

The Michigan Fair Tax Proposal

Currently, Michigan citizens make nearly all their purchases with after-tax dollars in terms of state taxes. In a Fair Tax environment, all purchases made by Michigan citizens in regards to income would be made with pre-tax dollars. There would be no Michigan payroll/income tax withholding. Residents would keep just less than four cents on every dollar they earn, money that is currently taken from their check and sent to the State. Based on 2006-07 projections, the Michigan Fair Tax Group estimated the rate to replace all business and state income taxes to be 8.58 percent. Treasury currently estimates it to be 10.2 percent; I believe it would be more like 9.5 percent. At 9.5 percent, Michigan citizens would actually realize a half a percent reduction on every dollar used for a purchase, for which they are currently paying 6 percent. The other nine states that have no income tax are able to subtract the sales tax they paid from their federal income tax liability just as they do now with their state income tax. There are already tables in the 1040 for states that do not have a state Income Tax.

The Michigan Fair Tax would export a greater portion of our tax burden to non-residents who travel to and vacation in Michigan--we are a destination state for vacationers. We have a huge underground or cash economy in our state, not to mention an illegal economy and illegal aliens as well. All economic activity would be taxed in a Fair Tax economy, because if you live here you will get taxed on whatever you buy. As stated in Jim McTague's article, "Going Underground-The shadow economy is about to top \$1 trillion—at a great cost to many" in Barron's, January 3, 2005, "The IRS estimated that its tax gap --the estimated amount of taxes owed minus the amount collected -- to be \$311 billion in any given year. The agency will produce a new estimate in 2005, it could be as high as \$400 billion, says former IRS Commissioner Donald Alexander. The gap number measures only a portion of the underground economy. Because the number is extrapolated from audited returns, it makes no allowances for criminal enterprises that report no income, and it even fails to capture some garden varieties of non-reporting. The unreported wages of illegal immigrants alone could be costing the government another \$50 billion a year." These amounts could be as great as \$2.2 billion in the state of Michigan according to IRS non-compliance figures. This number has not been factored into the Michigan FairTax proposal as of yet.

This would not be a regressive tax or cause the poor to pay any more taxes than they currently pay, because of the rebate. Currently, Michigan citizens have personal exemptions to offset state income tax according to the number of people in their household. In a Fair Tax environment, Michigan citizens would automatically receive a rebate of the sales tax just like the personal exemption. All Michigan citizens would receive a rebate to offset the additional items such as food and services which would now be taxed. For someone who earns minimum wage, they wouldn't pay any taxes. On the other hand, people who have or make more money will purchase more items and will pay more taxes.

Governor Granholm's statement that she would not take the business taxes off the backs of businesses and put them on the backs of people is a great sound-bite, but doesn't hold water. Everyone knows they are already paying the Single Business Tax (SBT), the Personal Property Tax, or any other tax in the products and services they purchase. This change would require a Constitutional amendment to eliminate the Michigan Income Tax, Personal Property Tax, and

Single Business Tax while replacing it with a sales tax of 9.5 percent. None of the taxes could be restored, enacted, or the sales tax amount increased without a vote of the people. The Fair Tax can be placed on the ballot by a two-thirds vote of the Legislature or by signature collection by the people.

Elimination of the Personal Property Tax, SBT, and State Income Tax would make Michigan the best place to manufacture, the best place to do business, the best place to start a business, and the best place to reside anywhere in the United States. The first state that adopts the Fair Tax system will reap the greatest benefit. Businesses, especially those with a manufacturing focus, will relocate to Michigan in order to take advantage of the lower cost of doing business and favorable tax structure. Many businesses who already maintain a satellite office in the state will want to make Michigan their corporate office. Once Michigan adopts a Fair Tax structure, others will have to follow suit in order to remain competitive.

Michigan Treasury's own projections are saying unemployment and the business environment are going to get worse, not better. There is no other plan or proposal that would lower the cost of doing business, spur capital investment, or create a more inviting environment for job growth. The time for action is now. If Michigan were to enact the Fair Tax Proposal, it would become an economic engine on the cutting edge, instead of riding in the caboose.



