

THE JACOBS CAPITOL REPORT

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GOV OFFERS TOUGH APPROACH TO ECONOMY

State of State Touts Recovery Plan

Governor Jennifer M. Granholm used the first State of the State address of her second term to articulate a tough, honest assessment of Michigan's economy, laying out a plan to ensure that Michigan can grow and compete. The governor talked about the challenges Michigan is facing and the need now, more than ever, to come together to diversify the economy and continue investing in Michigan's people.

"This moment demands bold action," Granholm told a joint session of the Legislature. "The world around us has changed, and it's not changing back. In this fiercely competitive world, every day that Michigan is not advancing, we are retreating."

The governor set in motion the most aggressive plan in the nation to move Michigan forward. The plan, which was supported by strong bipartisan majorities in the Legislature and affirmed by the people of Michigan last year, is to diversify the economy by:

- expanding access to affordable college education;
- training every student for a place in the workforce;
- putting thousands of people to work to improve Michigan's infrastructure;
- holding schools to higher standards;
- extending access to affordable health care; and,
- growing Michigan's cities.

Furthermore, Granholm called for investment in Michigan's people and outlined how she will put the state's economic plan into overdrive.

"Our economic plan has put us on the right course," she said. "Now we will dramatically increase our pace. We will build on every success and aggressively go after new opportunities."

Specifically, the governor called for:

- Continuing to go anywhere and do anything to bring good jobs to Michigan, including further jobs missions to bring more private investments and job opportunities back to the state.
- Diversifying the economy with a particular focus on the alternative energy sector. While alternative energy companies are already choosing Michigan for their growth, Granholm called for targeting more than \$100 million in state and private resources to even more aggressively attract these high-growth companies.
- Training the workers hardest hit by outsourcing. Granholm will offer a one-time opportunity for displaced workers to attend a Michigan community college for free to receive training in a high-demand field.
- Nurturing the growth of small businesses. The governor has made more capital and start-up funds available to small businesses. She called for passage of her plan to make 401(k) plans available to small business employees at little or no cost.
- Requiring government to do business differently. Granholm proposed changes to the prison system that will make more efficient use of taxpayer dollars while protecting public safety. She proposed requiring local communities and school districts to share some services and save money, and she is increasing the number of workers protecting Michigan children, giving those workers new and better tools and requiring accountability for their work.
- Investing in education. Governor Granholm called for additional investment in our schools to build on the positive steps already taken. The governor called on the Legislature to make kindergarten mandatory, raise the dropout age to 18, and dramatically expand access to preschool. The governor also proposed creating Promise Zones to allow local communities to capture tax revenue to help fund college scholarships similar to the Kalamazoo Promise.

Granholm laid out a choice for Michigan: the state can invest in people to grow the economy, or fall further behind. In closing, she said, "The choice is to invest in our people and grow, or disinvest and wither. I say we must invest. And we must do it now."

"This is not about today's situation or this current budget year or even the next," added Senator Gilda Z. Jacobs. "This is about Michigan's long-term future and survival. If we provide affordable and accessible post-secondary education to our students and attract the jobs to utilize their skills, the Michigan economy will respond. Solving this critical problem may be the most important work we ever do."

GRANHOLM RECOMMENDS CUTS, 2% TAX ON SERVICES
 Calls Plan "Simple and Fair"

In her State of the State address, Governor Granholm underscored that

Michigan's ability to compete, attract jobs and keep Michigan children here in the future is threatened by the state's financial crisis. Although the governor has cut nearly \$3 billion in state spending (more than any previous governor) and the state government has fewer employees today than at any time since 1973, Michigan is facing a \$3 billion shortfall.

Shortly following her speech, the governor released her plan to plug the budget hole with a new two percent tax on services.

The new service tax would not be levied against government purchases, education purchases and services, health care, collegiate sports and non-profit services. Day care is being classified as health care and would be exempt. The tax also wouldn't cover newspapers or newspaper advertising.

