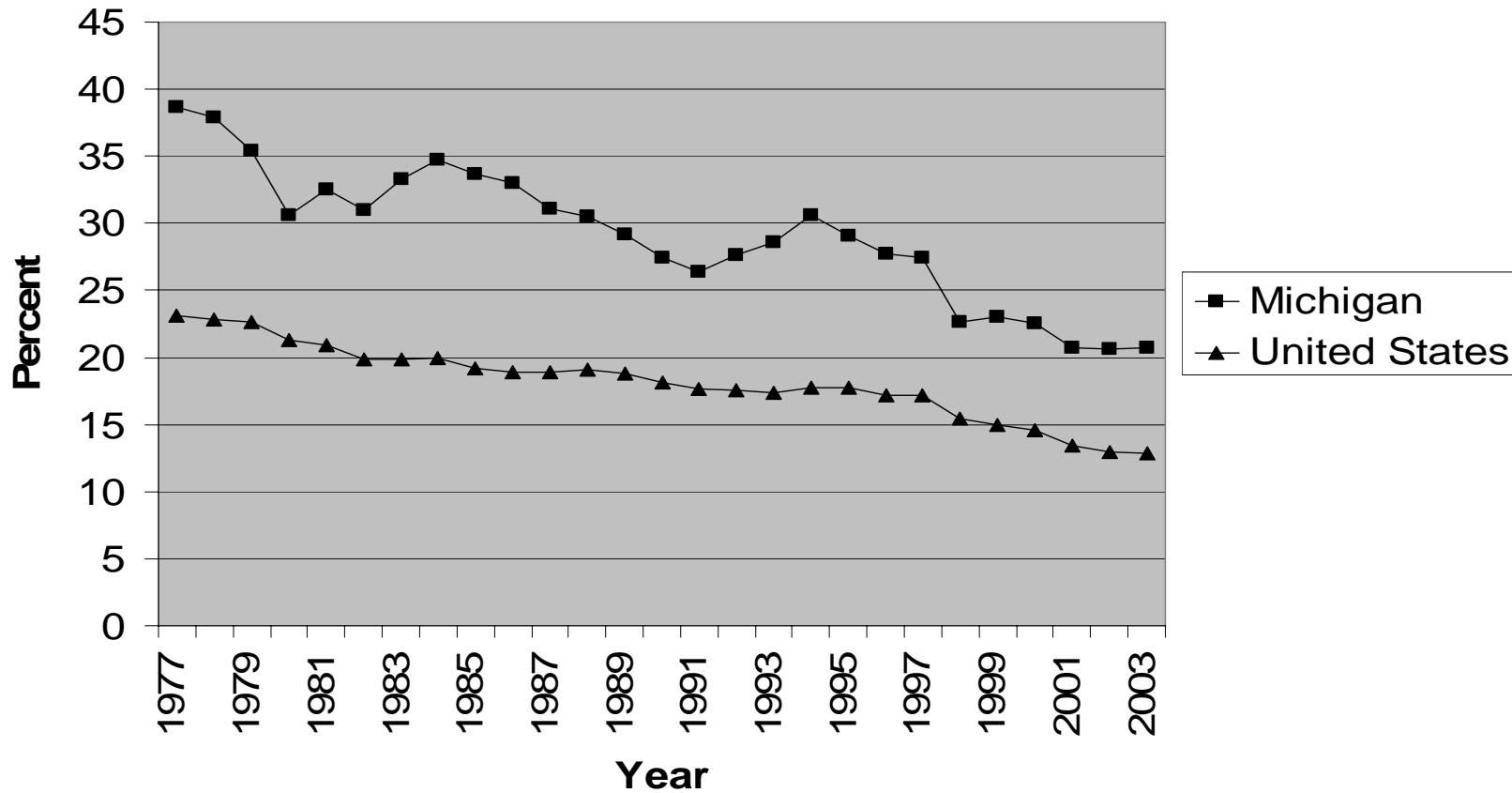


# Michigan's Economic Future: A Broad Overview

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December 4, 2006

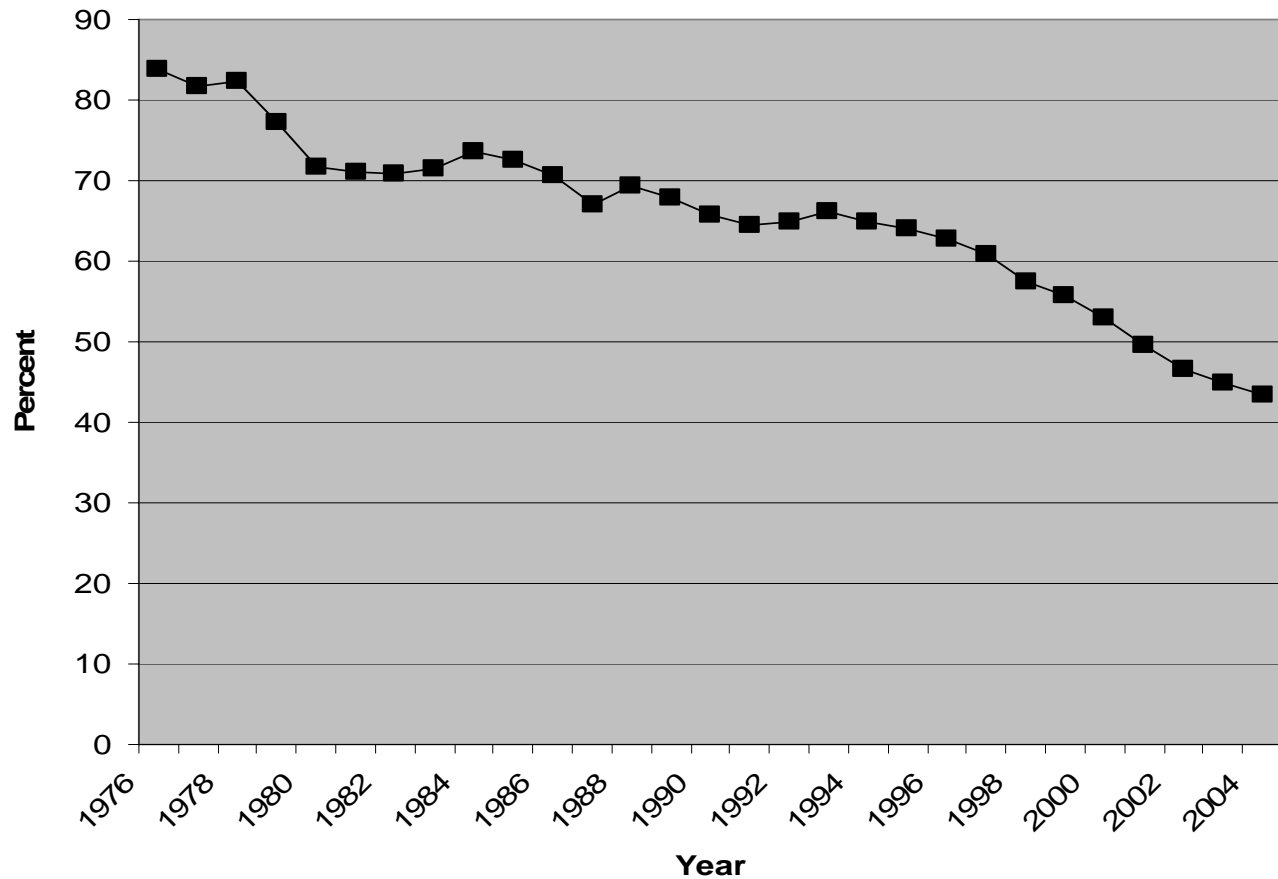
