliminating the "worst corporate tax in America" would blow a hole in the budget, but not one that couldn't be filled with the \$2 billion in cuts the Mackinac Center suggested last year during the Fiscal Year (FY) 2005 budget battles, Reed said. And with the state going toward a zero-based budget approach, lawmakers could simply hike up the cut-line on the state's priority list.

"Just visualize it for a moment," Reed said. "Freed of that burden, Michigan's economy would rapidly blossom and offer greater opportunities. Even state budget revenue forecasts would be more reliable. We wouldn't be simply jimmying the system for the umpteenth time, cutting taxes on some and raising them on others."

Reed's remarks came after Gov. Jennifer **GRANHOLM** last week proposed a tax restructuring plan that would cut the Single Business Tax in half, but raise the state insurance tax. This "revenue-neutral" proposal is designed to draw back manufacturers and, in part, deserves applause, Reed said.

But the president of the conservative think tank said that instead of simply shifting around taxes, lawmakers should just get rid of it and not risk the chance that insurance companies will pick up and move as a result.