

Michigan's Middle-Class Dashboard

1. Michigan ranks 29th in Tax Equality

In a nation founded on the principal of equality, why is it that an impoverished family in Flint making \$20,000 a year and a small business owner in Howell making \$60,000 contribute 9.5 percent of their hard-earned money each year, while billionaires contribute far less to an education system and infrastructure that helped them accumulate unimaginable personal wealth?

The answer is we rely too heavily on regressive sales and property taxes that excessively shoulder small business owners and employees with the responsibility of funding our shared obligations – education, roads and communities.

2. Michigan ranks 48th in the percentage of local and state tax revenue contributed by businesses

In 2011, Republicans passed the largest tax shift – from corporations onto individuals – in state history. As a result, individuals have seen their taxes increase by over \$4 billion since 2012.

While small business owners and employees do more than their part to invest in Michigan's future, corporations and the wealthiest 1 percent are not contributing their share to a state that educates their workforce, maintains the roads they rely on to move their goods and services, and provides healthcare to their low-income employees.

3. Michigan has fallen from 16th to 35th in Median Household Income since 1999

Michigan's Median Household Income has declined by \$15,633 (over 24 percent) since 1999, and none of Gov. Snyder's "reforms" have done anything but make the problem worse by shifting taxes from corporations onto working families and retirees, and cutting the essential services we all need to compete for jobs, create economic growth and shared prosperity.

Tax Equality Vital to Michigan's Future

In a nation founded on the principal of equality, how is it that those who can least afford it contribute the most, while those who accumulate unimaginable wealth contribute half as much to the state that helped provide them with the resources and opportunity to pursue their dreams?

While small business owners and employees do more than their part to invest in Michigan's future, corporations and the wealthiest 1 percent are not contributing their share to a state that educates their workforce, maintains the roads they rely on to move their goods and services, and provides healthcare to their low-income employees.

House Republicans recently announced a plan to reduce, or even eliminate, our income tax, the only tax that doesn't disproportionately hurt working-class families. The House Republican's plan would disproportionately benefit the wealthiest 1 percent at a time when working families are being asked to shoulder more and more of our shared obligations.

Rather than further enriching millionaires and billionaires, we need to come together to address runaway tuition rates, fix our infrastructure and help our children succeed.

A graduated income tax, which has been adopted by 35 other states and the federal government, is an essential step to create shared prosperity.

How will future generations of entrepreneurs and workers pursue their dreams when our state lacks the education system, workforce, infrastructure and other essentials that businesses and employees rely on to foster economic growth?

Creating Tax Equality in Michigan

My plan would create Tax Equality in Michigan by establishing a graduated income tax, which would cut taxes for 95% of Michiganders – small business owners, teachers, contractors, college graduates – our middle class.

Under my plan, income tax rates would gradually reduce from the current 4.25% for single filers with less than \$80,000 in taxable income, and joint filers with less than \$160,000.

Over 4.4 million filers (95% of all filers) would receive a \$827.5 million tax cut to increase demand and stimulate economic growth in our local communities, which will benefit businesses all across Michigan.

Over 75% of all business owners would receive a tax – those who have been hit the hardest by the Great Recession and our changing economy.

Rate	Single	Joint
3%	\$0-\$20,000	\$0-\$40,000
4%	\$20,001-\$40,000	\$40,001-\$80,000
5%	\$40,001-\$80,000	\$80,001-\$160,000
6%	\$80,001-\$125,000	\$160,001-\$200,000
7%	\$125,001-\$200,000	\$200,001-\$250,000
8%	\$200,001-\$500,000	\$250,001-\$500,000
9%	\$500,001-\$1,000,000	\$500,001-\$1,000,000
10%	\$1,000,000+	\$1,000,000+

Under my plan, a middle-class family making \$80,000 a year in taxable income would save \$600 (18%), a low-income family making \$25,000 would save \$312 (30%), and a factory worker or a college graduate making \$25,000 a year would save \$263 (25%).

The top 5% would pay their fair share, generating \$560 to \$760 million in new revenue to:

- Help restore our crumbling roads
- Create safe and vibrant communities
- Provide our children with the education they need to realize their fullest potential
- Lower tuition rates to ensure graduates aren't burdened by unimaginable debt

A graduated income tax is a responsible and fair way to create Tax Equality and capture the revenue we need to create shared prosperity.

