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Michigan Statewide

Key findings from a statewide survey of
600 likely voters in Michigan,
conducted April 21-22, 2010.



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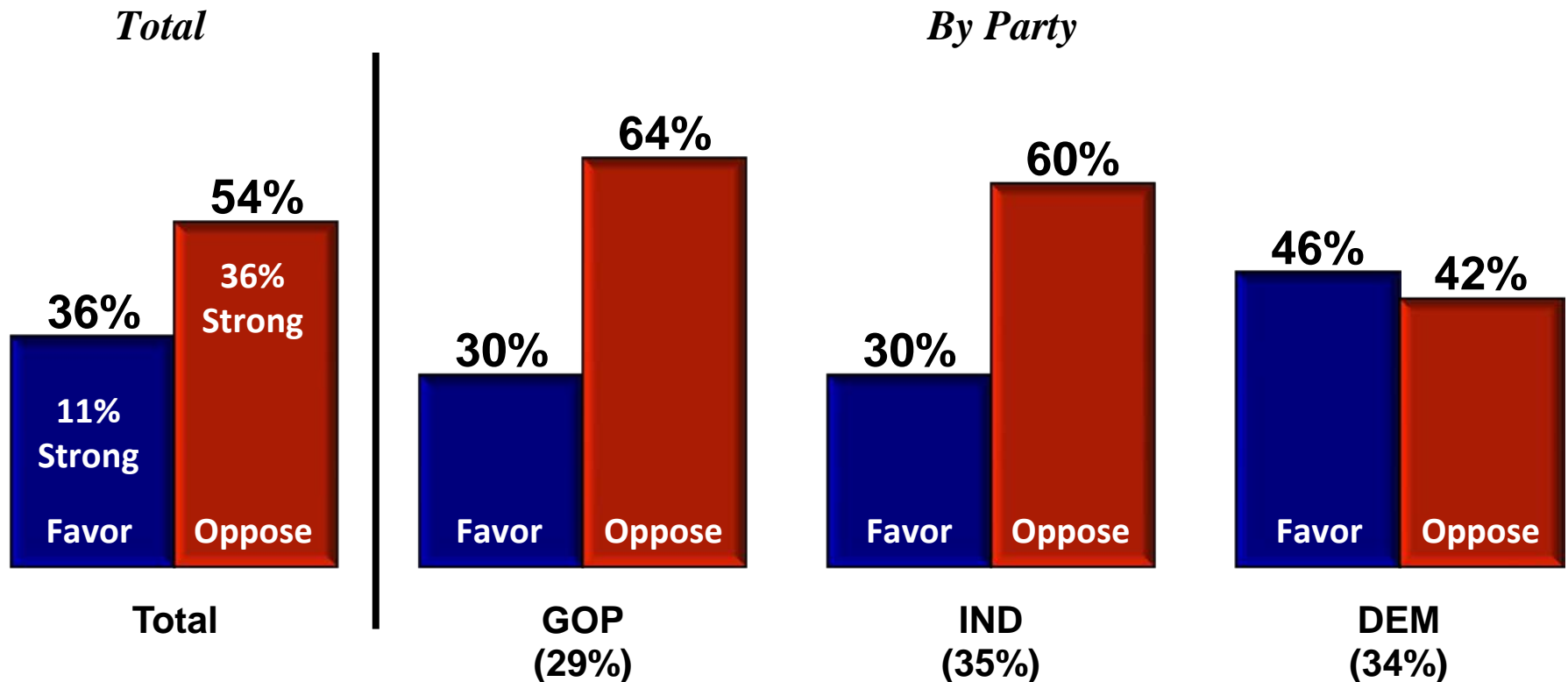
POS # 10273



**Where does the sales tax
on consumer services
issue stand with voters?**

A clear majority express opposition to a basic question regarding the sales tax on consumer services proposal.

Now, I'd like to ask you about a proposal that is being considered by the legislature to increase state revenue to help deal with the state's budget deficit... The proposal (is/has been put forward by Governor Granholm) to lower the sales tax rate from 6% to 5.5% and expand the sales tax to consumer services. Do you favor or oppose this proposal?



BUT, when voters are told what services the new tax would cover...

Now, let me tell you a little more about this proposal... This would be a new tax on such things as accounting services, haircuts, lawn services, legal services, dry cleaning, child care, home repairs, advertising, tax preparation, and retirement planning services. Do you favor or oppose this expansion of the state sales tax to cover these services?



