

HOUSE JOINT RESOLUTION L

May 8, 2007, Introduced by Reps. Sheen, Stakoe, Caswell, Palmer, Moore, Hoogendyk, Booher, Shaffer, Knollenberg, Meekhof, Marleau, Nofs, Ball, Meltzer, Agema, LaJoy, Garfield, Elsenheimer, Casperson, Robertson, Emmons, Wenke, Calley, Rick Jones, Stahl, Steil, Horn, Pavlov, Acciavatti, David Law, Gaffney, Palsrok, Opsommer, Moss, Schuitmaker and Pastor and referred to the Committee on Tax Policy.

A joint resolution proposing an amendment to the state constitution of 1963, by amending sections 3, 7, 8, 10, and 11 of article IX and by adding section 43 to article IX, to eliminate property tax on personal property, to eliminate the state income tax, to revise the sales tax rate and the use tax rate, to prohibit state taxation of certain real property, to prohibit the imposition of new state taxation of business activity, and to revise distribution of revenue to local units of government.

Resolved by the Senate and House of Representatives of the state of Michigan, That the following amendment to the state constitution of 1963, to eliminate property tax on personal property, to eliminate the state income tax, to revise the sales tax rate and the use tax rate, to prohibit state taxation of

certain real property, to prohibit the imposition of new state taxation of business activity, and to revise distribution of revenue to local units of government, is proposed, agreed to, and submitted to the people of the state:

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ARTICLE IX

Sec. 3. The legislature shall provide for the uniform general ad valorem taxation of real and, **PRIOR TO JANUARY 1, 2009**, tangible personal property not exempt by law except for taxes levied for school operating purposes. **AFTER DECEMBER 31, 2008, TANGIBLE PERSONAL PROPERTY SHALL NOT BE SUBJECT TO TAXATION IN THIS STATE AND NO TAX SHALL BE LEVIED BY THIS STATE ON REAL PROPERTY THAT IS BUSINESS PROPERTY, AS DEFINED BY LAW.** The legislature shall provide for the determination of true cash value of such property; the proportion of true cash value at which such property shall be uniformly assessed, which shall not, after January 1, 1966, exceed 50 percent; and for a system of equalization of assessments. For taxes levied in 1995 and each year thereafter, the legislature shall provide that the taxable value of each parcel of property adjusted for additions and losses, shall not increase each year by more than the increase in the immediately preceding year in the general price level, as defined in section 33 of this article, or 5 percent, whichever is less until ownership of the parcel of property is transferred. When ownership of the parcel of property is transferred as defined by law, the parcel shall be assessed at the applicable proportion of current true cash value. The legislature may provide for alternative means of taxation of designated real and, **PRIOR TO JANUARY 1, 2009**, tangible personal

1 property in lieu of general ad valorem taxation. Every tax other
2 than the general ad valorem property tax shall be uniform upon the
3 class or classes on which it operates. A law that increases the
4 statutory limits in effect as of February 1, 1994 on the maximum
5 amount of ad valorem property taxes that may be levied for school
6 district operating purposes requires the approval of 3/4 of the
7 members elected to and serving in the Senate and in the House of
8 Representatives.

9 Sec. 7. ~~No~~**PRIOR TO JANUARY 1, 2009, NO** income tax graduated
10 as to rate or base shall be imposed by the state or any of its
11 subdivisions. **BEGINNING JANUARY 1, 2009, NO INCOME TAX SHALL BE**
12 **LEVIED IN THIS STATE.**

13 Sec. 8. Except as provided in this section, the Legislature
14 shall not impose a sales tax on retailers at a rate of more than 4%
15 of their gross taxable sales of tangible personal property **AND,**
16 **BEGINNING JANUARY 1, 2009, SERVICES.**

17 Beginning May 1, 1994, the sales tax shall be imposed on
18 retailers at an additional rate of 2% of their gross taxable sales
19 of tangible personal property **AND, BEGINNING JANUARY 1, 2009,**
20 **SERVICES** not exempt by law and the use tax at an additional rate of
21 2%. ~~The~~**BEFORE JANUARY 1, 2009, THE** proceeds of the sales and use
22 taxes imposed at the additional rate of 2% shall be deposited in
23 the state school aid fund established in section 11 of this
24 article. **BEGINNING JANUARY 1, 2009, THE PROCEEDS OF THE SALES AND**
25 **USE TAXES IMPOSED AT THE ADDITIONAL RATE OF 2% ON TANGIBLE PERSONAL**
26 **PROPERTY ONLY, BUT NOT PRESCRIPTION DRUGS FOR HUMAN USE OR FOOD FOR**
27 **HUMAN CONSUMPTION, SHALL BE DEPOSITED IN THE STATE SCHOOL AID FUND**

1 **ESTABLISHED IN SECTION 11 OF THIS ARTICLE.** The allocation of sales
2 tax revenue required or authorized by sections 9 and 10 of this
3 article does not apply to the revenue from the sales tax imposed at
4 the additional rate of 2%.