Why do this NOW?

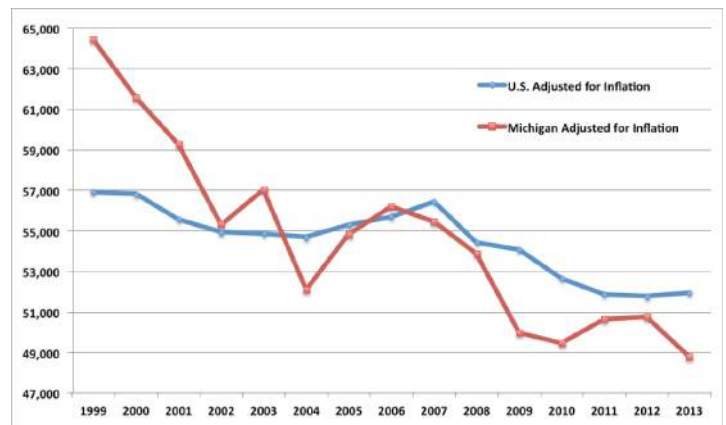
The bottom line is working families **NEED** a **BREAK**. They have been **HAMMERED** by so-called "trickle-down economics" over the past 30 years.

Household incomes have been stagnant for the past three decades. The gains experienced in the 1980s and 1990s have been decimated by declining wages since 1999. For instance, the median household income in 1984 was \$49,041, compared to \$48,801 today.

Since 1999, median household income has decreased by over 24%, \$15,633 annually. This represents a huge loss in earnings for families.

While the unemployment rate has slowly declined since the Great Recession, wages have not recovered. Median household income remains 13% below pre-recession levels.

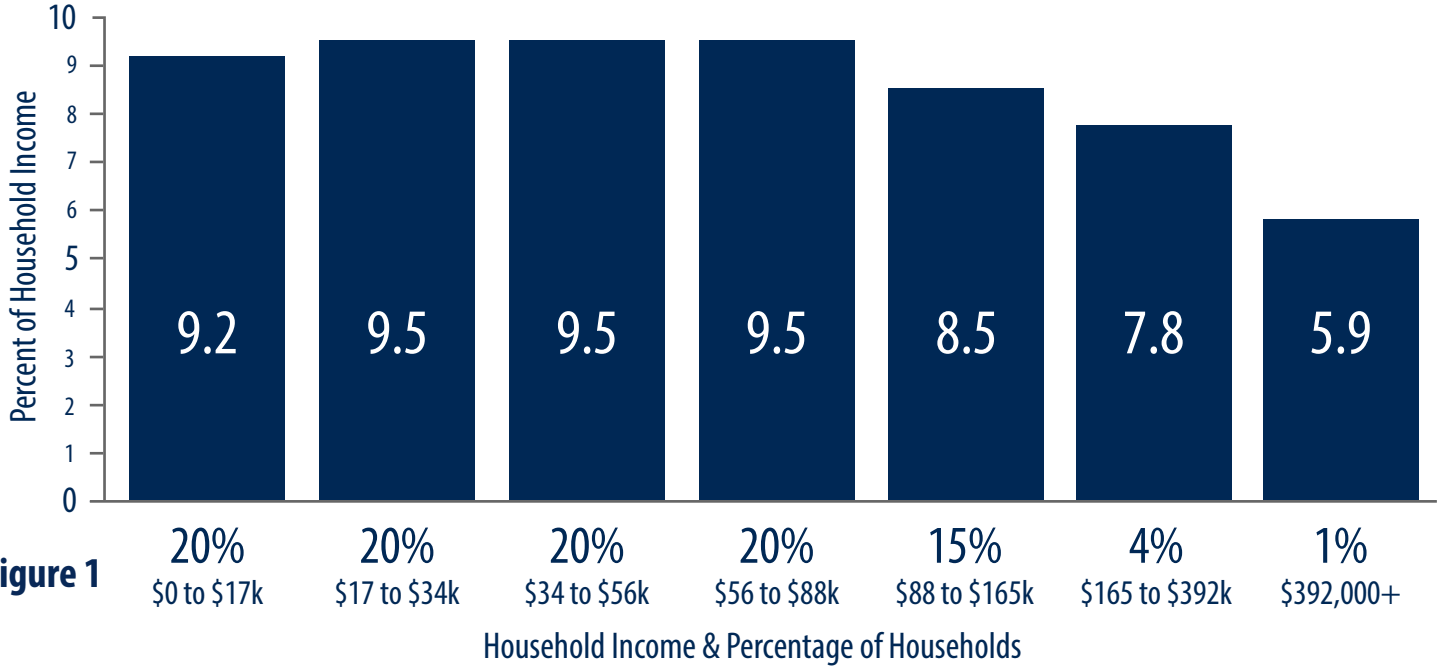
It is important to note that the percentage of dual-income households has increased significantly during this period.



