

Michigan Chamber of Commerce Calls on Governor Granholm and Democratic Lawmakers to Focus on Spending Reductions, Not Tax Increases

The Michigan Chamber of Commerce today called on Governor Jennifer Granholm and state legislative Democrats to focus on government reforms to balance the budget instead of burdening struggling state residents with higher taxes.

Lawmakers are returning to Lansing this week from a two-week vacation and are facing a \$1.7 billion budget shortfall for the upcoming fiscal year, which starts Oct. 1.

"The Michigan Senate, under Senator Bishop's leadership, continually pushed for lower government spending to close the budget gap," noted Michigan Chamber President & CEO Rich Studley. "Legislative Democrats, however, so far have failed to actively support significant efforts to reduce the cost of government and, along with the governor, appear intent on balancing the budget on the backs of taxpayers by raising taxes."

"Democrats are focused on maintaining a sweetheart deal for state employee unions to keep wage and benefit plans that are out of sync with the private sector," said Studley. "If state and local government employee benefits were brought into line with the private sector, Michigan would save \$5.7 billion, proving that no tax hike is needed to balance the state budget."

"Michigan taxpayers make tough decisions everyday to balance their own family budgets; lawmakers must do the same," Studley continued.

Bowing to pressure from state employee unions, Democratic lawmakers also refused to save the state \$45 million by blocking a scheduled 3 percent pay raise for unionized state employees. Non-unionized state workers, however, have had their pay frozen.

"The increase in wages to state union employees comes at a time when many Michigan residents are facing layoffs and pay cuts," noted Jim Holcomb, Vice President of Business Advocacy & Associate General Counsel for the Michigan Chamber.

"Speaker Dillon and the House Democratic Caucus need to face the economic reality that Michigan taxpayers simply can't afford to send more money to Lansing for politicians to dole out to government employee unions," Holcomb continued. "It's time for lawmakers to reduce state spending instead of further punishing Michigan residents with higher taxes."

The Michigan Chamber of Commerce is a statewide business organization representing approximately 6,800 employers, trade associations and local chambers of commerce. The Michigan Chamber was established in 1959 to be an advocate for Michigan's job providers in the legislative, political and legal process. It is one of only four state chambers of commerce in the nation accredited by the U.S. Chamber of Commerce.

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