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Ease the burden on business and watch Michigan grow

By Alex Rosaen

Michigan is single again—economically, that is. The global economy, which once fawned at our brawny manufacturing arms and fluttered at our dense clusters of industrial might, has broken up with us. It flirted with those high-tech guys in California (while we were still together, the nerve!), then left us for the slick financial centers in New York and London. Sure, there's some satisfaction in seeing the economy get burned by these players. But it's still not coming back to us. Unless we want to be alone, it's time to start dating again. It's time to upgrade our look.

Wait, what is there to "upgrade?" What's so bad about us? "Nothing!" our good friends tell us, perhaps too enthusiastically. We've got a great history of proud accomplishment. We've got a lot of talent and education. Sure, our outlook is sometimes a bit cloudy (and rainy, and icy, and snowy, and slushy), but we've got some great skills. And, our friends tell us, "you've got a great personality!"

And that's when it hits us. Oh, no. A great personality? We're not as sexy as we used to be, are we? Wait, what about our "cool cities?" We got that earring and those sculptures downtown. Isn't that enough? No. We can't make ourselves cool or sexy again overnight. But there is more we can do.

Some things aren't under our control, but we have to do the best we can with what we've got. And that means updating the wardrobe, hitting the gym, and lowering the tax burden on businesses. According to Anderson Economic Group's "2008 State Business Tax Burden Rankings," we've been taking the economy for granted a little bit, ranking 22nd lowest in the nation on business tax burden. This includes all the business tax incentives we already have in place. Being near the average is not awful, but we can do better. And, if we want to get back out there and get a new economic partner, we must.

But wait, isn't that a little simplistic? Superficial, even? The businesses don't care only about taxes. Besides, everyone gossips about those "low tax, low service" states. We don't want to seem desperate, do we? Do we want the kind of attention that will give us?

Well, let's take a look at some of the top 10 states for low business tax burden in that Anderson Economic group study to see if they're on a road we don't want to go down. North Carolina is tops on the list right now, and they're pretty classy; they're growing quickly and they've got a cluster of research universities like we do. Delaware at second lowest, yet they are fourth highest in state spending per capita in the Tax Foundation's 2007 rankings; this is no one's vision of a low-service state. Minnesota comes in at number eight. Minnesota? We went to high school with them! Wow, they're really taking care of themselves!

The presence of these states in the top ten shows that having a low business tax burden does not require us to compromise our values, skills, or education. They're not desperate or superficial; they're just making an effort. While some combination of other revenue sources and spending reforms will be required, becoming a top-10 low business tax state is achievable.

The Business tax burden is not the only thing potential suitors care about, or even the most important thing. But we can't change our weather, our economic history, or those wrinkles at the corners of our eyes. We can start putting in some effort by wearing a new shirt, doing some crunches—and lowering our tax burden on businesses.

Alex Rosaen is a Consultant in the Public Policy practice area at Anderson Economic Group in East Lansing, Michigan. Anderson Economic Group's "2008 State Business Tax Burden Rankings" will be available in the "State Economic Handbook" published by Palgrave MacMillan, and are currently on our website at AndersonEconomicGroup.com