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Michigan State FairTax Estimates

FairTax Rate Calculation component	2005-2006 Amount	FairTax Replacement Rate
Gross State Product*	\$399,469,931,496	
FairTax Base (excluding government consumption)	286,659,622,842	
FairTax Base Reduction for Prebate	64,287,047,876	
MI FairTax Base Reduced by Prebate	\$222,372,574,966	
Revenues for Potential Replacement By Michigan FairTax:**		
Convert state sales tax to state FairTax	\$8,360,500,000	3.76%
State individual income taxes	6,150,400,000	2.77%
Single Business Tax (SBT) & Insurance Proceeds Tax	2,115,800,000	0.95%
Personal Property Tax (local government tax)	1,800,000,000	0.81%
State 6 mill Education Tax (SET) on Business ONLY	653,000,000	0.29%
Replace all above taxes	\$19,079,700,000	8.58%
*2004 Gross State Product grown by estimated increase in Michigan personal income from House Fiscal Agency (4.4% in 2005 and 5.3% in 2006). CY2005 and CY2006 averaged to yield estimate for FY2005-2006.		
**These rates are for individual taxes. The MI FairTax rate necessary to replace existing state sales tax revenues and to replace state individual income taxes is obtained by adding the two rates together.		

Data sources: MI Gross State Product, US Dept. of Commerce, BEA, Dec. 2004; Revenue source and distribution report, House Fiscal Agency, 2005.

Methodology Note: The above analysis does not factor in an increased level of economic growth that has been predicted by a number of economists to accompany the replacement of income taxes at the state level or income/payroll taxes at the federal level with the FairTax. Therefore, the MI FairTax rates to replace the various revenue sources are conservative estimates. A description of the methodology follows. Detailed results can be obtained from karen.walby@fairtax.org.

Calculations by Karen Walby, Ph.D., Director of Research, FairTax.org, August 25, 2005.

About the MI FairTax Rate Estimates



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Dr. Karen Walby, Director of Research at FairTax.org, prepared these calculations. These are valid estimates using standard estimation techniques and information available from the US Bureau of Economic Analysis, and the Michigan House Fiscal Agency. However, they are static rather than dynamic estimates in that they do not take into account any feedback effects from economic growth that would be induced by the replacement of income taxes and business taxes with a sales tax. Economic growth effects would lower the rates presented in the above estimates.

The calculations assume that the state would exclude expenditures up to the poverty level from the FairTax. This is accomplished by a monthly universal "prebate" to each household in the amount of what the tax would be on expenditures up to the poverty level for a household of that size. This untaxes the truly poor and causes the tax to be progressive. The MI FairTax is levied on the sales of all NEW goods and services. No tax is charged on used items because the tax is to be applied only once and it has already been taxed when sold new. Expenditures for education are not taxed because education is considered an investment rather than consumption. Because the prebate untaxes all necessities, no exemptions from the tax are necessary. If this no exemption policy is maintained, it will drastically reduce the temptation for lobbying induced corruption and maintain the desired simplicity and fairness of the FairTax. If any exclusion is granted it would open the door to arguments that various other goods and/or services be exempt from the tax. This would soon result in a complicated and loophole riddled sales tax that would have to increase in rate to compensate for the loopholes.

Prior to adoption of a federal FairTax, a MI FairTax will result in savings to MI government units due to the elimination of the MI taxes that are today embedded in the price of goods and services consumed by the governmental units, and from a reduction of tax administration cost. Because a federal FairTax will decrease MI government expense by the elimination of Social Security and Medicare costs and additional business to business taxes, it is advisable that MI government consumption be subject to the MI FairTax in the event a federal FairTax is adopted to maintain a competitive level playing field between private and government enterprises. Until such time, the proposed MI FairTax excludes government from the tax and government consumption from the tax base (no tax on government consumption).