# Long-term Losses in Manufacturing

**Manufacturing as Percent of Gross Product, for Michigan and the United States, 1977-2003**

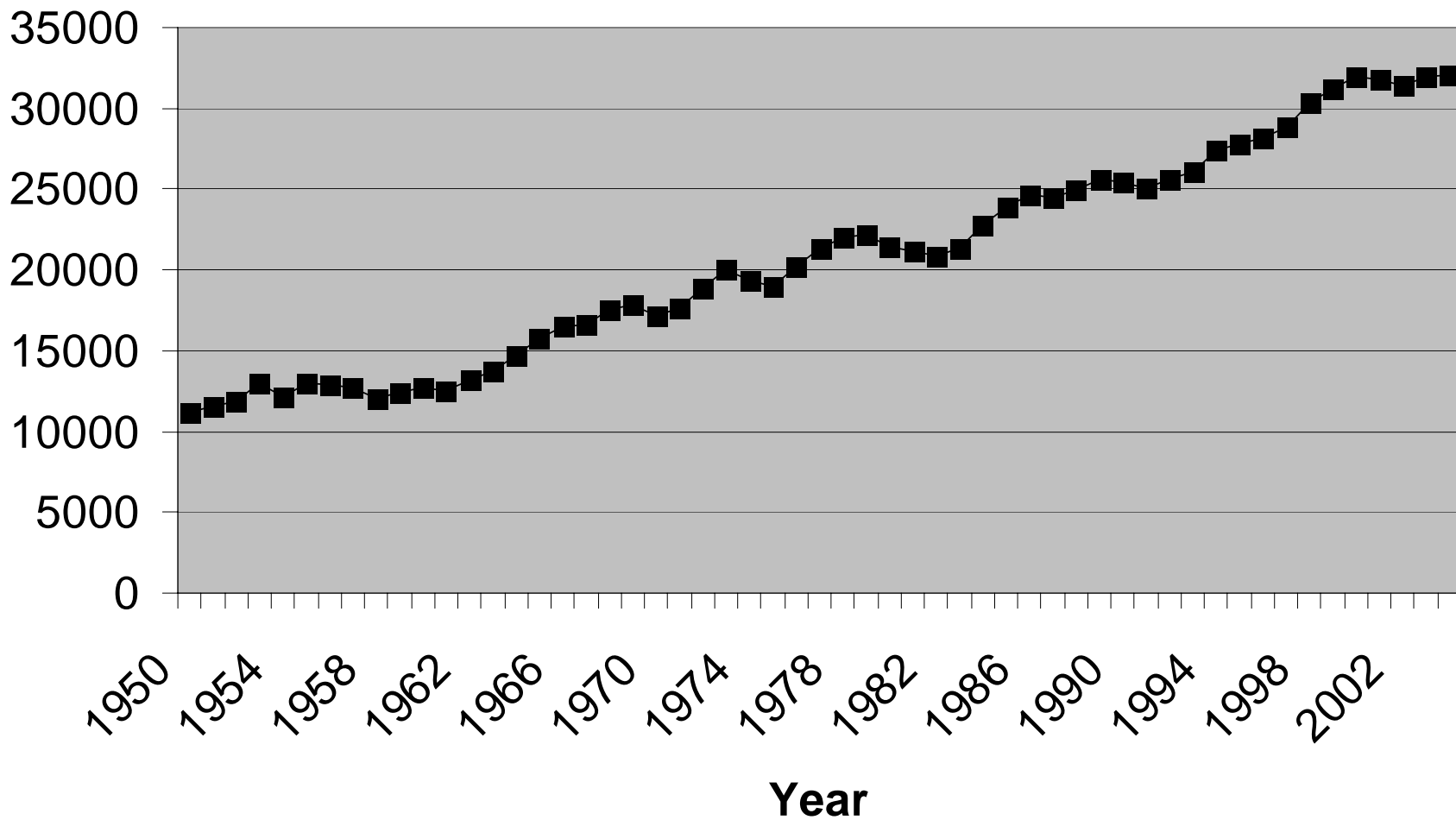


# Decline of the Big Three Auto Companies

**Figure 2.2**  
**Combined Share of the "Big Three" U.S. Automobile Manufacturers in the U.S. Passenger Car Market, 1976-2004**