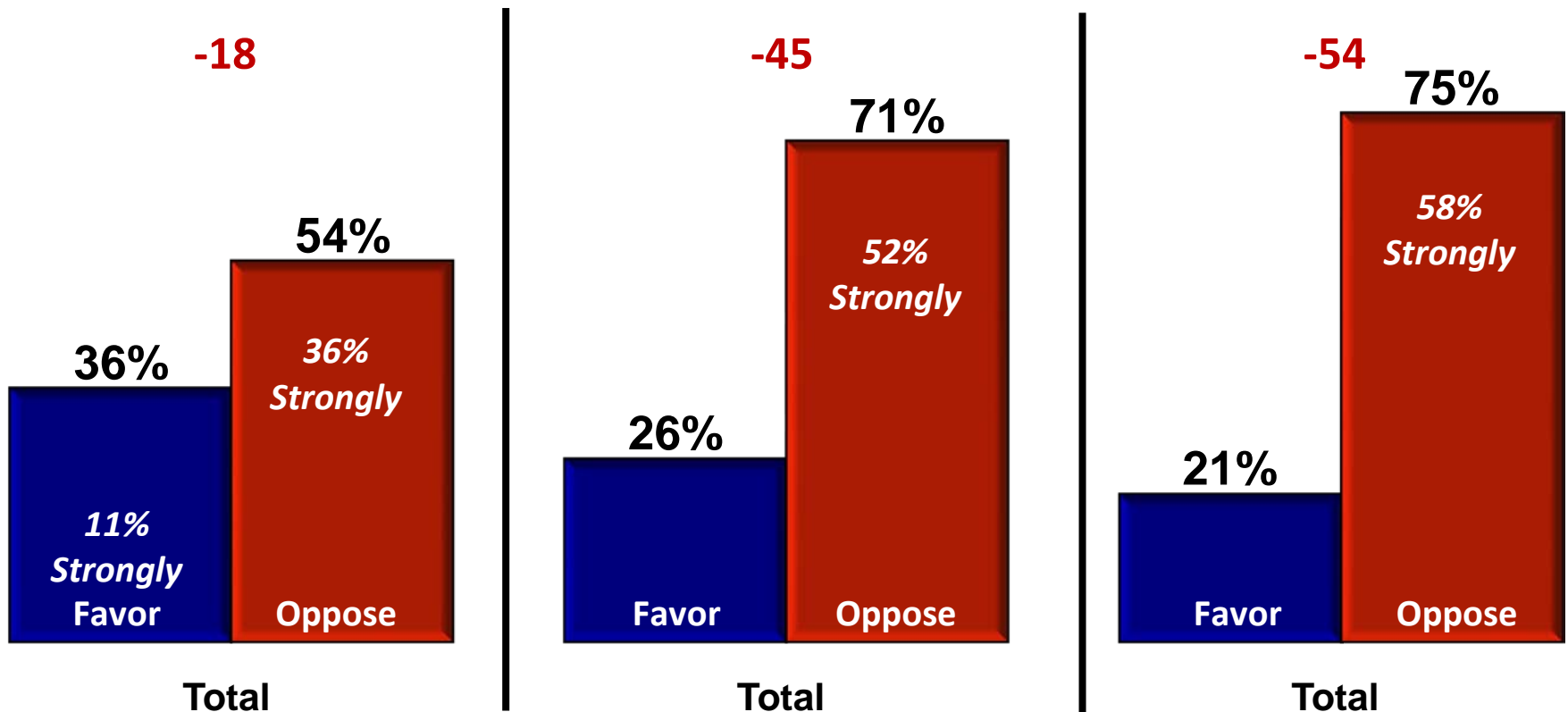
The final ballot shows little movement – the reason: Voters made up their minds when they heard what services would be taxed.