The above "Michigan State FairTax Estimates" exclude government from the MI FairTax. It is intended that this MI FairTax be replaced with a MI FairTax that includes government in the event a federal FairTax is adopted. The proposed MI FairTax rate of 8.58% would be about 1% lower if a federal FairTax is enacted due to the larger tax base caused by the inclusion of government.

To achieve the maximum economic benefit of enacting a MI FairTax it is imperative that Michigan be the first state to adopt such a business friendly tax. Time is of the essence, as some other states are already looking at adopting a state FairTax. In order to compete with Michigan, other states will soon follow our lead. A MI FairTax will cause us to be the most attractive state in the Union in which to do business.

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Calculation Methodology

While every effort has been made to provide useful and representative data in this analysis, this is not an exhaustive, dynamic work. We have used the most recently available data from third-party sources for this static analysis. We encourage its use as a starting point for more comprehensive modeling and analysis. Significant work by respected institutions has been done to model the effects of replacing existing income and Social Security systems with the FairTax, many concluding that significant economic growth would be the result. This foregoing analysis does not factor in these economic growth effects at either the state level or national level. Therefore, the MI FairTax rates to replace the various revenue sources are conservative estimates. While we can logically conclude that states using a FairTax system would benefit comparatively, the academic work for a state FairTax has not been undertaken.

In order to estimate the state FairTax rates for Michigan, the following steps were undertaken:

1. Estimate the state FairTax base.
2. Adjusting the gross FairTax base downward to account for the rebate of taxes on spending up to the poverty level.
3. Determine the revenues to be replaced.
4. Calculate the state FairTax rate by dividing the revenue to be replaced by the net state FairTax base.

Step One: Estimating the gross FairTax base for each state

The national FairTax rate is calculated according to the methodology explained in David R. Burton and Dan R. Mastromarco, "Emancipating America From the Income Tax: How a National Sales Tax Would Work," Cato Institute, Policy Analysis No. 272, April 15, 1997. A spreadsheet showing this computation for 2003 appears on the last page. Lacking such detailed data at the state level, the national FairTax base was apportioned to Michigan by removing government consumption, and applying the ratio of the US FairTax base to GDP to Michigan's Gross State Product. The reason it is referred to as the gross base is because it does not take into account the FairTax prebate.

Step Two: Lowering the FairTax base to account for the prebate

This analysis assumes that states will provide for a prebate of spending up to the poverty level, the same as the national FairTax. To adjust the FairTax base for the prebate at the national level, we calculate total poverty level spending for all households. This is accomplished by multiplying the poverty level consumption allowance (as determined by the Dept. of Health and Human Services poverty guidelines) for each household size times the number of households in that size group, and summing across all household size groups. This amount is then subtracted from the FairTax base. To derive the comparable prebate base reduction at the state level, the national poverty level consumption total is apportioned to Michigan based on the ratio of its population to total U.S. population. This amount is subtracted from the "gross" base resulting in the net Michigan FairTax base (after prebate).

Step Three: Determining revenue to be replaced in each state

State tax revenues are from the State of Michigan House Fiscal Agency Revenue source and distribution report, 2005.

Step Four: Calculating the revenue-neutral state FairTax rate

The revenue neutral state FairTax rate is the rate that would generate the same amount of state sales tax revenues as the existing state sales tax when applied to the same base as defined in the FairTax legislation, HR25 at the federal level. The MI FairTax base taxes all new goods and services, excluding all government consumption, charitable contributions, non public education tuition, and intermediate sales to businesses. Since the base is much broader, a much lower rate will raise the same amount of revenue. This rate is calculated by dividing current state sales taxes (2005-2006) by the state FairTax base after the rebate. The revenue-neutral rate being much lower than the current sales tax rate provides an opportunity for states to increase the state FairTax rate and use the "surplus" revenue generated to repeal/replace other taxes, such as state income, business and property taxes.

