

EPIC ▪ MRA ▪ Honigman – Crain’s Detroit Business – Businesses in Southeast Michigan Survey – March, 2007
[FREQUENCY REPORT of SURVEY RESPONSES = 500 MARGIN OF ERROR ±4.4%]

1. Overall, how satisfied are you with the condition of Michigan’s economy as it affects your business -- very satisfied, somewhat satisfied, somewhat dissatisfied or very dissatisfied?

2% very satisfied
12% somewhat satisfied
14% Total SATISFIED
44% somewhat dissatisfied
40% very dissatisfied
84% Total DISSATISFIED
2% Undecided/don’t know

2. Over the next six months, would you say that your business outlook is good or bad? [IF GOOD/BAD] Would that be very or somewhat?

11% very good
40% somewhat good
51% Total GOOD
8% Some ways good/some ways bad (volunteered)
20% somewhat bad
16% very bad
36% Total BAD
5% Undecided/don’t know

3. Do you believe state government has made as many budget cuts in programs and services as it can, and should stop cutting taxes any more to preserve those programs and services that are important, or, do you think state government should continue to cut taxes and programs?

48% The state should continue to cut taxes and state programs
36% All possible budget cuts have been made – taxes should NOT be cut any more
16% Undecided/don’t know

4. Do you think state government has made as many budget cuts as possible, and must now consider raising some state taxes and fees, or, can the state budget be balanced with budget cuts alone without having a negative impact on state programs and services?

54% Budget can be balanced without negative impact just by making cuts
28% All budget cuts possible already made/tax & fee increases needed
18% Undecided/don’t know

5. As you may know, to balance the state budget, Governor Granholm has proposed a combination of state budget cuts that requires reductions in most budget areas except education, and she has also proposed some tax and fee increases to maintain and increase funding for education and other government services. Specifically, she has proposed that a 2 percent state sales tax should now apply to many services provided to consumers by Michigan businesses. Based on what you know or have heard or read about a 2 percent sales tax on services, do you favor or oppose the proposal? **[IF FAVOR/ OPPOSE, ASK]** Would that be strongly or somewhat?

- 8% strongly favor
- 23% somewhat favor
- 31% Total FAVOR**
- 16% somewhat oppose
- 48% strongly oppose
- 64% Total OPPOSE**
- 5% Undecided/don't know

6. Generally speaking, do you think that consumers should be required to pay a sales tax on services, or not?

- 62% No, consumers SHOULD NOT pay a sales tax on services
- 31% Yes, consumers should pay a sales tax on services
- 7% Undecided/don't know

7. Thinking about the proposed sales tax on services, if the proposal becomes law, should business-to-business services be exempt from the 2 percent sales tax, or, should a 2 percent sales tax apply to business-to-business services just like other services?

- 60% Business-to-business services should be exempt
- 34% Business-to-business services should be taxed
- 6% Undecided/don't know

8. Assuming that taxes will be increased to fund state programs, do you think that individuals would rather have the 2 percent sales tax that would apply to services that has been proposed, or, do you think they would prefer to have an increase in the state income tax by an amount that would raise the same amount of funding?

- 47% Individuals would prefer a 2 percent sales tax on services
- 36% Individuals would prefer an increase in the state income tax
- 7% Would be opposed to both (*volunteered*)
- 10% Undecided/don't know

9. If the 2 percent sales tax on services becomes law, do you feel it will remain at 2 percent, or, do you think it will increase above 2 percent?

- 70% Will increase above 2 percent
- 21% Will remain at 2 percent
- 9% Undecided/don't know

10. Overall, how willing are you to pay higher taxes to support increased funding for education and other government services that are important to Michigan's quality of life – very willing to pay higher state taxes, somewhat willing, somewhat unwilling, or very unwilling to pay higher state taxes?

9% very willing
44% somewhat willing
53% Total WILLING
21% somewhat unwilling
24% very unwilling
45% Total UNWILLING
2% Undecided/don't know

11. Does Governor Granholm's budget proposal go far enough to cut state spending and reform state government, or, do you think that her proposal should go farther?

60% Granholm budget should go farther
23% Granholm budget goes far enough
17% Undecided/don't know

12. Thinking about tourism, as well as new and emerging areas of the economy such as alternative energy and high-tech industries like biotechnology, do you think Governor Granholm should increase or decrease investments in these areas, or keep investments about the same? [IF INCREASE/DECREASE, ASK] Would that be a lot, or just some?

