

## S.B.T. REPLACEMENT WOULD VIOLATE 'NO-TAX PLEDGE:' NORQUIST

Lawmakers in Michigan who vote to repeal the Single Business Tax, should the petitions be certified and placed before the Legislature, and then subsequently vote in a new business tax structure, even if the new system was a net decrease to state revenue, would be violating the tax pledge they signed for the Americans for Tax Reform, the group's President Grover Norquist said Friday.

Mr. Norquist told Gongwer News Service that lawmakers who approve the repeal and then approve a replacement will have "played a game with the people of the state."

"There's plenty of waste in this budget," he said, adding that the think-tank Mackinac Center for Public Policy has outlined how the loss of \$1.8 billion in state revenue from the SBT could be taken out of funding for some programs. "There's no reason to cover \$1.8 billion in stupid spending."

Currently, the organization lists six senators and nine representatives as having signed the pledge.

The Legislature has promised that the tax will go away in 2009, Mr. Norquist said, and so reforming a tax structure would be like a tax increase because the state would go from collecting no money from business taxes to collecting money again.

Mr. Norquist said any lawmakers who choose the repeal and replace path would not be stripped of their pledge certification, but would be shown to have violated the pledge.

Rep. John Garfield (R-Rochester Hills), one of those who has signed the pledge, said he's not concerned about the Norquist opinion because he thinks the state should just repeal the SBT, along with the tax on employer insurance and personal property, so that businesses and the jobs they bring will expand.

If the state did that, in three to five years it would see the revenue replaced in other areas as the economy would be booming, he said.

"My replacement tax is a replacement for jobs," Mr. Garfield said, adding that until the state bounced back in revenue, lawmakers could pass across-the-board cuts to departments so it would be

equal.

Mr. Garfield said he would be willing to look at, though does not know if he would vote for, a fair rate tax that applies to all people, similar to Rep. Fulton Sheen (R-Plainwell), who supports a so-called Fair Tax sales tax that would cut business taxes and increase the sales tax.

Sen. Jim Barcia (D-Bay City), the lone Democrat on the pledge list, said that he just turned in his new pledge card this week with the caveat that he supports revenue neutral taxation reforms, which would allow him to support an SBT repeal and a replacement to it that nets the state the same amount.

"You can't cut \$2 billion from the budget," he said, adding that \$4 billion in cuts have already been made.

Mr. Barcia said when he signed the pledge four years ago, "I wanted to send a signal, if you look at my record, I'm no tax hiker."

Holding lawmakers to the pledge as Mr. Norquist interprets it would mean no tax restructuring could occur at the state level, Mr. Barcia said.

Now that his card comes with the added explanation, he said, "It gives them the option of not listing me."

Other legislators signing the tax pledge who are up for re-election are Sen. Mike Bishop (R-Rochester), Sen. Wayne Kuipers (R-Holland), Sen. Michelle McManus (R-Lake Leelanau), Sen. Alan Sanborn (R-Richmond), Rep. Rick Baxter (R-Concord), Rep. Jack Hoogendyk (R-Portage), Rep. Leslie Mortimer (R-Horton), Rep. David Robertson (R-Grand Blanc), Rep. Rick Shaffer (R-Three Rivers) and Rep. Glenn Steil Jr. (R-Cascade).

Term-limited lawmakers Sen. Mike Goschka (R-Brant); Rep. Leon Drolet (R-Clinton Township) and Rep. Bob Gosselin (R-Troy) also signed the pledge, and with the repeal of the SBT effective on December 31, 2007, they will vote on a possible replacement only if the issue is taken up before the end of this year as some legislative leaders and Governor Jennifer Granholm prefer to do.