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### Mac Center 'SOS Would Have Boosted BSF'

A study just released by the conservative think tank, the Mackinac Center, puts forth the argument that the Stop Overspending (SOS) state constitutional amendment would have built a \$2.5 billion Budget Stabilization Fund (BSF) had it been in effect between 1995 through 2007.

The SOS, which failed to gain ballot status due to insufficient petition signatures, would have created "a meaningful restraint on state government spending growth while permitting annual state spending increases," said Mackinac Center Policy Analyst Kenneth **BRAUN**.

Braun, whose study on the SOS proposal was released by the Center Wednesday afternoon, observed: "If the SOS proposal had been enacted in fiscal 1995, state spending from state revenues would have been \$9.6 billion less overall from fiscal 1995 through fiscal 2007.

"The proposal would have required the state to return about \$8 billion of this money to income taxpayers and place the remaining surplus in a 'rainy day fund.' That fund would now hold about \$2.5 billion, in contrast to the state's current rainy day fund, which is essentially empty."

Braun noted that the lower rate of spending growth was "not draconian."

"If the SOS cap had been instituted in

1995," he said, "it would have produced state spending in fiscal 2007 that is nearly identical to the fiscal 2007 state spending that legislators recently approved."

In the study, Braun also observed that the state tax rebates required by the SOS proposal would have returned billions of dollars to taxpayers at the threshold of the 2001 recession.

The SOS proposal, which supporters say they'll try to put on the ballot again in 2008, would limit state spending to the rate of inflation and population growth rates. Braun argues that the spending cap, with its attendant tax rebates and deposits to the rainy day fund, constitutes the most significant impact the SOS proposal would have had if ratified.

Braun's study also reviews other aspects of the proposal, including provisions concerning local "Headlee amendment" tax issues and a prohibition on state-funded pensions for legislators. Some observers claim the somewhat confusing local government provisions of the SOS are what prevented the proposal from garnering support from anti-tax and anti-government-spending groups that might otherwise have helped move the proposal forward.

The study, titled "The Stop Overspending Michigan Initiative: A Review and Analysis," can be accessed at [www.mackinac.org/7935](http://www.mackinac.org/7935).