STATE OF MICHIGAN
EXECUTIVE OFFICE
LANSING

RICK SNYDER
GOVERNOR

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LT. GOVERNOR

February 17, 2011

My Fellow Michigan Citizens:

As I said in my State of the State address, reinventing Michigan demands that we break the bad habits of the past and embrace opportunities for our future. State government has been spending more than it receives for far too long. A gaping budget deficit and serious problems have been the result. These are problems that cannot be fixed with accounting gimmicks or a one-time infusion of federal money. These are problems that require the resolve to make tough decisions.

I have been clear that the months ahead will not be easy. They will involve difficult but necessary changes to bring Michigan's budget into structural balance. There will be shared sacrifice, but through that shared sacrifice, Michigan will emerge as a stronger and more vibrant state. This budget will lay the foundation for economic growth, job creation and our robust collective future and quality of life.

The budget I am recommending is submitted in conjunction with a restructuring of Michigan's tax system in order to make it more simple, fair and efficient. In order to stimulate the economy and ensure that the state is open for business, my plan includes the promised elimination of the Michigan Business Tax, to be replaced with a flat Corporate Income Tax set at 6 percent. The scheduled reduction in the individual income tax rate from 4.35 percent remains and will be fixed at 4.25 percent. Michigan is one of only three states in the nation that does not tax earned pension income, and this plan will broaden the base of taxpayers by including those earning private and public pensions. In addition, I am proposing the elimination of many of the other credits for individual income tax.

This budget presents a balanced two-year plan that creates a forward-thinking approach to keeping the state's fiscal house in order. And for the first time, state spending will be tied to measured outcomes through the use of performance metrics. It's a responsible budget that cuts $1.8 billion and tackles other necessary reductions for a long-term solution to our problems, while providing a critical safety net for Michigan citizens in need and preserving core, essential services. It provides the course correction that is needed to help businesses succeed and create jobs. Simply put, we are done kicking the can down the road.

Adoption of this budget plan by May 31, 2011, will send the message that Michigan is ready for a new, sound foundation, and it's the necessary budget for job creation and moving forward together. My administration stands ready to work in partnership with the members of the Michigan House and Senate to enact the fiscal year 2012 budget.

Sincerely,

Rick Snyder
Governor