



Michigan League
FOR
Human Services

Governor Snyder's Budget and Tax Proposals

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Budget and Tax Proposals

- Governor introduces first budget and tax proposals in February
- For fiscal year 2012
- Addresses \$1.5 billion shortfall

The big picture

- \$1.5 billion in spending cuts
- \$1.8 billion in business tax cuts
- \$1.7 billion increase in taxes on individuals

Some of the cuts

- Family Independence Program-12,000 families
- Human Services Caseworkers
- Health prevention programs

And more cuts

- Community mental health
- K-12 schools-over \$700 per pupil
- Colleges and universities-could average over 20% cut
- Revenue sharing-40% cut

Protected in the budget

- Medicaid program
- Provider rates
- Optional services

Less transparency in the budget

- Only 2 budget bills
- Hearings running in both the House and the Senate

Budget completion

- Goal: June 1st

Tax proposals

- Ends current business tax
- Replaces with a 6% corporate tax

End tax credits

- Earned Income Tax Credit
- Food banks, homeless shelters
- Contributions to colleges and universities
- Business tax credits

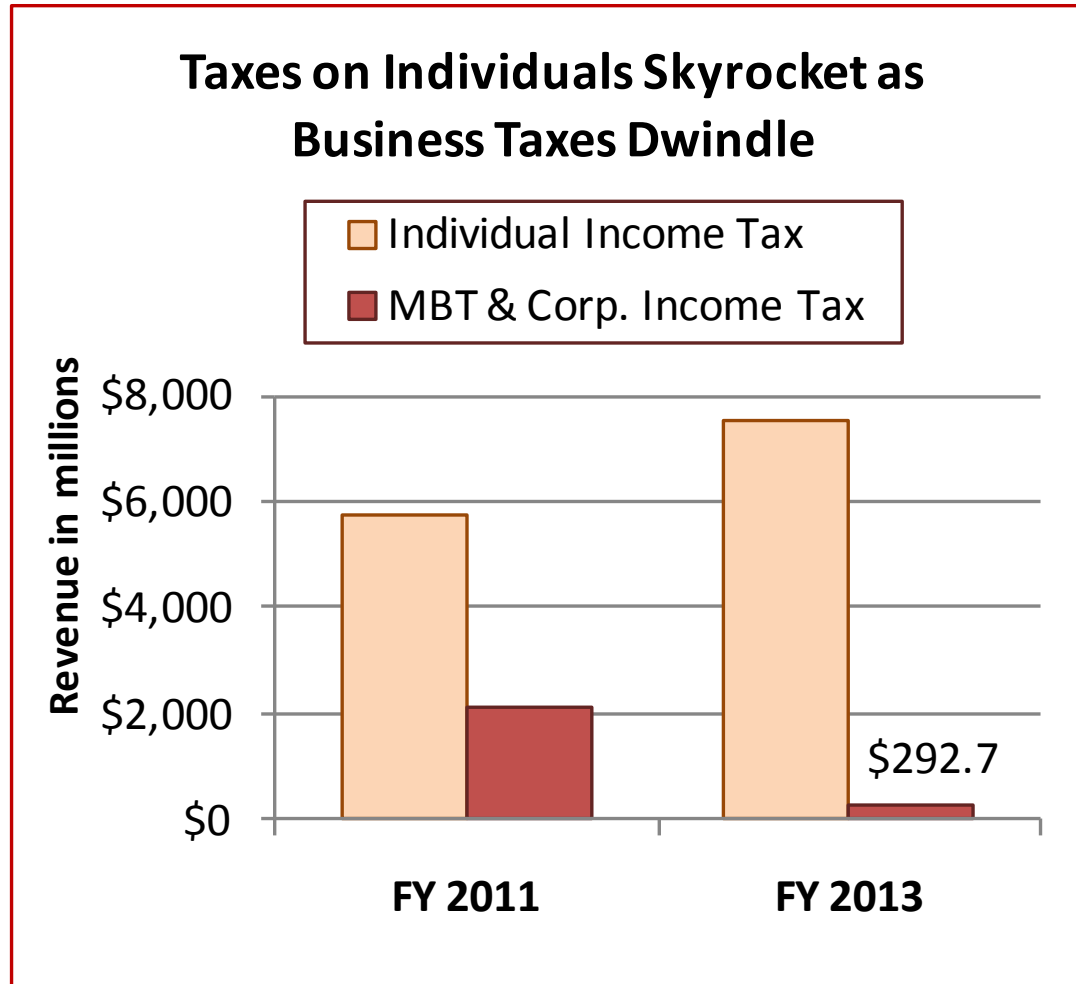
Pension changes

- Currently public pensions not taxed
- Currently private pensions taxed over a certain amount
- Proposes taxing all pensions

Overall....