5 **BEGINNING JANUARY 1, 2009, THE SALES TAX SHALL BE IMPOSED AT**
6 **AN ADDITIONAL RATE OF 3.5% ON THE GROSS TAXABLE SALES OF TANGIBLE**
7 **PERSONAL PROPERTY AND SERVICES NOT EXEMPT BY LAW AND THE USE TAX AT**
8 **AN ADDITIONAL RATE OF 3.5%.**

9 ~~NO~~ **AFTER JANUARY 1, 1975 AND PRIOR TO JANUARY 1, 2009, NO**
10 sales tax or use tax shall be charged or collected ~~from and after~~
11 ~~January 1, 1975~~ on the sale or use of prescription drugs for human
12 use, or on the sale or use of food for human consumption except in
13 the case of prepared food intended for immediate consumption as
14 defined by law. This provision shall not apply to alcoholic
15 beverages.

16 **BEGINNING JANUARY 1, 2009, THE SALES TAX OR USE TAX SHALL BE**
17 **CHARGED AND COLLECTED ON THE SALE OR USE OF PRESCRIPTION DRUGS FOR**
18 **HUMAN USE AND ON THE SALE OR USE OF FOOD FOR HUMAN CONSUMPTION.**
19 **SALES AND USE TAX SHALL ONLY BE APPLIED TO FIRST PURCHASES AT**
20 **RETAIL, AS DEFINED BY LAW. SALES AT RETAIL SHALL NOT INCLUDE**
21 **BUSINESS-TO-BUSINESS SALES, AS DEFINED BY LAW.**

22 Sec. 10. Fifteen percent of ~~all taxes~~ **THE TAX** imposed on
23 retailers on taxable sales at retail of tangible personal property
24 at a ~~THE~~ rate of ~~not more than~~ 4% shall be used exclusively for
25 assistance to townships, cities and villages, on a population basis
26 as provided by law. **BEGINNING JANUARY 1, 2009, 31.0669% OF THE TAX**
27 **IMPOSED ON RETAILERS ON TAXABLE SALES AT RETAIL OF TANGIBLE**

1 PERSONAL PROPERTY AT THE RATE OF 4% SHALL BE USED EXCLUSIVELY FOR
2 ASSISTANCE TO COUNTIES, TOWNSHIPS, CITIES, AND VILLAGES, ON A
3 POPULATION BASIS AS PROVIDED BY LAW. HOWEVER, BEGINNING JANUARY 1,
4 2009, THE DISTRIBUTION UNDER THIS SECTION SHALL NOT APPLY TO THE
5 TAX IMPOSED AT THE RATE OF 4% ON THE TAXABLE SALES AT RETAIL OF
6 PRESCRIPTION DRUGS FOR HUMAN USE OR ON THE SALE OR USE OF FOOD FOR
7 HUMAN CONSUMPTION. In determining population the legislature may
8 exclude any portion of the total number of persons who are wards,
9 patients or convicts in any tax supported institution.

10 Sec. 11. There shall be established a state school aid fund
11 which shall be used exclusively for aid to school districts, higher
12 education, and school employees' retirement systems, as provided by
13 law. Sixty percent of all taxes imposed at a ~~THE~~ rate of 4% on
14 retailers on taxable sales at retail of tangible personal property,
15 100% of the proceeds of the sales and use taxes imposed at the
16 additional rate of 2% provided for in section 8 of this article,
17 and other tax revenues provided by law, shall be dedicated to this
18 fund. HOWEVER, BEGINNING JANUARY 1, 2009, THE DISTRIBUTION UNDER
19 THIS SECTION SHALL NOT APPLY TO THE TAX IMPOSED AT THE RATE OF 4%
20 OR TO THE TAX IMPOSED AT THE ADDITIONAL RATE OF 2%, ON THE TAXABLE
21 SALES AT RETAIL OF PRESCRIPTION DRUGS FOR HUMAN USE OR ON THE SALE
22 OR USE OF FOOD FOR HUMAN CONSUMPTION, OR TO THE TAX IMPOSED AT THE
23 ADDITIONAL RATE OF 2% ON SERVICES THAT WERE NOT SUBJECT TO SALES OR
24 USE TAX PRIOR TO JANUARY 1, 2009. Payments from this fund shall be
25 made in full on a scheduled basis, as provided by law. Beginning in
26 the 1995-96 state fiscal year and each state fiscal year after
27 1995-96, the state shall guarantee that the total state and local

1 per pupil revenue for school operating purposes for each local
2 school district shall not be less than the 1994-95 total state and
3 local per pupil revenue for school operating purposes for that
4 local school district, as adjusted for consolidations, annexations,
5 or other boundary changes. However, this guarantee does not apply
6 in a year in which the local school district levies a millage rate
7 for school district operating purposes less than it levied in 1994.

8 **SEC. 43. THIS STATE SHALL NOT IMPOSE A GENERAL BUSINESS TAX**
9 **OTHER THAN A TAX CREATED BY THE JOINT RESOLUTION THAT ADDED THIS**
10 **SECTION AND ANY TAX IN EXISTENCE FROM JANUARY 1, 2007 THROUGH THE**
11 **EFFECTIVE DATE OF THE JOINT RESOLUTION THAT ADDED THIS SECTION. THE**
12 **RATE OF ANY GENERAL BUSINESS TAX SHALL ONLY BE INCREASED WITH THE**
13 **APPROVAL OF A MAJORITY OF THE QUALIFIED ELECTORS OF THIS STATE.**

14 Resolved further, That the foregoing amendment shall be
15 submitted to the people of the state at the next general election
16 in the manner provided by law.