



Michigan League FOR Human Services

CELEBRATING 100 YEARS OF RESEARCH AND ADVOCACY

Testimony of Gilda Jacobs, CEO, Michigan League for Human Services

June 12, 2012

House Tax Committee

Good morning, Mr. Chair and members of the committee. I am Gilda Jacobs, CEO of the Michigan League for Human Services.

The League opposes H. B. 5729 which reduces the income tax rate to 3.9% by 2018.

As you know, out of the total state budget of nearly \$47 billion, the state General Fund totals only about \$9 billion in FY 13.

The General Fund mainly finances the state's discretionary spending for the:

- Department of Community Health
- Department of Human Services
- Department of Corrections

It is also important to consider the fact that the general fund also provides a match for things such as the TANF Maintenance of Effort, which helps us draw down federal dollars to help run many programs.

This bill will drain discretionary revenues by an estimated \$3.2 billion from 2013 to 2019 and beyond, based on adding up the figures from the attached analysis from House Fiscal Agency. This is even higher than the \$1.8 billion price tag that is being discussed. I have also included a chart which illustrates this.

The impact of the revenue loss will fall on the state general fund, which has already fallen by 40% since 2000 when adjusted for inflation. Again, I remind you that out of the total state budget of over \$47 billion, the state general fund only totals about \$9 billion in FY 13.

Michigan has already made a decade of budget cuts, with a huge \$1.5 billion budget cut in FY 12. It's hard to see how state services can be sustained with another cut of this magnitude.

All of us have children, grandchildren and parents who will need a strong state. This bill is ill-advised and threatens the very future of our state. And if the supermajority petition drive is successful and passes in November, the implications of its effect superimposed on this tax cut will be devastating.

Please be careful what you wish for.

Thank you and I am happy to answer any questions you might have.