Working families NEED a BREAK

Michigan Under Current Law

Percent of Household Income Contributed in State and Local Taxes



Percent of Income Contributed in State Sales Tax

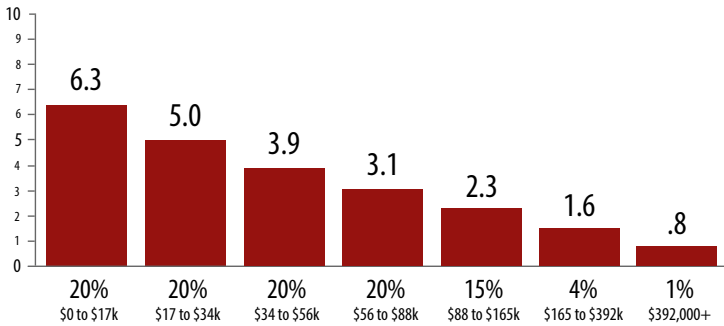


Figure 2

Percent of Income Contributed in Income Taxes

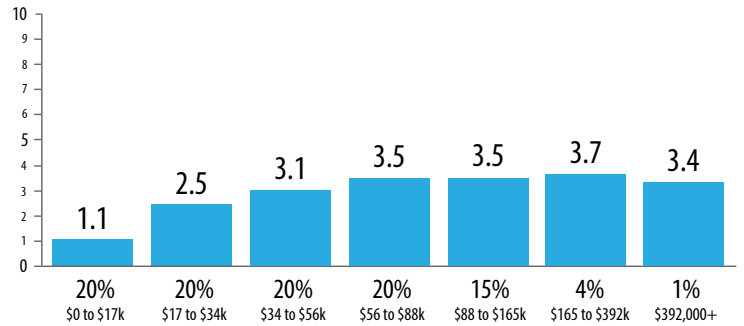


Figure 3