National FairTax Rate Calculation: 2003

Line	Description	FairTax base	Source
Taxable item		Billions	
1	Personal consumption expenditures	\$ 7,760.9	NIPA Table 1.1.5, line 2
2	Purchases of new single-family homes	\$ 310.6	NIPA Table 5.3.5, line 20
3	Purchases of new mobile homes	\$ 7.1	NIPA Table 5.4.5B, line 40
4	Improvements to single-family homes	\$ 132.0	NIPA Table 5.4.5B, line 42
5	Less: imputed rent on owner-occupied housing	\$ 859.6	NIPA Table 7.4.5, line 3
6	Less: imputed rent on farm housing	\$ 11.9	NIPA Table 7.4.5, line 5
7	Additional financial intermediation services	\$ 83.1	Financial & risk Intermediation greater than NIPA definition
8	Foreign travel by U.S. residents	\$ 39.6	One half of NIPA Table 2.5.5, line 110
9	Less: expenditures abroad by U.S. residents	\$ 6.6	NIPA Table 2.5.5, line 111
10	Less: food produced and consumed on farms	\$ 0.5	NIPA Table 2.5.5, line 6
11	State and local government consumption	\$ 1,058.5	NIPA Table 3.10.5, line 47
12	Gross purchases of new structures	\$ 213.4	NIPA Table 3.9.5, line 24
13	Gross purchases of equipment	\$ 51.5	NIPA Table 3.9.5, line 25
14	Federal government consumption	\$ 658.6	NIPA Table 3.10.5, line 12
15	Gross purchases of new structures	\$ 15.5	NIPA Table 3.9.5, line 9
16	Gross purchases of equipment and software	\$ 78.1	NIPA Table 3.9.5, line 10
17	Less: state and local government sales taxes	\$ 343.9	NIPA Table 3.3, line 7
18	Less: government education expenditures	\$ 414.7	Table 255, SAOUS 2003
19	Less: private education expenditures	\$ 151.7	NIPA Table 2.5.5, lines 105 & 106
20	Expenditures in U.S. by non-residents	\$ 86.7	NIPA Table 2.5.5, lines 112
21	Travel to U.S. by non-residents	\$ 33.3	One half, SAOUS 2003 Table 1280
22	National retail sales tax base	\$ 8,740.0	
Revenues to be replaced			
23	Income tax	\$ 927.7	Dept. of Treasury; derived from Table B-81 ERP 2004
24	Estate and gift tax	\$ 22.4	Dept. of Treasury; derived from Table B-81 ERP 2004
25	Payroll taxes	\$ 717.8	Dept. of Treasury; derived from Table B-81 ERP 2004
26	Excise taxes	\$ -	
27	Total	\$ 1,667.9	
Revenue-neutral rate calculation			
28	Tax exclusive rate (no rebate)	19.1%	
29	Tax inclusive rate (no rebate)	15.9%	
30	Base reduction equivalent for rebate	\$ 1,746.1	Total consumption allowance for 109 million rebate units
31	Net tax base	\$ 6,993.8	
32	Tax exclusive rate (with rebate)	23.8%	
33	Tax inclusive rate (with rebate)	19.3%	

Source abbreviations: NIPA – National Income Product Accounts, Bureau of Economic Analysis, US Dept. of Commerce, SAOUS – Statistical Abstract of the United States, ERP – Economic Report of the President.



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Taxing Services in Michigan

Taxpayers have a natural and healthy resistance to the application of a tax where there is none now, and for this reason, resistance to the idea of applying the FairTax to services in Michigan is natural and should be anticipated. It is important that the FairTax be applied to goods and services purchased by the final consumer for the reasons discussed below.

Today, there is no Michigan sales tax on services, however, that is not to say that services are not taxed. Under the current MI tax code, services are taxed directly via the Single Business Tax (SBT) and personal property tax, real property taxes and other taxes, and indirectly by the taxes passed on to them in the price of the goods and services they purchase in the course of their business. All business taxes are embedded in the prices of the goods and/or services being produced. As Dr. Alan Greenspan has lectured Congress, "Only people pay taxes". Like rent, utilities, supplies, etc., all business taxes are passed on to downstream businesses and/or consumers in the price of the good or service being produced. These taxes are commonly called "hidden taxes" because they are included in the selling price of goods and services and not visible to downstream business and consumers.

