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HOUSE REPUBLICANS PUSHING INCOME TAX HIKE REPEAL

A day before residents face the deadline file their income tax returns, House Republicans held a press conference announcing that they will introduce legislation to repeal last year's income tax rate increase.

Increasing the rate from 3.9 to 4.35 percent has cost the average Michigan family an additional \$300 a year, money that could be spent on paying for a mortgage or fueling up a family car, GOP lawmakers argued Monday. But instead, they said taxpayer dollars were going to fund things like revenue sharing dollars to Detroit where the city settled a whistleblower lawsuit at a cost of nearly \$9 million and a presidential primary that ended up being meaningless (as of this point, the state's delegates won't be seated at the Democratic convention and Republicans lost half of their delegates).

Gauging that their outright repeal of the increase, which goes away in 2011 under the law, won't likely occur given the budget battle from last year when the hike was eventually approved, House Republicans countered that at the very least, state government should have a change in attitude.

Rep. Bruce Caswell (R-Hillsdale) said there are "intelligent efficiencies," not necessarily cuts, to be found in the state budget. And [Rep. Paul Opsommer](#) (R-DeWitt) said there should be state employee workgroups where the goal is to find ways to better provide services to residents within a department.

A spokesperson for the governor and the Michigan Fiscal Responsibility Project chalked the press conference up to political pandering.

Liz Boyd, press secretary for [Governor Jennifer Granholm](#), said the state recently received high marks from the Pew Center for its management and the governor already has cut \$6 billion to cover budget deficits since she took office.

"Our process for finding efficiencies and cost savings is ongoing and unprecedented," Ms. Boyd said.

And Arnold Weinfeld, director of public policy and federal affairs for the Michigan Municipal League said, "The Legislature has cut more than \$3 billion in revenue sharing to local communities in the last six years. This has resulted in fewer police officers and firefighters, closed city parks and has left locals unable to meet the needs of their communities. This is the first time in seven years an increase in revenue sharing has been proposed. These same lawmakers said the proposed increase in revenue sharing wasn't enough during the recent house budget discussions. They can't have their cake and eat it too. To talk of cutting taxes is fiscally irresponsible and pandering during an election year."

The Michigan Fiscal Responsibility Project's research shows that in fiscal year 1999-2000, state government took 9.49 cents for every dollar earned by a Michigan family, but by 2007-08, that had dropped to 8 cents. The project noted that state funding for Michigan public universities has declined by 10.5 percent and revenue sharing dropped by 31 percent.

But House Republicans countered there is more that can be done so that state officials are not constantly going into the pocketbooks of residents. Providing an early out for state employees and taking recipients of cash assistance off the rolls after 48 months were some of the items mentioned.

Other proposals were to have civil service employees train with local government employees to save money, or

for day care application certifications to be handled by private agencies instead of the Department of Human Services. A similar move was made regarding applications for the MIChild program, Mr. Caswell said, and the DHS change could save \$20 million.

But Maureen Sorbet, spokesperson for DHS, said she could not confirm the savings talked about by Republicans for stopping cash assistance or transferring some day care duties over to private agencies.

SPENDING DISCLOSURE: Another item House Republicans have been pushing for would require the state to list on a website all of the expenditures made by the departments in real time. But a recent memo from the Department of Information Technology argues that would cost between \$100 million and \$150 million.

"The technology Michigan currently uses to track and compile financial and procurement data was developed in the 1980s. To upgrade that technology to offer the functions that the Missouri portal provides would require an extensive update of these systems. Though the state has not completed a specific analysis of the costs involved in this kind of upgrade project, the experiences of Ohio and Pennsylvania are instructive. When these two states embarked on similar projects to update similar data systems, their information technology invested between \$100 and \$150 million over two to three years," the memo from DIT Director Ken Theis to House Fiscal Agency Director Mitch Bean states.

Mr. Theis goes on to note that several portions of the state's website contain spending information and that the state has been recognized for its fiscal accountability and transparency.

Phyllis Washburn, spokesperson for House Republicans, said they were still reviewing the DIT memo, but she said the Missouri site, which the caucus points to as a model, only cost that state \$40,000. A federal government website also cost \$1 million, she added in questioning how Michigan's could cost so much more given that the department notes how well it's doing with online fiscal information.

"We are flexible on what the product would look like (it doesn't have to exactly mirror Missouri, that was just a great example), as long as the public has easy access to the information, and much better access than they have currently," she said in e-mail.

While looking at a program's cost is always a factor, Ms. Washburn said they would support upgrading the system if it led to more efficiencies and transparency.

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