



LEAGUE OF WOMEN VOTERS OF MICHIGAN

A nonpartisan political organization, dedicated to Making Democracy Work
through voter education, issue advocacy, and citizen participation

MAY 5, 2015 STATEWIDE BALLOT PROPOSAL 15-1

A proposal to amend the State Constitution to increase the sales/use tax from 6% to 7% to replace and supplement reduced revenue to the School Aid Fund and local units of government caused by the elimination of the sales/use tax on gasoline and diesel fuel for vehicles operating on public roads, and to give effect to laws that provide additional money for roads and other transportation purposes by increasing the gas tax and vehicle registration fees:

The proposed constitutional amendment would:

- Eliminate sales / use taxes on gasoline / diesel fuel for vehicles on public roads.
- Increase portion of use tax dedicated to School Aid Fund (SAF).
- Expand use of SAF to community colleges and career / technical education, and prohibit use for 4-year colleges / universities.
- Give effect to laws, including those that:
 - Increase sales / use tax to 7%, as authorized by constitutional amendment.
 - Increase gasoline / diesel fuel tax and adjust annually for inflation, increase vehicle registration fees, and dedicate revenue for roads and other transportation purposes.
 - Expand competitive bidding and warranties for road projects.
 - Increase earned income tax credit.

Should this proposal be adopted? YES NO

The major revenues would be:

- **Sales Tax Rate Increase:** The current rate of 6 percent, in place since 1994 (when it was increased from 4 percent) is embedded in the state Constitution. In May, voters will decide whether to ratify a constitutional amendment increasing the rate to 7 percent.
- **Removing Fuel from Sales Tax:** Currently, gasoline is subject to both the sales tax and a motor fuel excise tax. The tax package, pending voter approval, would convert all gas taxes into a separate wholesale tax, and thus involves the exclusion of motor fuel from the general sales tax base.
- **Increasing Motor Fuels Taxes:** In addition to removing fuel from the sales tax base (see above), the tax package would also scrap the existing 19 cent / gallon excise (15 cents for diesel) and replace it with a 14.9 percent wholesale tax.
- **Vehicle Registration Fees:** Michigan’s vehicle registration fees vary based on the manufacturer’s price of the vehicle, ranging from \$33 to 148. Currently, the registration fees “depreciate” by 10 percent per year for the first three years in a partial reflection of a vehicle’s declining value; the tax package under consideration would phase out that depreciation. Registration fees would also be increased on heavy trucks.

(Source: Tax Foundation, 1/16/2015)

The major expenditures would be:

- **Roads repair and maintenance:** 60% of new funds
- **School Aid Fund, Earned Income Tax Credit, Revenue Sharing, Public Transportation and other:** 40% of new funds

LWVMI
www.lwvmi.org

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For More Information go to:

-  www.vote411.org
- MI House Fiscal Agency – www.house.mi.gov/hfa
- MI Senate Fiscal Agency – www.senate.michigan.gov/sfa
- Citizens Research Council - <http://crecmich.org>