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## EDITORIALS

# Beer tax hike nothing but foam

Planned recommendation by a state panel to boost the tax on a bottle of brew to **5 cents** is unwise in a poor economy

**S** in taxes — raising the price of booze or cigarettes — are always popular when government funds are tight. A planned recommendation from a Michigan task force to increase the beer tax to 5 cents to pay for child welfare reforms is well-intentioned but unwise and ill-timed. Higher taxes, of any kind, could have serious consequences in today's economy on the already struggling hospitality and retail industries. Besides that, it is just another blow to the average Joe trying to get by in these tough times. Gov. Jennifer Granholm and the Legislature were elected to make difficult budget decisions and set funding priorities — in other words, to lead.

They should be cutting unnecessary expenditures and improving the way tax dollars are spent, not relying on beer drinkers to help with the protection of children.

The Child Welfare Improvement Task Force has worked diligently on ways to reform the state's child welfare system. Final recommendations are expected in an upcoming report. The Department of Human Services (DHS) charged the task force with examining the system last year. Members have said state funding is inadequate for child welfare programs preventing abuse and neglect. Thus the planned proposal to raise the beer tax from 2 cents for a 12-ounce beer to 5 cents, and to dedicate those proceeds to prevention and intervention programs. The increase is expected to raise \$111 million. The current 2-cent tax generated \$41.2 million last year and

### WHY IT MATTERS

- Increasing the beer tax is not the best way to generate funding for child welfare reforms.

\$41.7 million in 2007, according to the Senate Fiscal Agency.

No one is suggesting that investing in the well-being of children is not a worthy investment, just that there is a better, responsible way. Michigan has the highest beer tax among the Great Lakes state. In addition, the industry is subject to federal tax at \$18 per barrel (32 cents per six-pack). Michigan should be doing what it can to help business, not drive business across the border.

Any time increasing a tax is suggested, there should be tremendous scrutiny to determine if state funds are being spent as responsibly and efficiently as possible. There are plenty of opportunities to eliminate waste and bloat in the state budget. For example, last year, the state auditor general reported that DHS made improper and in some cases, potentially fraudulent Child Development and Care program payments of \$231 million. The auditor called for more effective controls to safeguard resources.

Clearly DHS isn't the only state agency that can become more lean. Taxpayers and businesses should have confidence that state officials have exhausted all avenues before imposing any additional tax burden. Tapping beer drinkers to help fund child welfare programs is a lousy idea.