

## **FACT SHEET:**

### Improving Michigan's Competitiveness – State Tax Reform



#### **BACKGROUND**

Detroit Renaissance is a private, non-profit executive leadership organization committed to improving Michigan's economic competitiveness. We work to accelerate economic growth in southeast Michigan and Detroit by working on state, regional and city agendas. At the state-level, our objective is to improve Michigan's economic competitiveness by:

- Conducting annual benchmarking studies
- Advocating for fundamental state budget reforms
- Developing tax, regulatory, and labor law proposals that reduce the cost of doing business
- Identifying savings and consolidation opportunities for education and local government

#### **STATUS**

The following steps have been taken to advance the agenda outlined above:

- 1/08: Detroit Renaissance Board issues state reform policy principles
- 7/08: Public opinion poll conducted on state reform options
- 9/08: Study conducted by Public Sector Consultants outlining detailed state budget reform options
- 11/08: Benchmarking study conducted by McKinsey Associates
- 11/08: Business coalition formed to advocate for budget reforms
- 12/08: Commissioned Anderson Economic Group to prepare tax reform options

#### **TAX REFORM INITIATIVE**

Detroit Renaissance's 2008 benchmarking study shows that Michigan falls short of benchmark states for both manufacturing and knowledge jobs. The number one reason for this is the high cost of doing business in Michigan. While taxes are not the only cost factor that needs to be addressed to make Michigan more competitive, it is an important one. Detroit Renaissance has established the following principles for addressing state tax reform:

- Engage in an effort to outline a competitive tax policy framework for Michigan
- Set an objective of becoming one of the top ten states for lowest tax burden on business
- Seek to both reduce costs and provide a more stable/predictable tax environment for business

Detroit Renaissance's goal is to outline the framework of a more competitive tax system and a path to get there. Recommendations are expected in 2009.