

Midland Daily News

Our view: Michigan burning

In Lansing, to borrow an old phrase, the governor and Legislature fiddle while Michigan burns.

Late last month, Democratic Gov. Jennifer Granholm announced a tax-shift plan, designed to alleviate some of the tax burden that manufacturers pay in the state. Service companies, insurance and the like would pay more to keep the plan "revenue neutral."

Following that announcement, Republicans answered with a plan of their own, one they hope will make it easier for small businesses to grow by offering a host of new incentives to small start-up businesses and those businesses hoping to grow. It sidestepped an important question, however: How much will it cost?

Meanwhile, residents in the state are suffering the effects of a morbid economy that is being dragged even further downward by an archaic tax structure that is among the worst in the nation, as rated by the Washington, D.C.-based Tax Foundation.

Although the national economy has been expanding for 39 months, Michigan's unemployment rate is still 6.9, second highest in the nation.

In 2004, the Michigan economy declined 2.2 percent, according to Detroit-based Comerica Bank.

According to information from the Mackinac Center, based in Midland, Michigan lost a total of 46,500 jobs last year -- including 17,000 manufacturing jobs. It was only one of two states to lose jobs.

"Michigan has one of the worst business climates in the nation," says Michael LaFaive, analyst at the Mackinac Center.

Michigan also is the one of only 11 states in the nation to have more people moving out of state (60 percent) than coming in (40 percent).

After thinking about these figures, and after listening to the various points of view put forth by businesses and business associations most affected by the proposed changes to Michigan's tax structure, the Daily News believes both the governor's plan and the Republican's plan should be tossed out.

Michigan's tax structure doesn't need tinkering. It doesn't need work around the edges. It doesn't need to pick winners and losers depending on what business you are in.

Michigan's economy needs a jolt, and it needs to completely revamp how it taxes business. It needs to reduce its dependency on corporate taxes and to eliminate the Single Business Tax.

It needs a tax structure that says to CEOs and CFOs looking for a place to locate, or those looking to expand, that we want you here. If you are willing to invest and to work hard and to put people to work, Michigan is the state for you. It needs a tax structure that tells entrepreneurs to bring their ideas here, develop them here and they will be rewarded, not run out of state by every tax creep.

But doing this will take vision. It will take leadership. It will take someone with a bold plan to step forward and persuade others that that plan is best for Michigan's growth and prosperity.

We do not see any of this in either the governor's or the GOP's plan.