27% increase a lot
36% increase some
63% Total INCREASE
30% Keep the same
1% decrease some
—% decrease a lot
1% Total DECREASE
6% Undecided/don't know

13. With the number of layoffs in the auto industry increasing recently, there is a proposal to provide free tuition for unemployed workers at community colleges to help them get the training they need to move into a new career and to fill high-demand jobs. Do you favor or oppose this proposal? [IF FAVOR/ OPPOSE, ASK] Would that be strongly or somewhat?

32% strongly favor
26% somewhat favor
58% Total FAVOR
18% somewhat oppose
19% strongly oppose
37% Total OPPOSE
5% Undecided/don't know

14. There is a proposal to increase state taxes on cigarettes, tobacco products and liquor, but not beer. If state taxes are increased on cigarettes, tobacco products and liquor, should they be increased on beer as well, or, should taxes on beer remain unchanged?

- 76% Taxes on beer should increase, too
- 22% Taxes on beer should NOT increase and remain unchanged
- 2% Undecided/don't know

15. As you may know, the Michigan Single Business Tax has been repealed and will no longer be in effect at the end of this year. There is a proposal to put a tax on gross receipts in place as a replacement for the SBT, with assets or net worth calculated as the base of the tax, and as with the Single Business Tax, a gross receipts tax would apply whether or not there is a profit. In your view, would such a gross receipts tax be more fair or less fair than the current Single Business Tax?

- 43% Gross receipts tax would be less fair than the SBT
- 19% Gross receipts tax would be more fair than the SBT
- 38% Undecided/don't know

16. Do you think that a gross receipts tax on assets and net worth that is set at a rate of 0.125 percent would be viewed as an incentive or as a deterrent to business growth in Michigan? **[IF AN INCENTIVE/DETERRENT, ASK] Would that be a major or minor [INCENTIVE/DETERRENT]?**

- 2% a major incentive to business growth
- 7% a minor incentive to business growth
- 9% Total INCENTIVE**
- 37% a minor deterrent to business growth
- 29% a major deterrent to business growth
- 66% Total DETERRENT**
- 1% Both (*volunteered*)
- 2% Neither (*volunteered*)
- 22% Undecided/don't know

17. Based on what you know or have heard or read about the tax credits that are part of Governor Granholm's plan, how much do you think her proposed tax credits will stimulate economic growth in Michigan – a lot, some, only a little or not at all?

- 2% a lot
- 34% Some
- 36% Total A LOT/SOME**
- 38% only a little
- 14% not at all
- 52% Total LITTLE/NOT**
- 12% Undecided/don't know

18. As you may know, Comerica recently decided to move its corporate headquarters from Michigan to Texas, involving the loss of about 200 jobs. The remainder of Comerica's branch offices and banking operations will remain in Michigan. Why do you think Comerica made this decision? **[WRITE COMMENT AS STATED]**

| | | | |
|-----|--------------------------------|----|-----------------------|
| 25% | Where the growth is | 3% | The CEO is from Texas |
| 22% | Poor Michigan economy | 2% | Cheaper labor |
| 13% | More opportunities | 2% | Taxes |
| 6% | Michigan poor business climate | 1% | Don't like Michigan |
| 5% | Tax breaks | 1% | Michigan's reputation |
| 5% | The Southwest business climate | 1% | To survive |
| 4% | To attract better staff | 2% | Helps their stock |
| 3% | Detroit is dying | 2% | Quality of life |
| | | 3% | Lower costs |

19. Do you think the decision by Comerica to move their corporate headquarters from Michigan to Texas was the right decision or the wrong decision?

| | |
|-----|-------------------------|
| 44% | Made the right decision |
| 32% | Made the wrong decision |
| 24% | Undecided/don't know |

Now, I would like to ask some questions about your business for statistical purposes only.

20. What type of business or industry do you operate?

| | |
|-----|---|
| 25% | Business services |
| 18% | Manufacturing or manufacturing supplier |
| 16% | Professional services |
| 9% | Health care |
| 7% | Education |
| 7% | Public service |
| 7% | Retail |
| 4% | Non-profit |
| 3% | Distribution/trucking |
| 3% | Finance |
| 1% | Other |

21. Do you work for a company that sells a product or provides a service?

| | |
|-----|-----------------------------|
| 67% | Provides a service |
| 21% | Sells a product |
| 11% | Both (<i>volunteered</i>) |
| 1% | Unsure |

26. Sex of respondent

| | |
|-----|--------|
| 60% | Male |
| 40% | Female |