



Everything Michigan



Hillegonds takes jab at tax cuts

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By Shandra Martinez

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HOLLAND -- Republicans and business owners tend to view lower taxes as an 11th commandment, but Tuesday a once-prominent Republican challenged doctrine at a chamber of commerce breakfast in this solidly GOP locale.

Paul Hillegonds, the former state House speaker who represented the Holland area 18 years before retiring in 1996, delivered a tough message: Lower taxes have hurt Michigan economically in the long run.

"We can't simply cut our way out of economic difficulty," said Hillegonds, who delivered highlights of "A New Agenda For A New Michigan."

The report was commissioned by Michigan Future Inc. to address Michigan's six years of declining employment.

This report answers the question, he said, of what really matters in better positioning the state for success in a knowledge-driven and entrepreneurial economy.

The answer is to invest in higher education and infrastructure that will develop, retain and attract a young, well-educated and entrepreneurial work force, said Hillegonds, senior vice president of corporate affairs for Detroit-based DTE Energy.

In contrast, he pointed out state funding for higher education has been cut 13 percent the past four years.

Rodger Price, past chairman of Holland Area Chamber of Commerce, praised Hillegonds for delivering a message that might chafe some business leaders.

"I agree with Paul that we need to make investments," he said, "but, at the same time, we need to cut down on waste.

"I think government tends to waste. Not until things get really tough that they'll make the decisions that are needed to make change."

A state's attractiveness to businesses depends on a variety of factors: infrastructure, regulatory environment and tax structure, said State Rep. Bill Huizenga, R-Zeeland.

"We have to be competitive," he said. "I still see Michigan as being on the high side of taxes and slower on the regulatory side."

Hillegonds points out state and local taxes have been reduced more than \$8 billion annually the past dozen years, moving Michigan below the national average in tax burden.

State government is spending more than \$5 billion less than the Headlee constitutional limit. State general fund revenues are 40 percent less in inflation adjusted dollars than a decade ago, he said.

Hillegonds said lower taxes and spending have been accompanied by slower economic growth in Michigan.

"I am not suggesting our tax burden should be uncompetitive with other states," he said. "But tax policy should not undermine our ability to invest in the human and physical infrastructure necessary for economic growth: investments like higher education, early childhood learning, quality of life amenities, transportation and transit and vital urban centers,."

The most successful states are not characterized by low taxes, according to Michigan Future's analysis. If anything, successful states tend to have higher taxes.

"We all would like Mississippi's taxes and Minnesota's or Massachusetts' economy, but there is no state in the nation that has both," Hillegonds said.

He said the Lakeshore Promise -- a version of the Kalamazoo Promise college scholarship program -- proposed to be funded with about a 1 percent income tax deserves consideration.

"Simply offering scholarships over the long-term probably won't turn around communities, but maybe it's an important first step," he said.

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