

Income tax cut defeated in House

The big news in Lansing this week was the dramatic defeat of HB 4001 in the Michigan House of Representatives. HB 4001 originally would have completely eliminated the state's personal income tax over a number of years, resulting in a loss of \$9.75 billion to the General Fund. The legislation was amended a couple of times on the House floor to eventually stop the rollback of the income tax at a rate of 3.9%. The amended version would have still cost the state's General Fund \$1.1 billion annually after its full implementation. This issue has been stated as the number one priority of House Republican leadership for this legislative session and was the first bill to be voted on for final passage in the full House of Representatives. At the culmination of a marathon 12 hour House session which began Wednesday afternoon and stretched into early Thursday morning, HB 4001 was put up for a record roll call vote. In what can only be characterized as a strong rebuke of House leadership and a victory for Michigan's children and families, HB 4001 was defeated by a 52-55 vote.

Providing tax relief to people is a universally popular idea in both parties, and a necessary one – Michigan has a very regressive tax system and tax burden, particularly from the personal income and sales taxes, fall more squarely on the backs of low and moderate-income families. However, HB 4001 would have placed enormous pressure on our state budget for years to come and undoubtedly caused cuts to critical programs and services that benefit children and families in Michigan. The 55 courageous House members who voted against HB 4001, and Governor Rick Snyder who publically expressed opposition to the legislation, deserve credit for standing up for children and families and calling for a more thoughtful process. To see how your Representative voted on the record roll call vote, see this link: [Journal Excerpt HB 4001](#). If your Representative stood up for kids and families and did the right thing, thank them, they need to be assured that their constituents are behind their decisions. Here is an easy link to follow to thank the legislators who stood up for kids: [Please join us in letting these 55 legislators know that their vote made a difference and the people of Michigan appreciate their actions](#). If they did not, also remind them that you disagreed with their vote, expect that they will take another tact next time, and are glad to talk with them more about what would really assist families in their community at their next coffee hour or other opportunities. While the defeat of HB 4001 this week was definitely a win for Michigan's children, this issue is not dead and the bill can be re-considered at any time. All legislators need to be reminded of ways that tax cuts and credits could be utilized to benefit families across the state, and how those cuts and credits could be fashioned to not necessitate cuts in the very programs that assist those families.

In other state budget news, a couple of important hearings were held this week on the Governor's FY 2018 budget proposal. The House Appropriations sub-committee on School Aid and Education had a hearing on the Child Development and Care Program. The Governor has proposed significant increases to the rates paid to child care providers who provide care to families eligible for subsidized payments, and the director of the program explained the reasoning for the proposed increase to House committee members. In the Senate, the Senate Appropriations sub-committee on Health and Human Services heard a presentation from Steve Yager, the Executive Director of the Children's Services Agency of the Department of Health and Human Services. The Governor's FY 2018 budget proposal includes some key investments in foster care programs and services that were highlighted by Mr. Yager. For more information on these and other aspects of Governor Snyder's FY 2018 budget proposal, check out our Budget Basics, and keep in touch with us through our e-bulletin.

Matt Gillard is the President & CEO of Michigan's Children, the only statewide independent voice working to ensure that public policies are made in the best interest of children from cradle to career and their families.