



May 31, 2007

An Open Letter to the Michigan State Legislature: Give Taxpayers a Chance to Vote on the Fair Tax

Dear Legislator:

On behalf of the nearly 12,000 Michigan members of the National Taxpayers Union, **I urge you to support Joint Resolution L and thereby allow taxpayers the chance to vote via the ballot process on a Fair Tax proposal for Michigan.**

It's no secret that the state's finances are in disarray. Michigan is one of only two states facing a budget shortfall in today's vibrant economy; in fact, Michigan's \$800 million deficit is astounding when many other states are dealing with unprecedented revenue overflows running into the billions. The solution to this situation isn't higher taxes – instead, the Legislature should support a bold tax reform plan that focuses on simplification and fostering an economic rebirth.

The Constitutional Amendment contained in Joint Resolution L would create a tax system that lives up to these high expectations. Essentially, it would ask voters to replace the current state income tax, sales tax, personal property tax, state education tax, sales tax on business purchases, and single business tax with a 9.5-cent sales tax on retail goods and services. By making Michigan the only state without business taxes, this plan would encourage job creation by attracting new and recently departed companies back to the state. Current Michigan business owners could devote resources to new opportunities instead of complying with the state's complicated tax code. Michigan residents would no longer be punished with higher taxes because they choose to work hard and bring home their whole paychecks for their families. Instead, the plan puts the consumers in charge of their tax bills' size by basing it on retail and service purchases.

Low-income taxpayers are protected by the Fair Tax proposal through the creation of a monthly sales tax rebate that would be calculated in a manner similar to the personal exemption from the income tax. Based on calculations from the Resolution's primary author, a family of four earning \$28,000 and under would effectively pay no tax. The Michigan Fair Tax plan is also designed to be revenue neutral by raising the same amount of money that is currently taken in by the above-mentioned taxes.

In order for Michigan residents to have the option of voting on this innovative plan on the November 2008 statewide ballot, two-thirds of the State Senate and House of Representatives must vote in favor of Joint Resolution L. While taxpayer advocates are willing and ready to take the measure to the people via signature gathering, we hope that you will see the wisdom in clearing its path to the polls. Please vote in favor of Joint Resolution L – all Michigan residents await your help.

Sincerely,

A handwritten signature in black ink that reads "Kristina Rasmussen". The signature is written in a cursive, flowing style.

Kristina Rasmussen
Director of Government Affairs