

LETTERS

State tax increase harmful

Editor:

In the Aug. 6 issue, Keith Crain had an excellent column questioning the inability of the Michigan Legislature to cut costs while Michigan's businesses and families are forced by the state's troubled economy to cut costs at every turn ("Politicians can learn much from the people").

Interestingly, Crain's column was followed by a column by Mary Kramer that appeared to give her imprimatur to a 9 cents-per-gallon state gasoline tax increase to pay for infrastructure improvements — a tax increase of \$450 million per year ("A gas tax can help maintain state bridges").

Another tax increase of any kind for any purpose will not serve Michigan. Despite Gov. Jennifer Granholm's protestations to the contrary, Michigan's government is so bloated with bureaucratic overspending it almost defies comprehension. Consider just the following:

■ The cost to run the state has gone from \$18.3 billion in the 1990 fiscal year to \$45.1 billion in the 2006 fiscal year — an increase of 146.4 percent for an average annual increase of 5.8 percent. At the same time, the local Consumer Price Index (for Midwest urban consumers) has increased by 49.7 percent for an average annual increase of 2.6 percent. Had our state's overseers increased costs at the rate of inflation, Michigan's budget would be \$27.6 billion and

the state would be boasting a \$15.7 billion surplus instead of a \$1.8 billion deficit. As it is, each year the state lays claim to an ever larger percentage of its taxpayers' income.

■ This outrageous increase in state spending does not include the many billions of unfunded liabilities (for the pensions and retiree-medical benefits for public employees) currently on the books (\$23 billion just for the Michigan Public School Employees Retirement System) that must be paid by future generations of Michigan taxpayers.

■ Michigan has 83 counties, 533 cities or incorporated villages, and 1,242 townships. It also has 57 intermediate school districts and 553 K-12 school districts that average a mere 3,200 students per district (versus, for example, Maryland's 35,100 students per K-12 district). Where are the state programs to encourage consolidations among

all of these overlapping and unaffordable bureaucracies?

■ The state's current level of taxation on gas deserves special recognition. In addition to the federal gas tax of 18.4 cents per gallon, the state adds a 19 cents-per-gallon state gas tax plus a sales tax of 6 percent. Therefore, gas at \$3 per gallon would include 36 cents of taxes going to the state. Over the past few years, as the cost of gas has increased by \$2 per gallon, the sales tax has in-

creased by 11 cents per gallon — adding \$550 million per year to the state's coffers. Where did that gas-generated revenue go? Why can't that windfall be applied to "infrastructure"? Michigan's state gas taxes are among the highest in the country and, as with other taxes, Michigan's leaders — including Kramer — should not be advocating additional gas taxes.

The bottom line is that there's plenty of room for cost-cutting by Michigan's overseers — but meaningful cost cutting will require our leaders to be brave, to accept difficult long-term challenges and to take on the public unions and 2,448 entrenched bureaucracies.

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