The proposed tax would include a number of exemptions that are related to business services for the manufacturing process, services for agriculture production and services for extraction.

"The Governor's tax plan is simple and fair," said Granholm Spokesperson Liz Boyd. "We believe it is worth two pennies to invest in Michigan's future by protecting health care, education and public safety."

The tax plan also calls for a five-cent increase in the state's \$2-per-pack cigarette tax, only a few years after she boosted the tax by 75 cents. The Governor is also dusting off for Fiscal Year (FY) 2007 a \$22 million increase in the mark-up fee that's specifically dedicated to revenue sharing payments for local police and firefighting services.

Other tax changes being proposed by the governor include:

- A proposal to decouple the estate tax from the federal government, a move that would impact 350 estates and bring in \$2 million
- Closing a number of "loopholes," something the Governor has called for in every budget since taking office
- Implementing a "sales tax on the difference," of a new car purchase and a trade in, meaning that someone trading in a new automobile for the purchase of a new car would only pay sales tax on the difference between the value of the two automobiles as opposed to the full sales tax amount on the new car.

As far as the new Michigan Business Tax to replace the Single Business Tax, the Department of Treasury says that Michigan businesses will see a net tax cut of \$550 million and small business will get a \$250 million cut. The rates for the MBT will be the same, which the administration would argue are among the country's lowest.

"The new service tax was proposed in addition to hundreds of millions of dollars of cuts in spending and a series of government reforms," said

Senator Gilda Z. Jacobs. "I need to examine the details, but if it fixes Michigan's broken tax system in a simple and fair way without sacrificing economic growth, I will support it."

JACOBS PRAISES CERVICAL CANCER VACCINATION BILLS Senator Co-Sponsors Both Pieces of Life-Saving Legislation

Senator Gilda Z. Jacobs praised the introduction of bipartisan legislation that will require all girls entering sixth grade to receive vaccinations which will protect against the cervical cancer virus. Senate Bills 132 and 133, which were co-sponsored by Jacobs, will require that a vaccine for the human papillomavirus (HPV) be added to Michigan public schools and academies' required immunization schedules for next year. The vaccine has proven 100 percent effective at preventing disease from the two HPV types responsible for 70 percent of all cervical cancers.

"This is public health policy that promises to have a major impact on girls and women for generations," Sen. Jacobs said. "To participate in an initiative that can actually prevent cancer is extremely rewarding."

While the legislation follows recent FDA approval of the vaccine for girls and women between nine and 26, the Senate bills will include immunizations for girls aged 11 and 12. As with similar school-required vaccines, parents/guardians can exempt children from required vaccines for medical, religious, or philosophical reasons.

The legislation has received strong support from both sides of the aisle, including all women serving in the Michigan State Senate. While some 45 states have introduced similar legislation to address this issue, Michigan would be the second state (following Texas) to require the vaccine for school entry.

HPV infects 5.5 million people each year. It is estimated that in 2006, almost 10,000 women in the United States were diagnosed with invasive cervical cancer. About 3,700 women died from cervical cancer this past year.

WIT, WISDOM, ETC . . . Quotables

"The harder I work, the luckier I get."
-Sam Goldwyn

"Shallow men believe in luck. Strong men believe in cause and effect."
- Ralph Waldo Emerson

Quote of the Week: Penn Jillette
"Luck is probability taken personally."

All Michigan legislation can be tracked at
<http://www.legislature.michigan.gov/> .

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State Senator Gilda Jacobs represents the 14th Senate District, which includes Beverly Hills, Bingham Farms, Farmington, Farmington Hills, Ferndale, Franklin, Hazel Park, Huntington Woods, Lathrup Village, Oak Park, Pleasant Ridge, Royal Oak Township, Southfield, and Southfield Township. She is the Minority Vice Chair of the Families & Human Services Committee and the Campaign & Election Oversight Committee. She also serves on the Finance, Economic Development & Regulatory Reform, and Health Policy Committees.

Constituents of the 14th District may contact Senator Jacobs at
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or toll-free at 1-888-937-4453.

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