

# HOUSE JOINT RESOLUTION KK

October 20, 2009, Introduced by Rep. Meadows and referred to the Committee on Tax Policy.

A joint resolution proposing an amendment to the state constitution of 1963, by amending sections 8, 10, and 11 of article IX, to permit reduction of the overall sales and use tax rate, expansion of the application of the sales tax to services, and the exclusion of certain items from exemption.

Resolved by the Senate and House of Representatives of the state of Michigan, That the following amendment to the state constitution of 1963, to permit reduction of the overall sales and use tax rate, expansion of the application of the sales tax to services, and the exclusion of certain items from exemption, is proposed, agreed to, and submitted to the people of the state:

## ARTICLE IX

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2           Sec. 8. Except as provided in this section, **BEFORE JANUARY 1,**  
3 **2010,** the Legislature shall not impose a sales tax on retailers at  
4 a rate of more than 4% of their gross taxable sales of tangible  
5 personal property **AND SHALL NOT IMPOSE A USE TAX AT A RATE OF MORE**  
6 **THAN 4%.**

7           Beginning May 1, 1994 **THROUGH DECEMBER 31, 2009,** the sales tax  
8 shall be imposed on retailers at an additional rate of 2% of their  
9 gross taxable sales of tangible personal property not exempt by law  
10 and the use tax at an additional rate of 2%. The proceeds of the  
11 sales and use taxes imposed at the additional rate of 2% shall be  
12 deposited in the state school aid fund established in section 11 of  
13 this article. The allocation of sales tax revenue required or  
14 authorized by sections 9 and 10 of this article does not apply to  
15 the revenue from the sales tax imposed at the additional rate of  
16 2%.

17           **BEGINNING JANUARY 1, 2010, THE LEGISLATURE SHALL NOT IMPOSE A**  
18 **SALES TAX ON SELLERS, AS THAT TERM IS DEFINED BY LAW, AT A RATE OF**  
19 **MORE THAN 5% OF THEIR GROSS PROCEEDS, AS THAT TERM IS DEFINED BY**  
20 **LAW, FROM THE SALE OF TANGIBLE PERSONAL PROPERTY OR SERVICES AND**  
21 **SHALL NOT IMPOSE A USE TAX AT A RATE OF MORE THAN 5% FOR THE**  
22 **PRIVILEGE OF STORING, USING, OR CONSUMING TANGIBLE PERSONAL**  
23 **PROPERTY OR SERVICES IN THIS STATE.**

24           No sales tax or use tax shall be charged or collected from and  
25 after January 1, 1975 on the sale or use of prescription drugs for  
26 human use, or on the sale or use of food for human consumption  
27 except in the case of prepared food intended for immediate

1 consumption as defined by law. This provision shall not apply to  
2 alcoholic beverages **AND, BEGINNING JANUARY 1, 2010, CARBONATED**  
3 **BEVERAGES OR BOTTLED WATER IN UNITS OF LESS THAN ONE GALLON.**

4 Sec. 10. ~~Fifteen percent~~ **BEFORE JANUARY 1, 2010, 15%** of all  
5 taxes imposed on retailers on taxable sales at retail of tangible  
6 personal property at a rate of not more than 4% shall be used  
7 exclusively for assistance to townships, cities and villages, on a  
8 population basis as provided by law.

9 **BEGINNING JANUARY 1, 2010, 20% OF THE SALES TAX IMPOSED ON**  
10 **SELLERS UNDER SECTION 8 OF THIS ARTICLE AT A RATE OF NOT MORE THAN**  
11 **5% SHALL BE USED EXCLUSIVELY FOR ASSISTANCE TO TOWNSHIPS, CITIES,**  
12 **AND VILLAGES, ON A POPULATION BASIS AS PROVIDED BY LAW.**

13 In determining population the legislature may exclude any  
14 portion of the total number of persons who are wards, patients or  
15 convicts in any tax supported institution.

16 Sec. 11. There shall be established a state school aid fund  
17 which shall be used exclusively for aid to school districts, higher  
18 education, and school employees' retirement systems, as provided by  
19 law. ~~Sixty percent~~

20 **BEFORE JANUARY 1, 2010, 60%** of all taxes imposed at a rate of  
21 4% on retailers on taxable sales at retail of tangible personal  
22 property, 100% of the proceeds of the sales and use taxes imposed  
23 at the additional rate of 2% provided for in section 8 of this  
24 article, and other tax revenues provided by law, shall be dedicated  
25 to this fund.

26 **BEGINNING JANUARY 1, 2010, 75% OF THE SALES TAX IMPOSED UNDER**  
27 **SECTION 8 OF THIS ARTICLE ON SELLERS AT A RATE OF NOT MORE THAN 5%**

1 OF THEIR GROSS PROCEEDS AS DEFINED BY LAW, AND OTHER TAX REVENUES  
2 PROVIDED BY LAW, SHALL BE DEDICATED TO THIS FUND.

3         Payments from this fund shall be made in full on a scheduled  
4 basis, as provided by law. Beginning in the 1995-96 state fiscal  
5 year and each state fiscal year after 1995-96, the state shall  
6 guarantee that the total state and local per pupil revenue for  
7 school operating purposes for each local school district shall not  
8 be less than the 1994-95 total state and local per pupil revenue  
9 for school operating purposes for that local school district, as  
10 adjusted for consolidations, annexations, or other boundary  
11 changes. However, this guarantee does not apply in a year in which  
12 the local school district levies a millage rate for school district  
13 operating purposes less than it levied in 1994.

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.