Percent of Income Contributed in Property Taxes

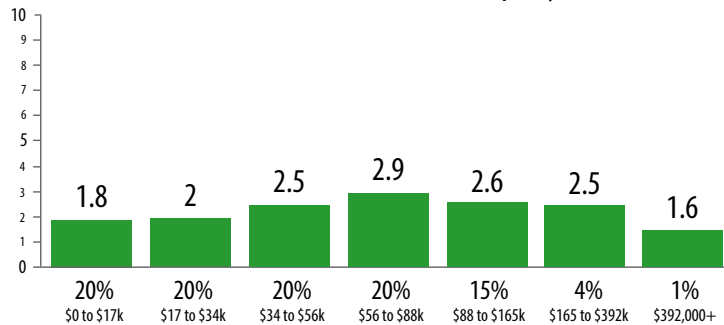
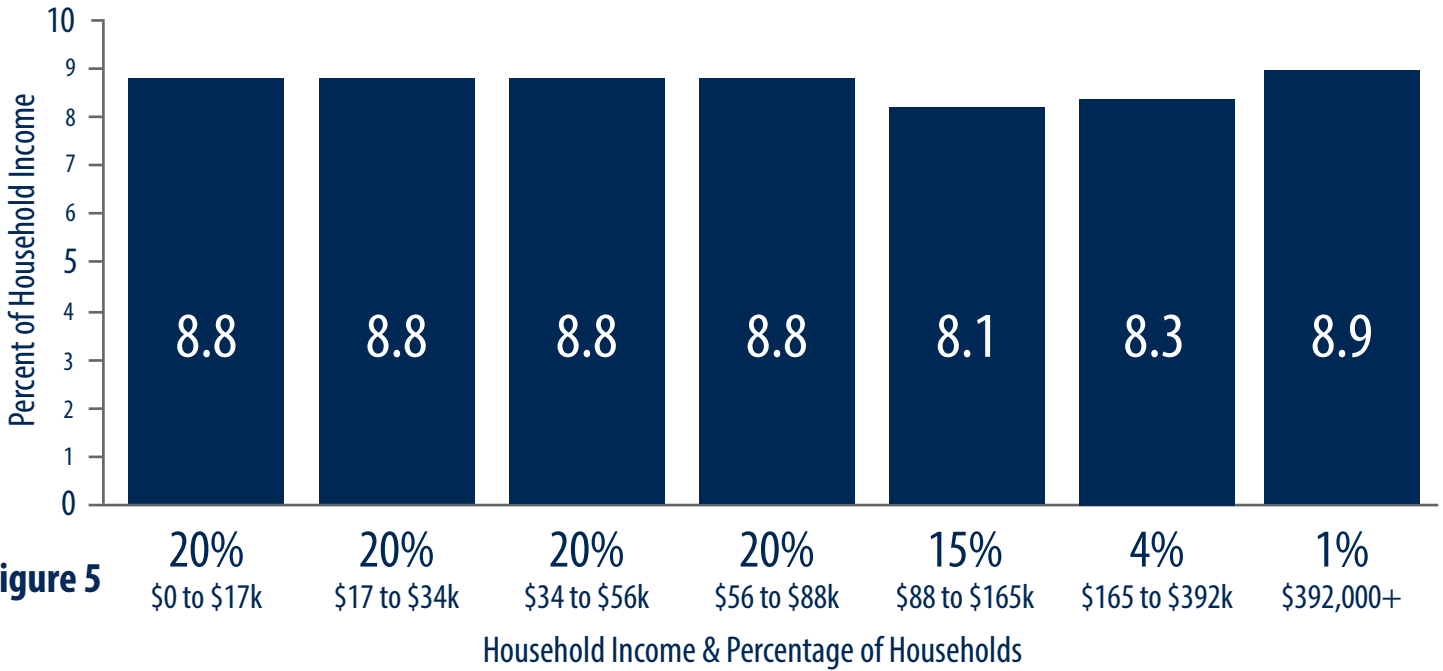


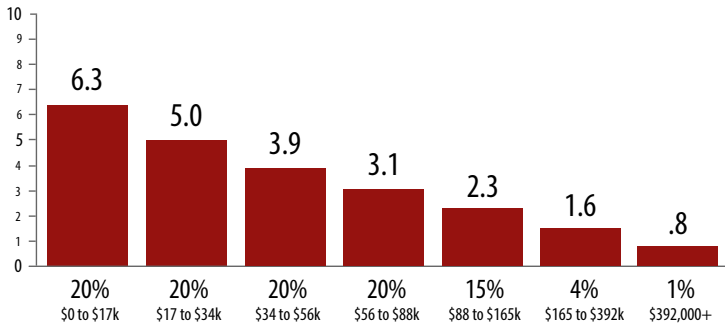
Figure 4

Michigan Under a Graduated Income Tax

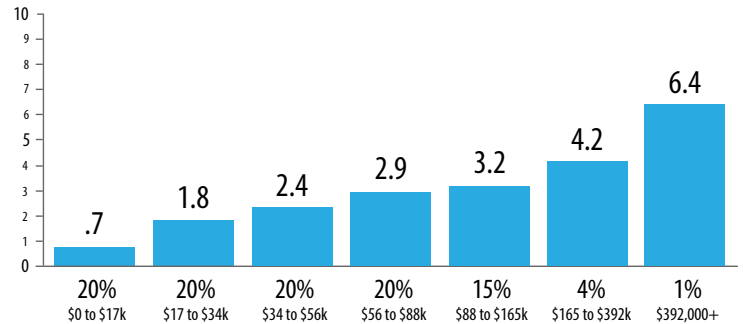
Percent of Household Income Contributed in State and Local Taxes



