

# CRAIN'S DETROIT BUSINESS

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## LETTERS

### The tax dilemma will continue

Editor:

When Gov. Jennifer Granholm was running for governor in 2002, she expressed her belief that, if elected, in five years the residents of Michigan would be "blown away" by her performance.

Last Feb. 6, five years later, during her State of the State address following her re-election, Gov. Granholm stated that she believed taxes must increase if Michigan is to have any chance of competing in the world marketplace.

It is disturbing that Michigan has the country's highest unemployment rate — 7.4 percent vs. 4.6 percent for the country — for August per the Bureau of Labor Statistics, is in a one-state recession with the country's only negative economic growth rate and already has the most oppressive corporate taxes in America.

It is disturbing that Gov. Granholm's economic beliefs contradict those of every economist not in favor of communism. And it is disturbing that many other states have actually accumulated surpluses and are reducing taxes. Yet, despite these facts, which suggest that Michigan is not competitive and is headed down the wrong path, the Legislature joined with the governor to increase sales taxes and income taxes.

While I cannot claim to be the economic genius that our governor is, here are my thoughts on Michigan's future:

■ Tax revenue will fall short of predictions because of the businesses and people who will leave Michigan — and the resulting need for higher tax rates, according to Gov. Granholm, will make Michigan more competitive.

■ The state has yet to address the \$30.6 billion in unfunded liabilities for the state's retirees that are due now and which will require \$2.2 billion per year to amortize over the next 30 years — again clearly suggesting that the state must continue raising taxes — which, according to Gov. Granholm, will in turn make Michigan even more competitive.

■ In 2010, if the Republicans put up another go-along-to-get-along weakling like Dick DeVos — who offered no real alternative to Granholm and agreed with her on every important economic issue, then not only will taxes continue to go up, but they will go up at an ever-accelerating rate — which, according to Gov. Granholm, should make Michigan ruthlessly competitive.

■ Finally, in 2006, Michigan's Gross Domestic Product was \$337.9 billion and it cost \$45.1 billion to run the state. At the present "locked-in" rate at which Michigan's overseers will increase the cost to run the state, in 2063 the state will require taxes equal to 100 percent of its GDP — which, according to Gov. Granholm's economic theories, should make Michigan by far the most competitive state in the union.

I sure hope that foreign countries and the other 49 states don't figure out Michigan's strategy, so we can "blow them away" with our competitiveness.

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