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## Commentary

# 'Sin taxes' threaten to shutter Michigan border businesses

BY SEN. CAMERON S. BROWN

According to published reports, Gov. Jennifer Granholm has proposed increases in Michigan's cigarette and beer taxes to help address the state's \$1.7 billion budget deficit. Meanwhile, some legislative Democrats have proposed similar tax hikes on soft drinks and candy, to name a few.

While politicians may believe so-called sin taxes are the most palatable to voters, they are also a direct threat to thousands of Michigan job providers located along our borders. Grocery stores, gas stations and convenience stores near our state lines vie for customers on a daily basis with competitors in Indiana, Ohio and Wisconsin. In these communities, customers routinely shop both sides of the border in search of the best prices. Unfortunately, in recent times, much of the business has been heading south rather than north.

In 2004, the cigarette tax was increased to \$2 a pack, a 75-cent increase, making Michigan's rate one of the highest in the nation. It also created a sizable disparity in our tax compared with Indiana (\$1) and Ohio (\$1.25).

The impact was devastating for businesses along our state's southern border, as the parking lots of gas stations and grocery stores in northern Indiana and Ohio packed with cars from Michigan.

Meanwhile, Michigan's tax on beer is already the highest in the region. Four out of every \$10 you spend on your favorite beer here at home goes to taxes -- a rate that is a staggering 300 percent higher than Wisconsin's. An average case of beer is up to \$5 cheaper in Indiana and Ohio.

When customers choose Indiana, Ohio or Wisconsin grocery stores, gas stations or convenience stores over those in Michigan due to these price discrepancies, they often purchase more than just cigarettes and beer. In fact, they frequently do all of their grocery shopping, fill up their gas tanks or visit local malls -- spending significant sums of money outside of our state.

On a level playing field, Michigan businesses can certainly hold their own with their competitors across the border. But by creating significant price disparities, our state government has put Michigan businesses at a tremendous competitive disadvantage -- a competitive disadvantage the governor and some Democrats seem interested in magnifying through additional tax hikes.

Such proposals show a disturbing lack of understanding on the part of some in the State Capitol of the challenges facing job providers along our borders. With friends like these, Michigan businesses certainly don't need enemies.

*Sen. Cameron S. Brown, R-Fawn River Township, is chair of the Senate Homeland Security and Emerging Technologies Committee and a member of the Senate Appropriations Committee.*

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