*Now that you've heard a little more about this proposed sales tax on services,
do you favor or oppose this proposal?*

Initial

Informed

Final

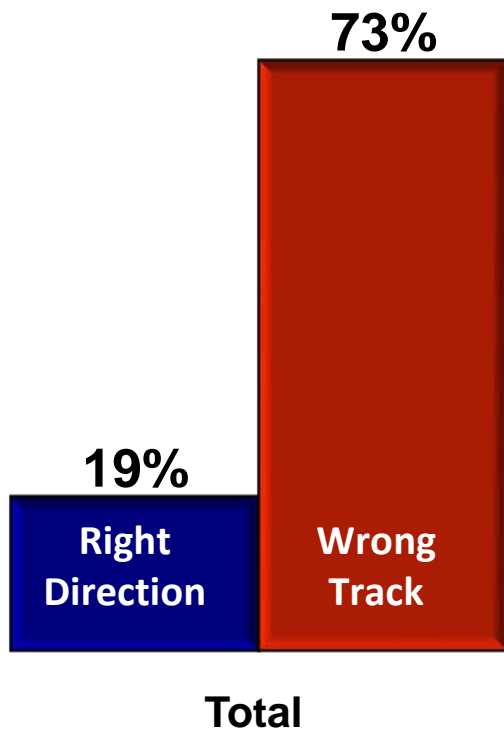




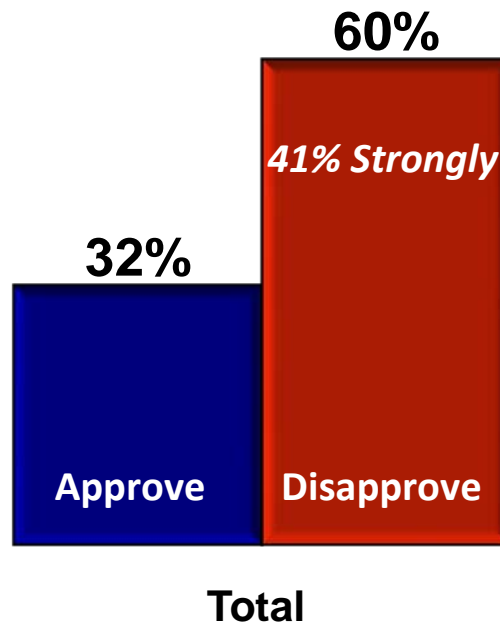
**What's behind this
opposition?**

First, the context – Michigan voters overwhelmingly believe the state is on the wrong track, and they disapprove of both the Governor and the legislature.

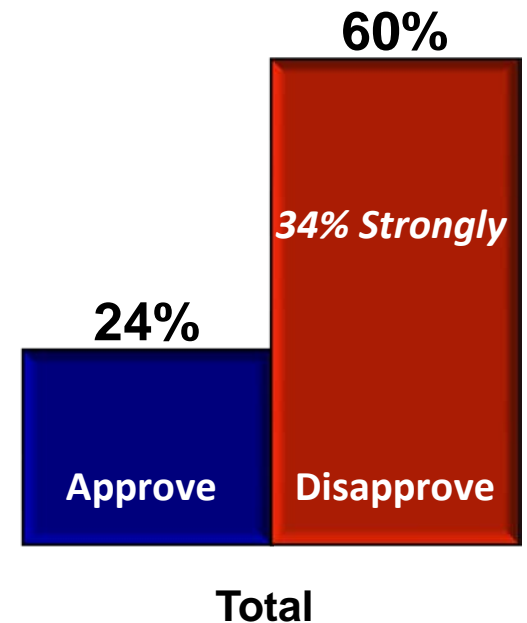
Generally speaking, would you say that things in Michigan are going in the right direction, or have they pretty seriously gotten off on the wrong track?



*Jennifer Granholm:
Job Approval*



*State Legislature:
Job Approval*



When voters are posed with the choice of reining in government spending or raising taxes to continue funding current programs...

Now, as you may know, Michigan faces a budget deficit of \$1.7 billion dollars. Which of the following two courses of action do you believe the state's political leaders should take...

