Michigan Taxpayers Alliance

May 5, 2011

Dear Chairman Nofs and members of the Senate Energy and Technology Committee:

Wikipedia defines the word 'tax' as, "to impose a financial charge **or other levy** upon an individual or other legal entity by a state such that the failure to pay is punishable by law". This definition makes clear that state taxes are not always direct money transfers from citizens to government, but are often the frustrating and crippling taxation by "other levy" – usually the cost of complying with outdated regulations maintained by slow-adapting governmental bodies.

Few aspects of our society progress as quickly as technology, and few entities adapt to change as slowly as governmental agencies. When a government's outdated regulatory framework is imposed on the technology industry, the result is forced inefficiency, unnecessary costs, lost opportunities to innovate and to take advantage of innovation, and lost opportunities for consumers to choose how to spend their money. In short, the cost of compliance with outdated government regulations is a tax on the entire technology industry – from job creators to technology consumers.

Last fall, Michigan voters demanded an end to the era of expensive, burdensome government. Taxpayers voted for a right-sizing of government that reigns in out of control spending, cuts regulation and slashes unnecessary red tape.

Right-sizing government requires modernizing the regulatory burden so it serves citizens more than it taxes them with outmoded compliance costs.

That is why I am writing to you today asking that you **immediately pass bipartisan House Bill 4314, legislation modernizing the Michigan Telecommunications Act (MTA).**

I was proud six years ago to be a part of the Michigan Legislature that took an important first step and updated parts of the MTA. Lawmakers recognized then the desperate need for long overdue updates to our telecommunications law.

We understood that regulations from the era of monopolies no longer served Michigan consumers in an era of competition, technology and innovation. In fact, compliance with those ancient, outdated regulations had become an expensive tax on Michigan's' citizens and economic development. Our reforms made Michigan's law one of the nation's most progressive and led to significant investment in Michigan.

Unfortunately, for the last six years Lansing has stood still while our neighboring states and the world of technology passed us by. In government, something updated six years ago is considered "recent". In the world of technology, it is a distant era.

Today, 20th century red tape and regulations are standing in the way of 21st century jobs and technological efficiency. By clearing these roadblocks to investment and innovation you have an opportunity to take one giant leap on the road to a more prosperous Michigan.

This important reform can be accomplished without raising taxes on Michigan families by one red cent. In fact, by enacting House Bill 4314 into law, you will have reduced the **regulatory levy** on Michigan taxpayers – reduced their taxes – without costing the state Treasury a dime.

Accepting the status quo won't make Michigan more competitive. Voters sent you to Lansing to do so much more.

Thank you for your consideration.

Sincerely,

Leon Drolet
Michigan Taxpayers Alliance