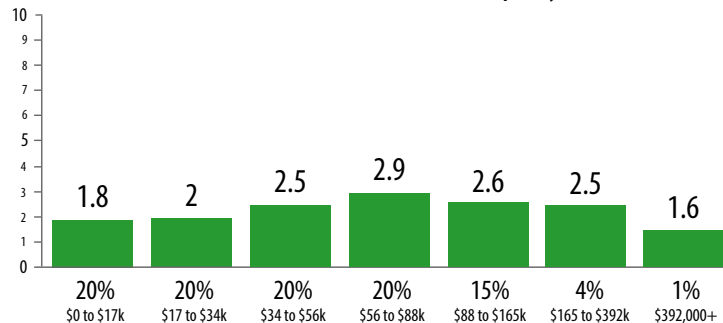
Percent of Income Contributed in State Sales Tax



Percent of Income Contributed in Income Taxes



Percent of Income Contributed in Property Taxes



Michigan Under Current Law

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$17,000	\$17,000 – \$34,000	\$34,000 – \$56,000	\$56,000 – \$88,000	\$88,000 – \$165,000	\$165,000 – \$392,000	\$392,000 or more
Average Income in Group	\$9,500	\$24,900	\$44,000	\$70,100	\$115,600	\$237,200	\$1,164,700
Sales & Excise Taxes	6.3%	5.0%	3.9%	3.1%	2.3%	1.6%	0.8%
General Sales—Individuals	2.9%	2.7%	2.2%	1.8%	1.3%	0.9%	0.5%
Other Sales & Excise—Ind.	2.0%	1.1%	0.8%	0.5%	0.3%	0.2%	0.1%
Sales & Excise on Business	1.4%	1.2%	1.0%	0.8%	0.6%	0.4%	0.3%
Property Taxes	1.8%	2.0%	2.5%	2.9%	2.6%	2.5%	1.6%
Property Taxes on Families	1.7%	1.9%	2.4%	2.7%	2.4%	2.0%	0.8%
Other Property Taxes	0.2%	0.1%	0.2%	0.2%	0.2%	0.4%	0.8%
Income Taxes	1.1%	2.5%	3.1%	3.5%	3.6%	3.7%	3.5%
Personal Income Tax (State and Local)	1.1%	2.5%	3.1%	3.5%	3.5%	3.7%	3.4%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Total Taxes	9.2%	9.5%	9.5%	9.5%	8.5%	7.8%	5.9%
Federal Deduction Offset	-0.0%	-0.1%	-0.3%	-0.5%	-0.8%	-1.0%	-0.9%
OVERALL TOTAL	9.2%	9.4%	9.2%	9.0%	7.7%	6.8%	5.1%

Michigan Under a Graduated Income Tax

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$17,000	\$17,000 – \$34,000	\$34,000 – \$56,000	\$56,000 – \$88,000	\$88,000 – \$165,000	\$165,000 – \$392,000	\$392,000 or more
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Sales & Excise Taxes	6.3%	5.0%	3.9%	3.1%	2.3%	1.6%	0.8%
General Sales—Individuals	2.9%	2.7%	2.2%	1.8%	1.3%	0.9%	0.5%
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Other Property Taxes	0.2%	0.1%	0.2%	0.2%	0.2%	0.4%	0.8%
Income Taxes	0.7%	1.8%	2.4%	2.9%	3.2%	4.3%	6.5%
Personal Income Tax (State and Local)	0.7%	1.8%	2.4%	2.9%	3.2%	4.2%	6.4%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Total Taxes	8.8%	8.8%	8.8%	8.8%	8.1%	8.3%	8.9%
Federal Deduction Offset	-0.0%	-0.1%	-0.2%	-0.4%	-0.7%	-1.0%	-1.7%
OVERALL TOTAL	8.8%	8.7%	8.6%	8.5%	7.4%	7.3%	7.2%

Sources: House Fiscal Agency (HFA), Institute for Taxation and Economic Policy (ITEP), Internal Revenue Service (IRS), and Council on State Taxation (COST)