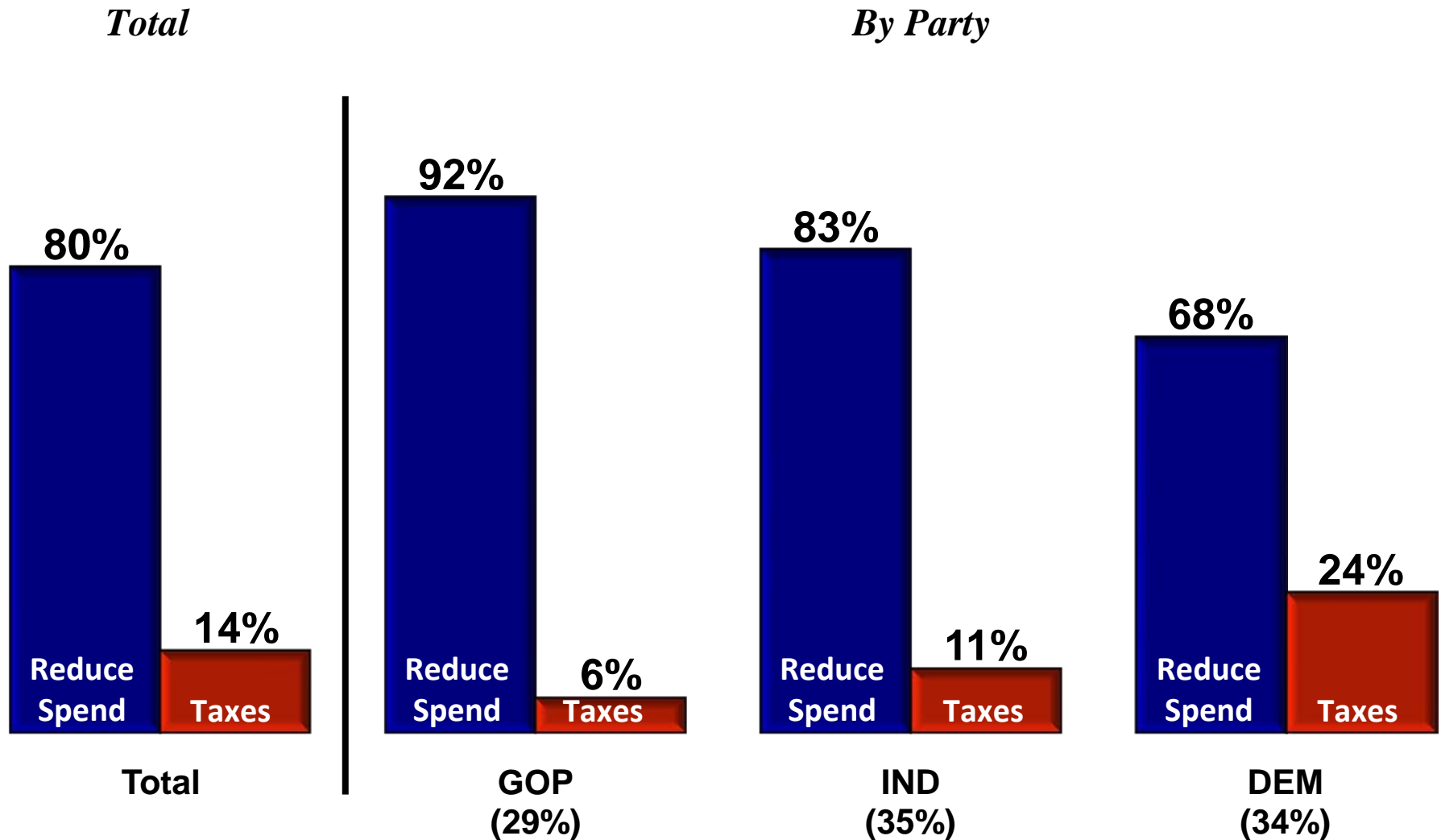
The Governor and state legislature should enact a state budget that requires the State of Michigan to live within its means by making state government smaller and more efficient.

...or...

The Governor and state legislature should enact a budget that resists further reductions to government spending and instead raises taxes to continue funding current programs.

