



AMERICANS *for* TAX REFORM

April 25, 2016

To: Members of the Michigan Legislature

From: Americans for Tax Reform

Re: House Bill 4344

Dear Members of the Michigan Legislature:

On behalf of Americans for Tax Reform (ATR) and our supporters across Michigan, I write today to urge you to reject calls for additional tax increases. After being hit with more than 20 federal tax increases over the last six years, the last thing Michigan taxpayers need is for lawmakers to pile on with further tax increases at the state level.

In addition to rejecting efforts to raise taxes further, it's also important to avoid protectionist policies that, like tax hikes, reduce your constituents' available income through increased costs and reduced consumer choice. One example of such protectionism that recently arose in Michigan is an amendment to House Bill 4344 aimed at monopolizing market share for favored companies by limiting competition in the replacement auto parts market.

The amendment at question would effectively prohibit Michigan residents and mechanics from using aftermarket parts on any car newer than six years. This amendment stifles consumer choice, will increase costs, and harm Michigan employers. This amendment is an example of the government picking winners and losers in the private sector. In this case, the winners will be favored corporations with well-heeled lobbyists in Lansing, while the losers will be your constituents who need to replace a part on their car or truck, and small businesses in the aftermarket auto parts industry that are already struggling to cope with the load of costly regulations and higher taxes that have been imposed on them from Washington.

Not only does this protectionist amendment to HB 4344 represent bad policy, it's also terrible politics. Your constituents have been hit with higher taxes in recent years. I would advise against piling on the recent gas tax increase with legislation that will drive up the cost of vehicle repairs. It's already bad enough when someone gets in a wreck; do lawmakers really want to add insult to injury by passing legislation that will inflate the cost of vehicle repair at the behest of favored companies? One hopes not.

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Failure to remove this protectionist amendment would result in the establishment of a monopoly in the crash parts market, with negative consequences for consumers and Michigan's \$10.8 billion aftermarket auto parts industry. For these reasons, I urge you to remove this amendment from HB 4344 and if the amendment cannot be removed, I urge you to vote against the bill. If you have any questions about ATR's position on this matter, or if we can be of assistance in any way, do not hesitate to contact me or Patrick Gleason, ATR's director of state affairs, at 202-785-0266.

Sincerely,



Grover Norquist
President
Americans for Tax Reform