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MANUFACTURERS STRESS STRICTER GOVERNMENT RESTRUCTURING

A more stringent government restructuring than even that proposed by Senate [Majority Leader Mike Bishop](#) (R-Rochester) tops the 2010 priorities for the Michigan Manufacturers Association along with a call for the state to eliminate the Personal Property Tax.

The steps are needed to help the state be more competitive, said Mike Johnston, vice president for government affairs. And the only way to be more competitive is to cut overall costs, he said.

Among the proposed changes the association calls for is benchmarking state employee pay and setting a goal that workers be paid below the national average for state employee compensation. Just setting compensation at the average would not help attract business to the state, Mr. Johnston said, while paying workers slightly less could be competitive.

The proposal also calls for all public school employees paying 25 percent of their health insurance costs, and that the co-pays on health insurance for all other workers be increased.

In just those two proposals, the association calls for more stringent cuts than Mr. Bishop's proposal that called for 5 percent cuts in public employee pay and that all workers pay 20 percent of their health insurance premiums. (An opinion poll shows the public does not support that proposal, see related story).

Benchmarking Michigan's operations to other states' performance is a key to the MMA's proposed priorities. The proposals call for an analysis of all regulatory programs to compare the state's performance to other states.

Among the other government reforms the group calls for:

- Pooling all health care plans for public workers,
- Requiring all new teachers hired to have defined contribution retirement plans as opposed to defined benefit plans,
- Requiring all school administration functions to go to their intermediate school districts, and requiring competitive bidding on all non-core functions such as transportation and food service,
- Reducing mandatory minimum sentences for prisoners and increase the parole rates for all crimes, as well as privatizing food service, mental health and transportation services in prisons, and
- Eliminating duplication of road patrols between the State Police and county sheriffs.

In terms of tax revenues, Mr. Johnston said eliminating the Personal Property Tax will help make the state competitive because so many other states have eliminated their personal property taxes. The association would work with local governments to find revenues to replace the tax for local services.

Mr. Johnston said the state needs to move toward more consumption-based taxes and said the MMA could back a sales tax on services. In 2007, the association led the charge to repeal the hastily created sales tax on a hodgepodge of services and replace it with a 22 percent surcharge on the Michigan Business Tax.

The group also calls for eliminating the Michigan Business Tax surcharge, as other business groups do, and for reducing or eliminating the gross receipts tax portion of the MBT.

But unlike other groups, the MMA said the state needs to maintain its Michigan Economic Growth Authority incentives to business. Eliminating those incentives would mean the state is disarming its growth efforts compared to other states, he said.

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