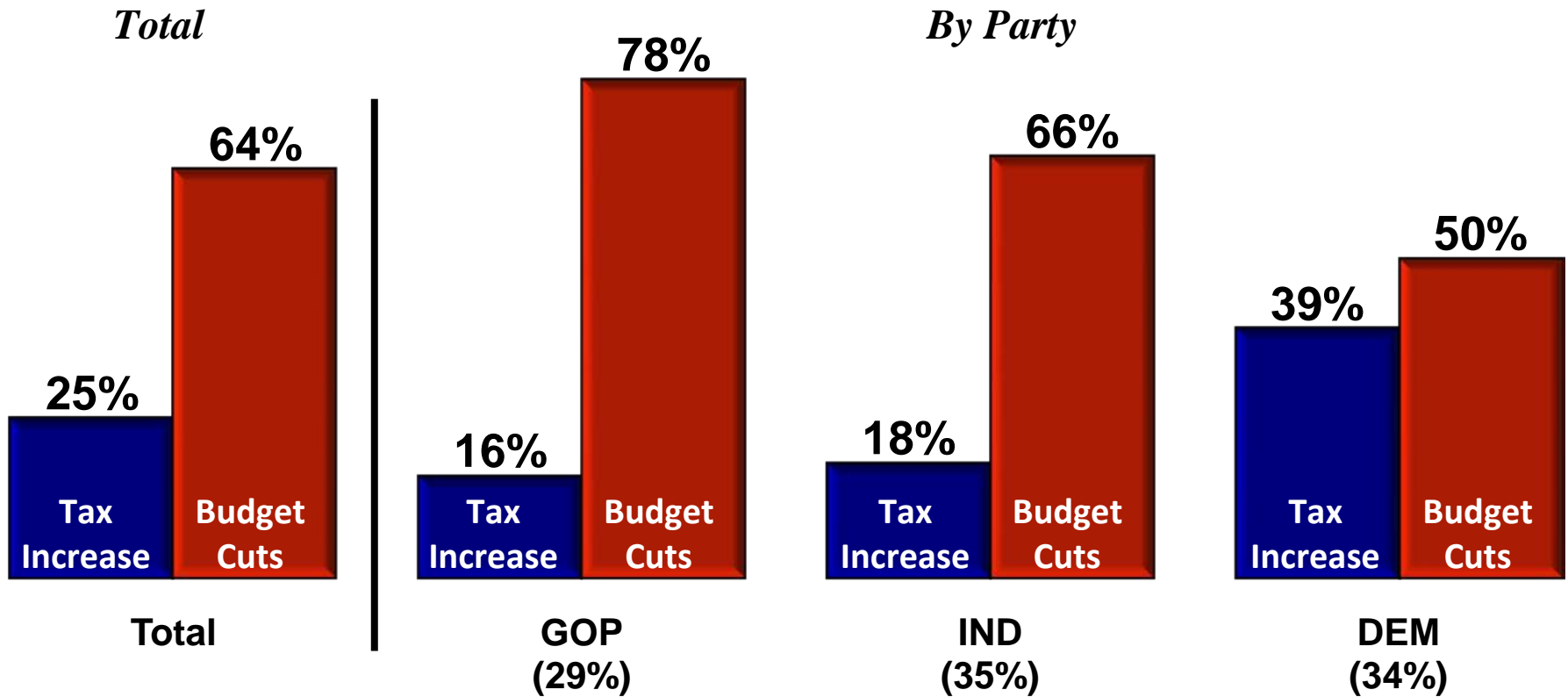


Overwhelmingly, voters reject increasing taxes.



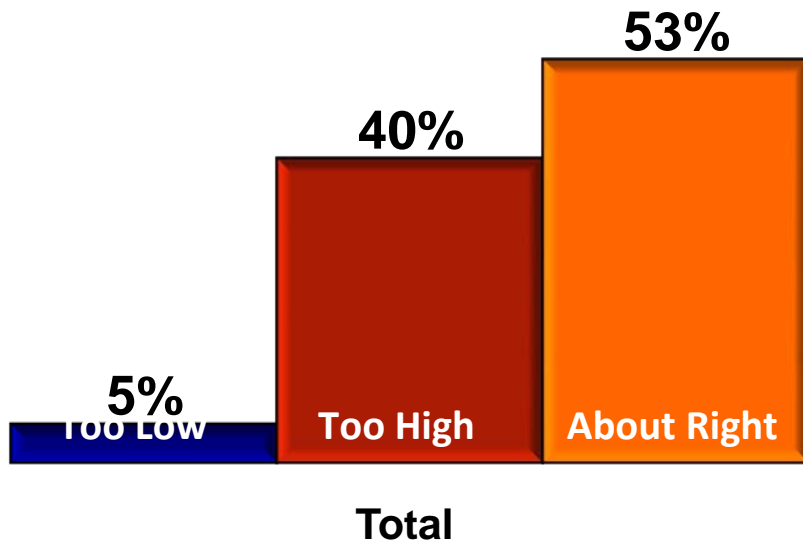
And, when voters are asked to choose between balancing the budget with tax increases (like 2007) or budget cuts (like 2009), they choose reducing spending.

Thinking about the deficit the state now faces, do you believe the legislature should... Balance the current state budget with tax increases like in 2007 ...or... Balance the current state budget by reducing spending on programs like in 2009?

