



October 23, 2009

Michigan State Senate

Dear Members of the Michigan Senate,

I write urging you to continue opposition to the multitude of tax increases being discussed by Governor Granholm and others.

To date, tax hikes have been proposed on personal income, bottled water, sporting events, cigarettes, and more. However, the tax-hike-du-jour is a 3% tax on doctors.

In addition to unfairly targeting physicians, the \$300 million tax increase will likely increase the cost of medical care by forcing doctors to pass this tax on to patients and insurance companies, ultimately raising premiums. It would also cut into doctors' bottom lines, resulting in a decline in health care jobs, wages, and benefits.

The 3% tax on physicians has also been justified as a means of bringing more federal dollars to Michigan. However, federal matching aid is not "free money." This is funding that saddles our nation – Michigan included – with higher debt or higher taxes. If the tax on doctors is passed, Michigan's tax burden rises and the nation's tax or debt burden must eventually rise as well.

No matter whether Governor Granholm chooses to sign or veto portions of the budget, tax increases should remain off the table. Additionally, the K-12 budget passed earlier this month represented a compromise that restored a significant portion of funding. Actions taken since then in an effort to foster support for tax hikes in the legislature are detrimental to reversing Michigan's dire economic decline.

Michigan's punitive tax code has contributed to the loss of 750,000 private sector jobs over the past decade. With an unemployment rate at an historic high of 15.3% and climbing, tax increases will take more money out of the pockets of Michiganders and the private economy, exacerbating the state's economic troubles.

As you continue to weigh options to rectify Michigan's \$2.8 billion overspending problem, I urge you to oppose any further tax increases. If you have any questions, please contact Kelly Cobb, ATR's Michigan state affairs manager, at kcobb@atr.org.

Onward,

Grover Norquist
President, Americans for Tax Reform

722 12th Street N.W.

Fourth Floor

Washington, D.C.

20005

T: (202) 785-0266

F: (202) 785-0261

www.atr.org