Since a MI FairTax would likely eliminate the SBT, personal property and some other business taxes, it would also eliminate these taxes from the hidden taxes. (Because businesses would no longer be incurring the cost of these taxes there would be no expense to pass on to purchasers embedded in the price of the goods and services being produced.) Under the current MI tax code, the producers of both goods and services are paying the SBT, personal property tax, some other business taxes and hidden taxes. To levy a MI FairTax only on the sale of goods removes these taxes from services and completely shifts these taxes to goods. To untax services and drastically increase the tax on goods distorts the economy and natural allocation of resources in the marketplace.

There is no economic justification for the government to pick winners and losers. Do we have as an objective to encourage service businesses to locate in MI at the expense of manufacturing businesses? By increasing the cost of goods and decreasing the cost of services we would artificially distort the economy. When we increase the price of something we discourage consumption of that item. Conversely, when we decrease the cost of an item we encourage its consumption. Why should government be encouraging and/or discouraging the economic activity of individuals and determining winners and losers in the free market. If less government in our personal lives is a desirable objective, then we should get the government out of the business of distorting the free market by regulating the behavior of individuals through artificial price (tax rate) differentials. We must remember that, in the end, the manufacture of goods is the

backbone of our standard of living. We can't eat, live in, transport in, etc. services. There is no logical debate about which is more important, as we value both goods and services and the market determines their relative value.

Some of the problems that will be incurred if only goods are taxed are:

- The tax rate for goods will be increased dramatically to compensate for untaxing services. If we enact a MI FairTax to replace our current Income Tax, Sales Tax, SBT, Personal Property Tax, State 6 mill Education Tax on business, and all business to business taxes, the rate would be about 8.58% (7.47% following enactment of a national FairTax). This rate would have to be approximately doubled if we exclude the sale of services from the tax base, because about half of our economy is comprised of services.
- In a world economy, goods are usually more readily marketed in distant locations than are services. By placing our entire tax burden on goods, the resulting high tax rate would encourage consumers to purchase goods elsewhere. Because of our strong manufacturing base this would be particularly disadvantageous to MI.
- Studies have shown that high tax rates increase the motivation to evade the tax. In essence, the higher the tax the greater the noncompliance.
- To exclude services is to invite intense lobbying to exclude other sectors of our economy, and if the lobbying is successful, result in much higher tax rates on the remaining sectors of the economy.
- Unequal treatment, due to such tax favors, results in resentment from unfair treatment and increased non-compliance will occur.
- Lobbying for tax favors will be almost non-existent with the FairTax because tax favors (loopholes) cannot (will not) be granted. This will result in much less temptation for government officials and lessen any need for campaign finance reform.
- If services are excluded, the MI FairTax will not harmonize with the proposed federal FairTax, which includes taxes on services, and administration of the tax will be more costly and confusing to the public.

It is important to remember that there is no tax on any good or service purchased for businesses purposes. There is no tax liability incurred when an engine is purchased to produce a car, an accountant is paid to provide a financial audit, or a desk is purchased for an office. An engine, accountant's fee or desk is taxed only once and that is when such items are sold to end consumers. This differs from a value added tax (VAT) because the FairTax is levied only one time and that is at the point of retail sale, rather than at every level of production. Because of this, the FairTax is visible to everyone and requires almost no paperwork. A VAT is a tax on business that requires considerable paperwork, and it dishonestly hides the tax from the public via higher prices, similar to Michigan's current business taxes.

Education expenses are considered an investment, rather than a good or service, and, therefore, are not taxed. The cost of education will become more affordable in MI and attract and retain the talent we need to develop our economy to its potential. Another key feature of the FairTax is that it is paid only on retail purchases of services and new

goods by the end consumer. The sale of used goods is not taxed because the FairTax is paid only one time and the tax was paid when the item was originally sold.