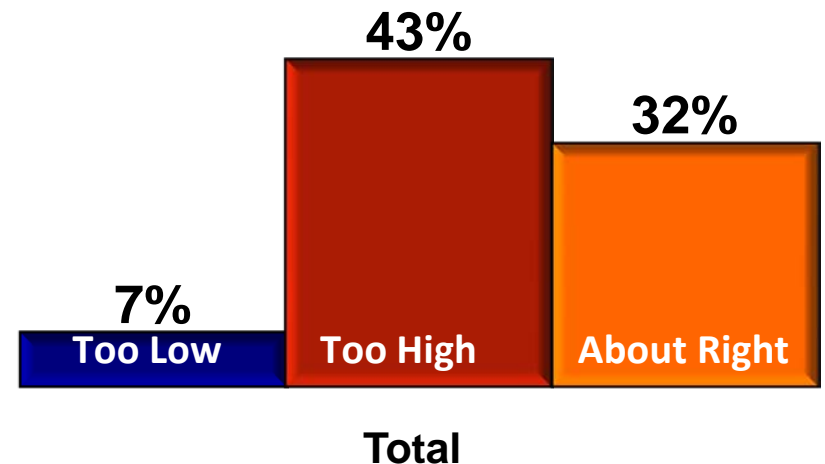


Not surprisingly, Michigan voters believe that the tax burden on them and their families AND businesses in the state are TOO HIGH.

On the issue of taxes, do you feel that the current state tax burden on you and your family is...

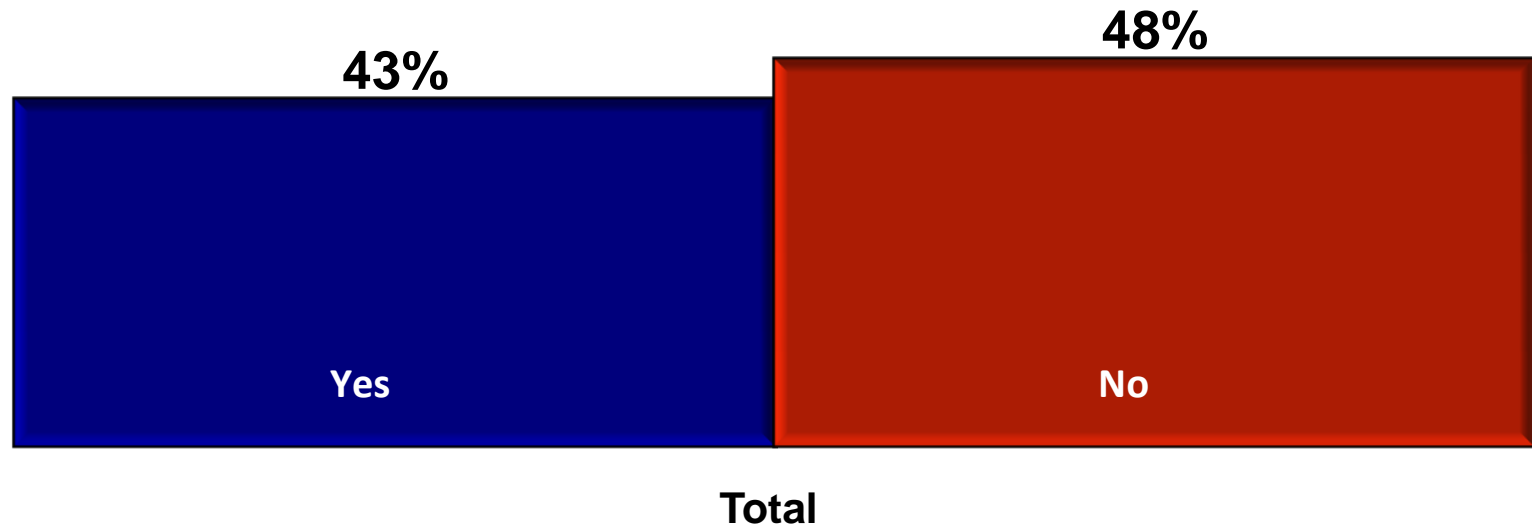


And, do you believe that the current state tax burden on businesses in Michigan is...