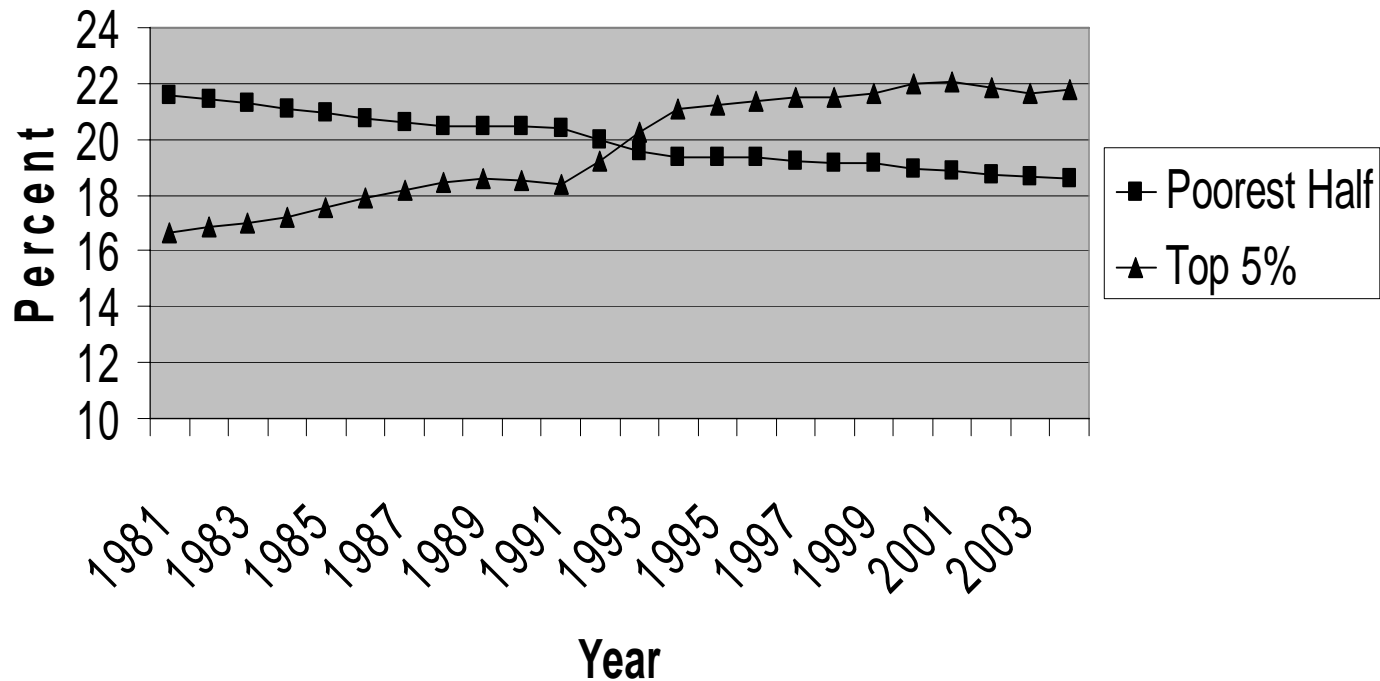


**Figure 2.4**  
**Real Per-Capita Personal Income in Michigan,**  
**1950-2004 (in 2004 Dollars)**



# Widening Inequality

**Shares of Total U.S. Income Received by Poorest Half and Richest Five Percent of Households, 1981-2004 (Three-Year Moving Average)**