To protect the poor, and to assure that no tax will be paid on necessities, The MI FairTax should provide for a monthly "prebate" to every household in the amount of what the tax would be for purchases up to the poverty level for a household of that size. The prebate untaxes the poor and causes the FairTax to be progressive. The prebate prepays the tax on purchases up to the poverty level and it is paid to every household based upon the number of Social Security cardholders residing there. This procedure assures that only legal residents receive the prebate. The attached MI FairTax calculations and the 8.58% mentioned above includes the revenue required to fund and administer these prebates.

According to a recent study conducted by Wirthlin Worldwide and Mellman Group (one survey company generally used by the Democrat Party and the other survey company generally used by the Republican Party) 75% of voters want fundamental tax reform and, by a margin of 4 to 1, voters favor a fair and simple tax system over a tax cut. Other studies show that, when presented with information on the various tax reform alternatives, 85% choose the FairTax over all other alternatives. In other words, the public prefers the FairTax in spite of the fact that it will tax services because it is without loopholes and, thus, FAIR. To further demonstrate the public acceptance of taxing services, almost all candidates for the US House and Senate that advocated the FairTax in the last two election cycles won their races. The huge success of The FairTax Book co-authored by Congressman John Linder and radio talk show host, Neal Boortz is further evidence that the public is way ahead of the media and elected officials on the FairTax. The FairTax Book was number 1 on the New York Times Best seller list for non-fiction for many weeks, whereas, the Steve Forbes book on the flat income tax never appeared on the radar screen.

To be competitive MI must become more business friendly. A MI FairTax will remove the SBT, personal property tax (and perhaps some real property taxes) and most MI hidden taxes from the cost of all goods and services produced in the state, thereby, allowing MI producers of goods and services to be able to sell their products at lower prices while maintaining existing profit margins. We will encourage all companies (and jobs) to locate here, and MI tax revenues will grow with the MI economy. By removing the personal income tax Michigan will be a more attractive place to live and be helpful in attracting and retaining the talent necessary for our prosperity. Let's make Michigan an attractive place to do business and live, then get out of the way.

Roger Buchholtz
MI FairTax Director and
National FairTax Spokesman
10/31/05



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FairTax: Creates Jobs & Protects the Poor

What is the MI FairTax and will it help the Michigan economy? Purchases for business are not taxed because they are not for personal consumption, but rather are used in the process of producing a good or service. Taxing business inputs results in consumers paying higher prices because businesses must pass the cost of taxes (and tax compliance), and all other costs of doing business, on to consumers in the price of their products. In essence, the result is a hidden tax like we have today included in our prices. These hidden taxes cause our goods and services to be too expensive to compete in the world marketplace and result in our companies closing or moving overseas and the loss of jobs in Michigan.

A MI FairTax (retail sales tax) rate of 8.58% will replace the current:

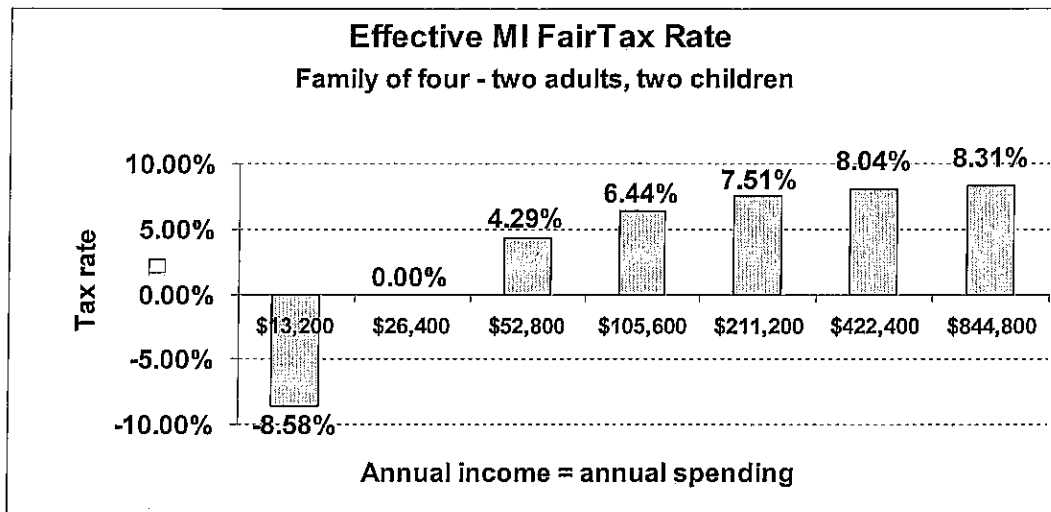
- Sales Tax
- Personal Income Tax
- Single Business Tax (SBT) & Insurance Proceeds Tax
- Personal Property Tax
- State 6 mill Education Tax (SET) on business and
- Eliminate all business to business taxes

