MICHIGAN LEAGUE FOR PUBLIC POLICY

Memorandum

To: Members of the House Committee on Local Government

From: Karen Holcomb-Merrill, Vice President, Michigan League of Public Policy

Date: December 6, 2016

Re: Concerns about Business Incentive Packages

The Michigan League for Public Policy wishes to express its concerns about two business incentive packages currently pending before the committee, Senate Bills 1061-1065 and Senate Bills 1153-1155.

We are sympathetic to Michigan's current economic situation. Michigan is still recovering from a decade-long recession. During this time, Michigan was arguably hit harder than any other state in the nation, losing over 800,000 jobs, reporting near record-high unemployment rates and experiencing declines in personal income. And while we are recovering, many Michigan residents are still being left behind.

However, we are concerned about the potential negative impact that these bills could have on Michigan's revenues and therefore Michigan's budget. This is especially troubling considering our growing budgetary pressures, including the permanent diversion of General Fund revenues to roads, as well as the federal budget uncertainty. We cannot consider tax policy and the budget in silos as they are inseparably intertwined.

We have a great state, but we need to do better. We need to ensure that we can invest in our schools, roads and public safety so that our communities can thrive. We urge the committee to weigh these important investments when considering these packages.

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