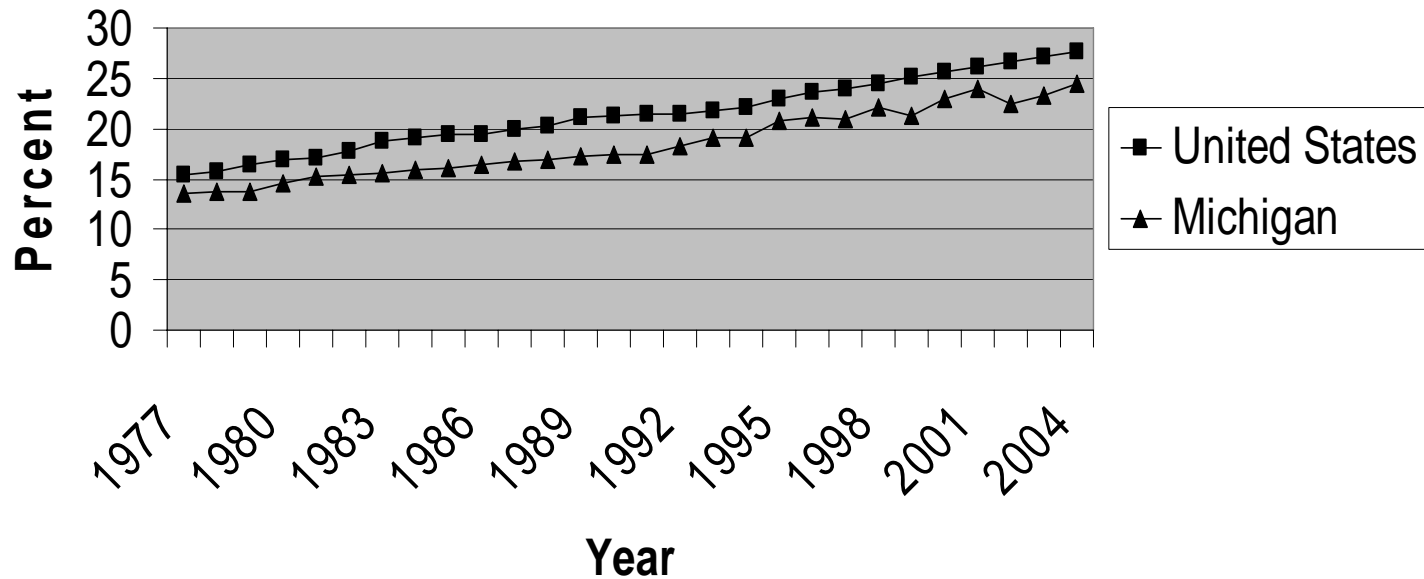
# Regional Income Differences

Per-Capita Incomes in 2003:

Oakland County:	\$49,048
Statewide Average:	\$31,178
Wayne County:	\$29,879
Jackson County:	\$25,712
Marquette County:	\$24,191
Oscoda County:	\$16,674