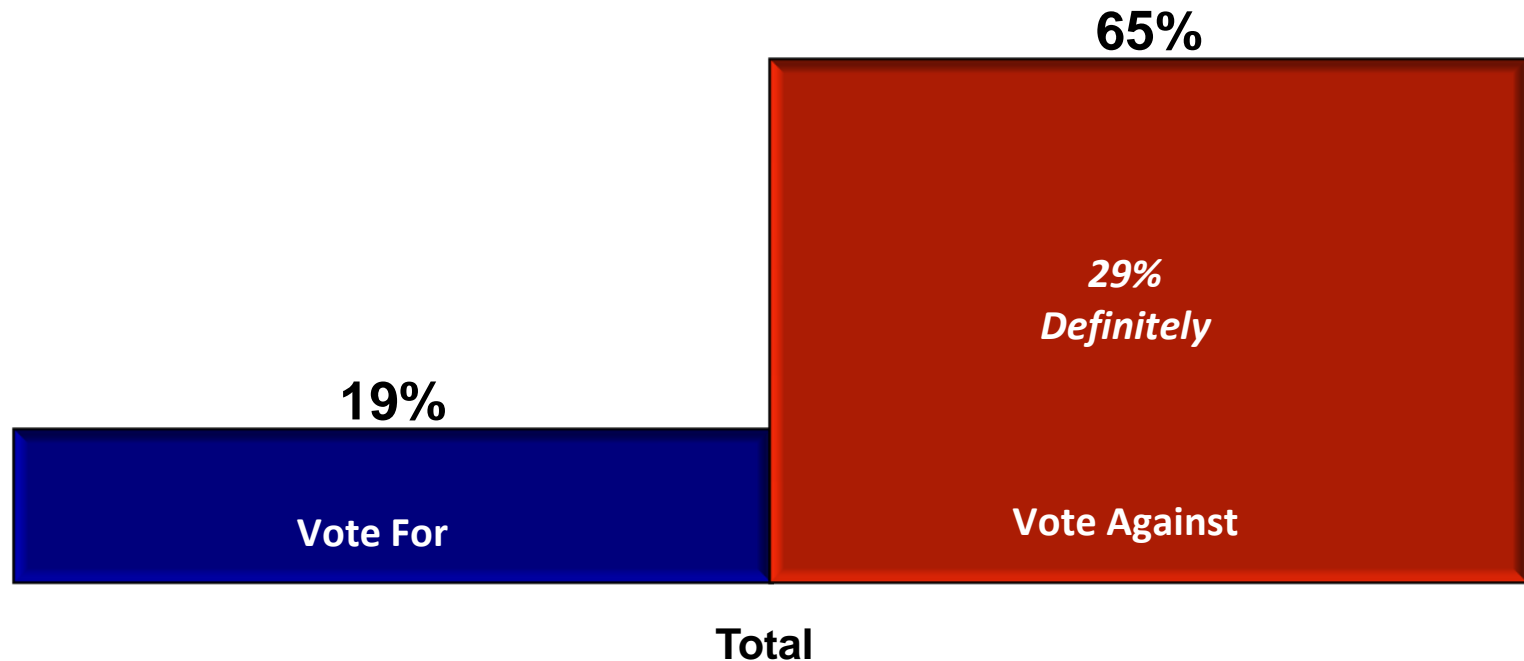
Keep in mind, more than 40% of voters in the state say that they or someone in their family has been effected in the last few months by the economic downturn.

And, in the last few months, have you or someone in your family either lost your job, had your hours reduced or your pay reduced?



There's little question, this vote could be a key vote determinant in the November elections.

*Now, let's just suppose that your state legislator voted **IN FAVOR OF** this proposed expansion of the sales tax to cover the services we've discussed. Would their support of this proposal make you... Definitely vote for, probably vote for, probably vote against, or definitely vote against your legislator in the next election?*





Take-Away Points



In light of the fact that Michigan voters want the state's political leaders to balance the budget by cutting spending rather than increasing taxes, there is little enthusiasm for the Governor's proposed sales tax on consumer services.

And, a little detail goes a long way toward knocking this down with voters – support/opposition moves from 36%-54% when asked about expanding the sales tax to consumer services to 26%-71% when those services are enumerated.



This is a fairly easy case to make to legislators. Just imagine the ads that could be run against those who support the new tax, showing how residents are impacted by this new tax in every facet of their lives, hitting them coming and going. Fully 65% of those polled said they would be likely to vote against their legislator if that legislator supported this new tax.



Bottom Line

This is pretty clear cut – voters believe this is the wrong prescription for the state to address its budget deficit. They believe this proposal is a nickel-and-dime tax that will hit their pocketbooks, and they simply can't afford it. Michigan voters aren't going to react well when they learn the scope of services that will be taxed under this proposal.

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