- Major tax shifts....
- From business to individuals
- Business taxes down 86%
- Individual taxes up 31%

Gov. Snyder's plan

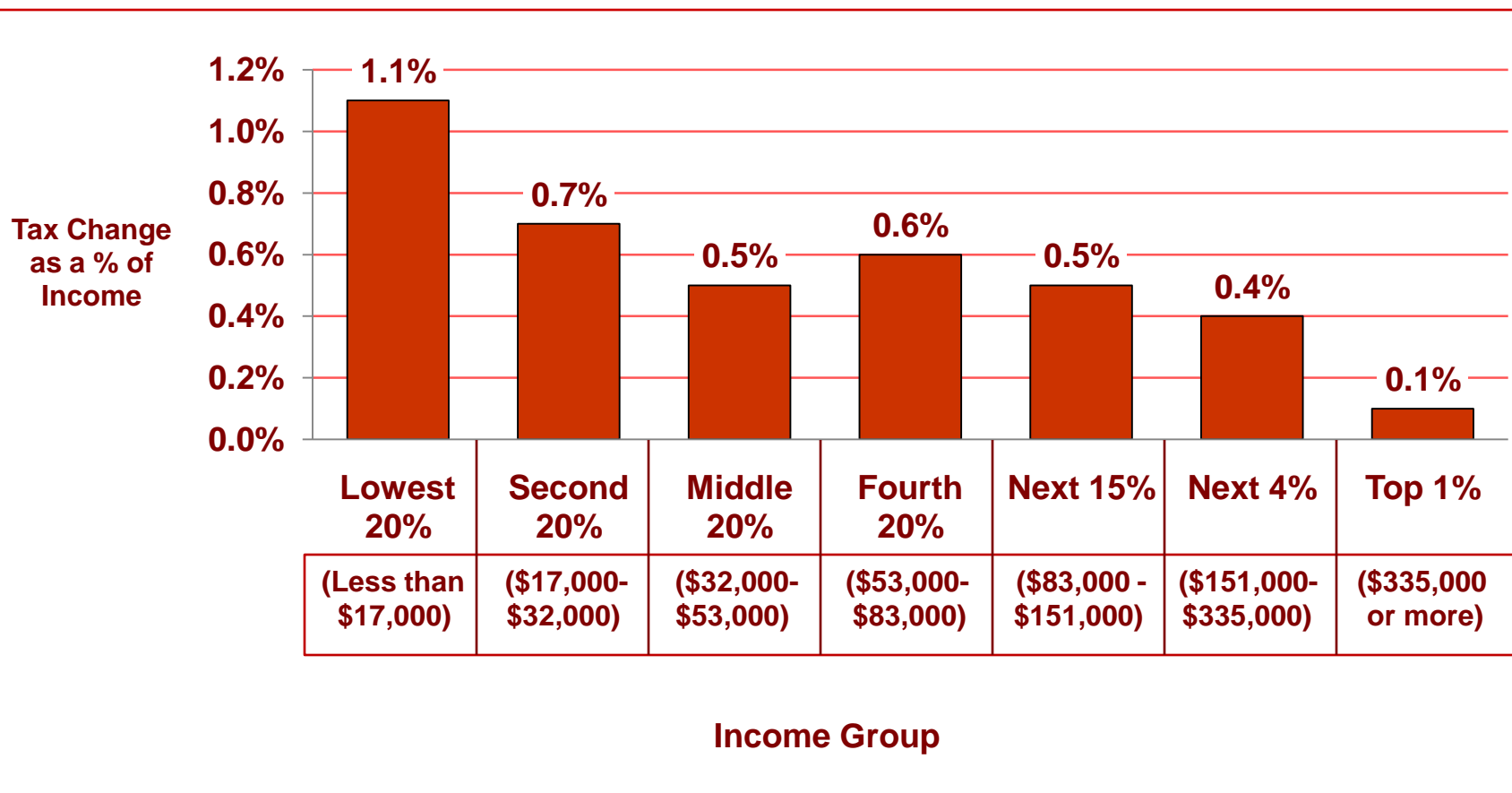


Sample taxpayers

	Income	Refund now	Proposed refund	Tax increase
Senior couple	\$42,000	\$780	\$80	90%
Single parent of 2	\$22,000	\$749	\$60	92%

	Income	Refund now	Proposed refund	Tax
Married couple				
— with 2 children	\$55,000	\$1,045	\$883	16% decrease
— with 3 children	\$110,000	\$3,897	\$3,974	2% increase

Tax plan hits poor families



Source: Institute on Taxation and Economic Policy, March 2011

Impact on low-income families

- Elimination of Earned Income Tax Credit (EITC)
- A credit for working families
- Helped almost 800,000 in 2009

Vulnerable kids, families



- Keeps 14,000 children out of poverty
- Lifts 25,000 people in working families out of poverty
- Lessens the impact of poverty for 700,000 in Michigan

What do voters say?

- League commissioned poll, EPIC/MRA, found 76% do not support eliminating the EITC when told that it will finance biz tax cuts
- Free Press/WXYZ poll found taxing pensions unpopular, but more opposition to ending EITC (58%)

Senate Plan

- Tax only future pensions
- More taxes on businesses than governor's proposal
- Smaller cut to K-12
- Additional other budget cuts--\$200 M

What next?

- Currently on break
- Budget and tax bills targeted to move this month
- Conference committees?

Take action

- Talk to lawmakers
- Go to www.saveoureitc.com

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The Michigan League for Human Services is a state-level policy organization focused on the needs of Michigan's low-income families and individuals. The League's activities include research, analysis, public education and advocacy. The League was founded in 1912 and is a private, nonprofit charitable organization.

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