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Tax overhaul has possibilities -- but don't hold your breath

No one should underestimate the difficulty of rewriting Michigan's Constitution to change its tax structure in time for voters to approve it in November, which would require lawmakers to agree on ballot language by early September. Yet House Speaker Andy Dillon may well be right that Michigan can't end its misguided business tax surcharge without major tax changes of the kind that have to go to voters.

In normal times, rewriting the state's tax framework should fall to a constitutional convention. Voters will decide in November 2010 whether to call for one.

The convention route, however, would push actual fixes well into the future -- too long for struggling businesses, in particular. Another upside to tackling taxes sooner: A constitutional convention could then focus on the growing list of other ideas about what a good, lean government should look like.

To put an issue on the ballot, the Legislature needs a two-thirds vote in each chamber. That kind of majority is excruciatingly difficult to obtain and requires significant bipartisan cooperation -- ideally a signal that what emerges is a sound, fair plan.

Dillon, D-Redford, who proposed the ballot issue idea but won't discuss his own tax preferences, said he is open to dueling plans -- separate ballot proposals from each party. That is not leadership as much as punting, though, and it does not bode well that Dillon is considering this bargaining chip upfront.

Lansing history suggests that bipartisan teamwork can reach the high bar of crafting a constitutional change in taxes. It happened in 1994 with Proposal A, which reformed school funding. Voters got to choose between raising the sales tax or the income tax in exchange for lower property taxes, but the underlying structure was the same.

By spring's end, East Lansing economist Patrick Anderson will report on tax options to make the state a competitive place to hire workers and invest. Dillon expects to use his figures.

That would leave legislators just two months to come to terms -- a deadline that can be met only if both parties put the state's future first.