There would be no more Michigan income tax returns and everyone would know exactly what they are paying in taxes as it will be shown on every retail sales receipt. The deceptive practice of hiding taxes in the prices of the things we buy will cease and allow our businesses to compete in the world market without our prices being inflated by Michigan taxes.

The MI FairTax will eliminate the above Michigan taxes that today are included in the prices of all Michigan produced goods and services and will make Michigan the most attractive location in the US in which to do business. Michigan will move from being the economic armpit of the nation to America's economic powerhouse.

How does the MI FairTax protect lower and middle income Michigan residents? By a monthly "prebate" to each household in the amount of what the sales tax would be for expenditures up to the poverty level. The prebate completely untaxes the truly poor and generally reduces the effective tax rate of lower and middle income Michigan residents. There is no need for any exemptions for food, shelter, medical expenses, etc. as the prebate is received by all households to pay the tax on the necessities of life. Above that point everyone pays at the same rate. Also used goods are not taxed because goods are taxed only once and that is at the initial sale to the end user. The prebate funds would be placed electronically into the bank account of the head of household (or mailed) and the amount would be determined solely by the number of residents living in the household with valid Social Security numbers.

The prebate completely untaxes the truly poor and generally reduces the effective tax rate of lower and middle income Michigan residents. There is no need for any exemptions for food, shelter, medical expenses, etc. as the prebate is received by all households to pay the tax on the necessities of life. The following chart shows that while everyone pays the same tax rate of 8.58% at the cash register, the prebate results in effective tax rates (annual taxes paid divided by annual spending) that increase as the level of spending increases, resulting in a progressive tax rate structure. For example, a person spending at the poverty level has a 0% effective tax rate, whereas someone spending twice the poverty level has an effective tax rate of 4.29% and so on.



What is the poverty level and how much is the monthly "check"? The poverty level is determined annually by the federal government and the dollar amount depends solely on the size of the household. The table below shows the poverty expenditure levels for various sized households and the dollar amount of the monthly prebate each household would receive based on family size.

Figure 1: Michigan FairTax Prebate: 2006

One-adult household				Two-adult household			
Family Size	Annual Consumption Allowance ¹	Annual Prebate	Monthly Prebate	Family Size	Annual Consumption Allowance ¹	Annual Prebate	Monthly Prebate
1 person	\$9,800	\$841	\$70	N/A	N/A	N/A	N/A
and 1 child	\$13,200	\$1,133	\$94	couple	\$19,600	\$1,682	\$140
and 2 children	\$16,600	\$1,424	\$119	and 1 child	\$23,000	\$1,973	\$164
and 3 children	\$20,000	\$1,716	\$143	and 2 children	\$26,400	\$2,265	\$189
and 4 children	\$23,400	\$2,008	\$167	and 3 children	\$29,800	\$2,557	\$213
and 5 children	\$26,800	\$2,299	\$192	and 4 children	\$33,200	\$2,849	\$237
and 6 children	\$30,200	\$2,591	\$216	and 5 children	\$36,600	\$3,140	\$262
and 7 children	\$33,600	\$2,883	\$240	and 6 children	\$40,000	\$3,432	\$286

¹SOURCE: The 2006 Department of Health and Human Services Poverty Guidelines. Assumes MI FairTax rate of 8.58%.

Occasionally folks make erroneous comments about the MI FairTax. It's likely not that they are ignorant, it's just that what they know isn't so. Actual facts on the MI FairTax are available at: www.fairtaxmi.org.

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