



Happy New Year: The Center Looks Back and Looks Forward

By Michael D. LaFaive

Summary

For the Governor's State of the State address and for the year 2014, the focus of the Administration should be re-adopting the sound public policies of their first two years. Included are a number of policy recommendations from the Mackinac Center for Public Policy.

Main text word count: 687

As 2013 comes to an end it may surprise the reader to learn that the Snyder Administration has most likely put pen to paper in building next year's budget, and perhaps the Governor's official State of the State address, too.

Our hope is that, moving forward, the Administration remembers that it came to power on the strength of a movement to rein in rather than expand the State. The Snyder team, along with the Legislature, was certainly able to do so during its first two years — and that applause-worthy list of accomplishments is both dramatic and verifiable. Unfortunately, both groups have backslid on the sound policy front. This could change in 2014 by fully embracing good ideas floated by some, including the Governor, such as reform of Michigan's no-fault insurance system or limiting occupational licenses.

The Mackinac Center for Public Policy has carefully tallied up — as one measure of the historically interventionist impulse of those in power — the number of proposed expansions and limitations of government in every state of the state address back to 1969. Governor Granholm holds the record for the highest average number of proposed expansions at 16.25. Governor Snyder's 3-year average is a mere 7.3.

At the beginning of this year, however, Gov. Snyder offered four times as many expansions of state government than limitations (eight in total). In reality, he ended up exceeding that total with other legislation in number, depth and breadth.

The most egregious of these was passage of a bill meant to facilitate the unpopular federal legislation known colloquially as "Obamacare" (or the Affordable Care Act). In addition to numerous new regulations and requirements, it is estimated that in 2022, Michigan taxpayers will be on the hook for up to 10 percent of \$3 billion in additional Medicaid spending.

This was not the only questionable policy choice made by the Administration and Legislature. State lawmakers have encouraged growth in something of a "shadow state," comprised of below-the-radar tax-and-spend "authorities" like business improvement and water resource improvement zones. These zones make local imposition of higher property taxes easier.

continued on back



Gov. Snyder and the Legislature also raised \$82.6 million worth of new fees or fee hikes on people and business this year for just four state departments. This included a reported 38 percent hike (\$11.4 million) on hunting and fishing licenses.

Crony capitalism also reflexed its old muscle in 2013 as the Legislature overwhelmingly supported legislation to help finance a new sports stadium in Detroit for the Red Wings.

The good news is that some smart choices were made this year, too. For example, Gov. Snyder showed real moxie in tackling the Detroit issue with the appointment of an emergency manager. There have also been attempts at modest reforms in the area of protectionist occupational licensure and alcohol distribution.

For example, the House has passed legislation to repeal a law imposing state licensure on dieticians and nutritionists that now awaits action in the Senate. There is also movement afoot to grant small brewers the right to distribute their wares without forcing them to contract with one of the state's monopolist wholesalers. Michigan's system of alcohol control is woefully outdated and rewards a handful of wholesalers at the expense of consumers and business alike. Bold reform is long overdue. Some smaller reforms have already become law.

In addition, a package of complicated but necessary reforms in the state's unemployment insurance system has passed that is designed to ensure those collecting benefits are actually entitled to receive them.

So 2013 was a middling year for positive reforms. Hopefully 2014 will be better despite it being an election year. Indeed, bold initiatives may occur simply due to possible ballot initiatives involving such things as the minimum wage, state asset management and personal property taxes.

It would be a Happy New Year indeed if Governor Snyder's 2014 State of the State looked a lot like Governor Milliken's 1974 speech. These remarks were less than six minutes long and contained exactly zero proposed new expansions of state government.

Here's to a 2014 filled with sound public policy — ones that expand rather than limit — individual liberty and initiative.

#####

Michael D. LaFaive is director of the Morey Fiscal Policy Initiative at the Mackinac Center for Public Policy, a research and educational institute headquartered in Midland, Mich. Permission to reprint in whole or in part is hereby granted, provided that the author and the Center are properly cited.

Gov. Snyder showed real moxie in tackling the Detroit issue with the appointment of an emergency manager.

Attention Editors and Producers

Viewpoint commentaries are provided for reprint in newspapers and other publications. Authors are available for print or broadcast interviews. Electronic text is available for this Viewpoint at mackinac.org/pubs/viewpoints.

Please contact:

TED O'NEIL
Media Relations Manager
140 West Main Street
P.O. Box 568
Midland, Mich. 48640

Phone: 989-631-0900
Fax: 989-631-0964
Oneil@mackinac.org

www.mackinac.org
facebook.com/MackinacCenter
twitter.com/MackinacCenter
pinterest.com/MackinacCenter