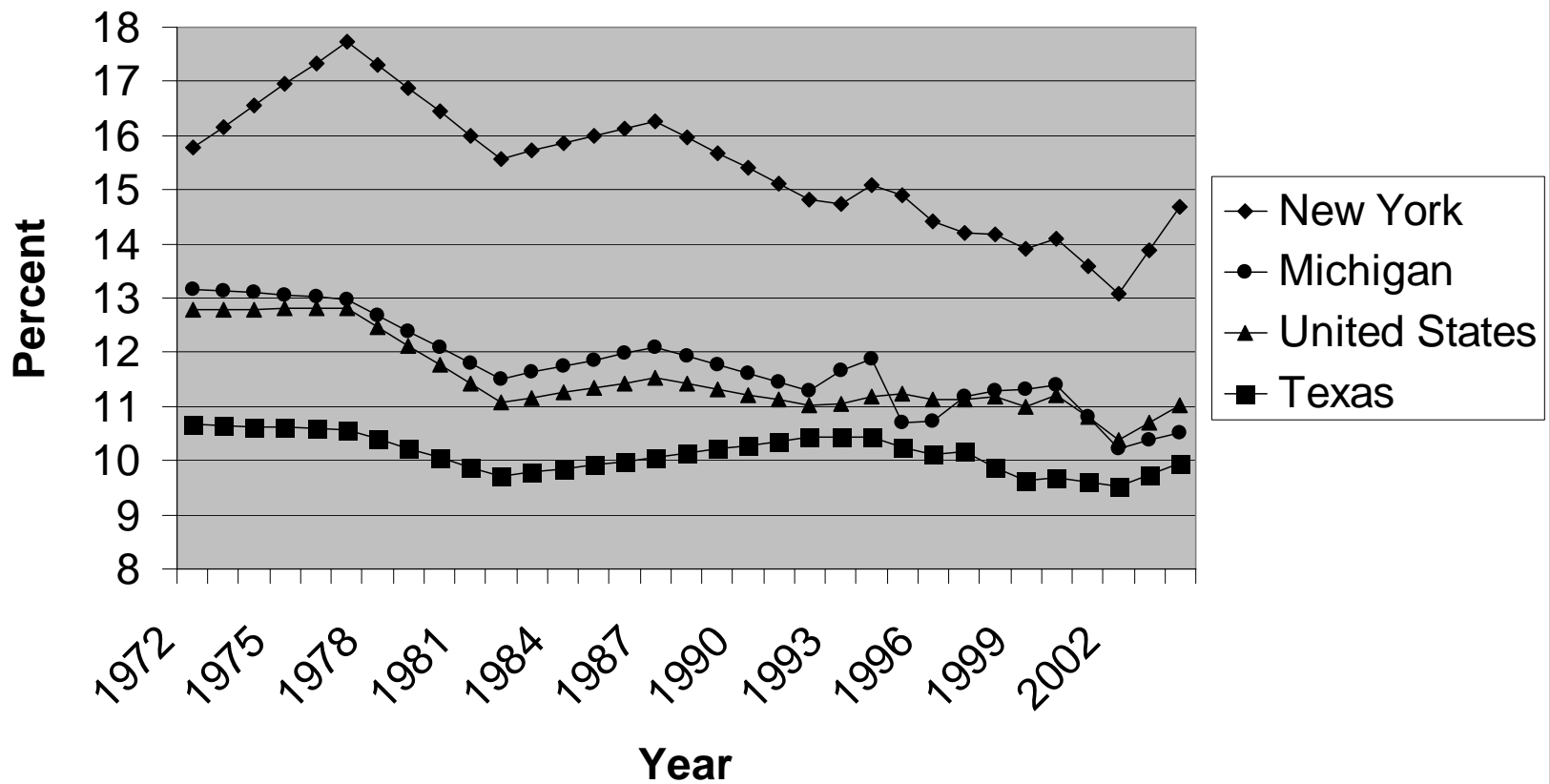
# Lagging Educational Attainment

**Figure 3.3**  
**Percentage of Population Aged 25 and Over**  
**With A Bachelor's Degree, for Michigan and the**  
**United States, 1977-2004**



# Reduced Tax Effort

**Figure 6.1**  
**State and Local Taxes**  
**as Percent of Personal Income, 1972-2004**



# A Few Comments About the SBT

- Despite the Myth of “Business’s Fair Share”, Only People Pay Taxes
- Business Taxes MUST Be Paid by
  - (a) Consumers (Higher Prices)
  - (b) Workers (Lower Wages)
  - (c) Owners of Capital (Lower Profits, etc.)

- If the Political Pressure for a “Business Tax” is Overwhelming, a Business Income Tax is Best
- The Gross-Receipts Tax is, Very Simply, the Worst Possible Tax:
  - Pyramiding of Taxes
  - Arbitrary Pattern of Effective Rates

# Alternatives to “Business Taxes”

- Michigan’s Tax System is One of the Most Regressive in the Country
- Recent Policy Changes Have Made the Tax System Even More Regressive
- Income Tax Is Based on Ability to Pay
- Part of Income Tax Revenue is “Exported”

# Some Other Alternatives to “Business Taxes”

- Extend Sales Tax to More Services
- Convert Taxes on Beer, Wine, and Cigarettes to a Percentage Basis