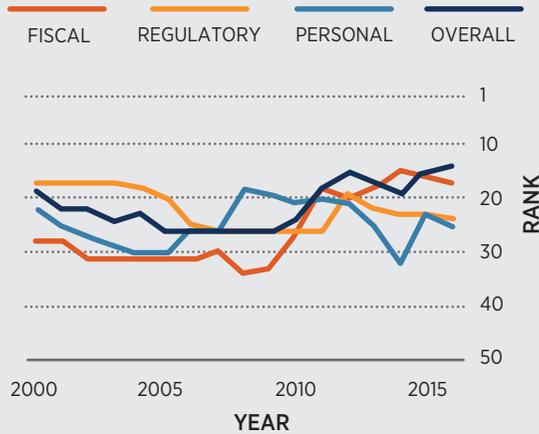


MICHIGAN

2016 RANK
14th



POLICY RECOMMENDATIONS

- **Fiscal:** Repeal Proposal A, cutting the state sales tax and state school aid and giving localities the freedom to determine school budgets once again.
- **Regulatory:** Eliminate the parties' role in nominating judicial candidates, and enact tort reforms (such as abolishing punitive damages) to improve the tort system.
- **Personal:** Enact a liberal tax credit scholarship program for private education.



Population, 2017
9,962,311

Net Migration Rate
-7.7%



State Taxes, Percent of Personal Income, FY 2017
6.13%

Local Taxes, Percent of Personal Income, FY 2015
3.19%

Partisan Lean, 2016
R +1.0



Real Per Capita Personal Income, 2016, in 2009 \$
\$42,931

Real Personal Income Growth, CAGR, 2000-15
1.2%

ANALYSIS

Michigan has been hit hard by global economic conditions despite its relatively decent economic policies. Unfortunately, Great Lakes states cannot afford merely “decent” policies; they have to be outstanding to overcome the headwinds they face in global markets and to compete with neighboring states such as Indiana. Michigan’s fiscal policy has shown the biggest improvement.

Michigan’s local tax burden is relatively low, probably because of a school finance centralization accomplished by ballot initiative in the 1990s. The state tax burden has historically been higher than the national average, but it fell substantially in the early 2000s and now stands at 6.1 percent of adjusted personal income. Government debt has also fallen somewhat since 2008 and is now about average at 19 percent. Government employment fell from 13.3 percent of the private workforce in 2009 to 10.8 percent today. Michiganders do have reasonable freedom of choice among local governments, with about one per 100 square miles, but the centralization of school finance has made this choice less significant.

Michigan’s land-use and energy freedom is middling. It does not have much zoning restriction, but it has ratcheted up renewable portfolio standards since 2010. It also has a relatively high minimum wage for the local economy that has only gotten worse. A right-to-work law was enacted in 2012. Freedom from abusive lawsuits has been worse than average in Michigan since 2000, but it has improved some since 2008, though not because of any statutory or institutional

change. Occupational freedom is about average but has declined since 2008 because of new occupations being licensed. Michigan has had deregulated telecommunications and cable since 2006.

Michigan is a mediocre state for personal freedom, although it did receive a bump from the federalization of marriage policy that removed its super-DOMA banning same-sex partnerships of all kinds. On criminal justice policy, Michigan arrests somewhat fewer than average for victimless crimes, but it has a fairly high incarceration rate. Those rates have been stable over time. The state passed criminal justice reform measures in 2017. The asset forfeiture law is better than average thanks to a 2015 reform, but it is frequently circumvented and requires further improvement. Smoking bans are comprehensive, and cigarette taxes are high at \$2 per pack in 2018. Educational freedom is among the lowest in the country. Although homeschools are scarcely regulated, private schools face many barriers. There are no private school choice programs, and compulsory schooling has extended to 12 years since 2009. The state does score a bit above average for gambling freedom, an area that grew in 2011-12, and aggravated gambling is no longer a felony as of 2016. Travel freedom also grew a bit when the state repealed its motorcycle helmet law in 2013-14. The state scores better than average on cannabis freedom because it has had a reasonably broad medical marijuana law since 2008. Alcohol and firearms freedoms are only about average, with spirits taxes a bit high.