

Nonhomestead Property	None	0 mills	12 mills
Local School Operating	Statewide Average	None	12 mills
Homestead Property	Equals 34 mills	18 mills	12 mills
Nonhomestead Property			
Annual Cap on Property Value - Nine		Lesser of 5% or inflation	None
Local Enhancement Mills	None	Up to 3 mills for up to 3 years	Up to 3 in perpetuity



Proposal A

"Dedicated Revenue to Schools"?

WHY DID WE NEED PROPOSAL A?

- Reduction in State support made school districts too dependent upon property taxes



- Growing millage rate and per pupil spending disparity.

1973	K-12 Spending	Property Taxes	55%
		State Aid	40%
1993	K-12 Spending	Property Taxes	67%
		State Aid	28%

Local Example:

Berkley School District	44 mills = \$4,850/pupil
Birmingham School District	28 mills = \$9,700/pupil

- **State General Fund Commitment (Discretionary) to K-12 increased only slightly in decade prior to Proposal A**

<u>Year</u>	<u>% State General Fund to K-12</u>
1980	20%
1993	< 14%

Proposal A Designed to:

- **Reduce Dependency on Property Tax by Shifting to Broader State Taxes (sales etc)**
- **Reduce Per Pupil Spending Disparity**
- **Guarantee a stream of earmarked revenues to education so State Funding shifts do not happen again.**

In 1994, the taxpayers were given two options:

Vote "Yes" on Proposal A

Vote "No" on Proposal A

Revenue Source	1993 Law	"YES"	"NO"
Sales & Use Tax	4.0%	6.0%	4.0%
Income Tax	4.6%	4.4%	6.0%
Single Business Tax	2.35%	2.35%	2.75%
Cigarette Tax	25 cents/pack	75 cents/pack	40 cents/pack
Other Tobacco Products	None	16%	16%
Real Estate Transfer Tax	None	0.75%	1.00%
Personal Exemption	\$2,100	\$2,100	\$3,000
State Education Tax			
Homestead Property	None	6 mills	None
Nonhomestead Property	None	6 mills	12 mills
Local School Operating			
Homestead Property	Statewide Average	None	12 mills
Nonhomestead Property	Equals 34 mills	18 mills	12 mills
Annual Cap on Property Value - None		Lesser of 5% or inflation	None
Local Enhancement Mills None		Up to 3 mills for up to 3 years	Up to 3 mills permanent

"Dedicate revenue to schools"

A proposal to increase the state sales and use tax rates from 4% to 6%, limit annual increases in property tax assessments, exempt school operating millages from uniform taxation requirement and require 3/4 vote of Legislature to exceed statutorily established school operating millage rates. The proposed constitutional amendment would:

1. Limit annual assessment increase for each property parcel to 5% or inflation rate, whichever is less. When property is sold or transferred, adjust assessment to current value.
2. Increase the sales/use tax. Dedicate additional revenue to schools.
3. Exempt school operating millages from uniform taxation requirement.
4. Require 3/4 vote of Legislature to exceed school operating millage rates.
5. Activate laws raising additional school revenues through taxation including partial restoration of property tax.
6. Nullify alternative laws raising school revenues through taxation, including an increase income tax, personal exemption increase, and partial restoration of property taxes.

Should this proposal be adopted? Yes___ No___

PROPOSAL A – MICHIGAN Property and Sales Taxes -- Adopted March 15, 1994

FY 2010-2011 Enacted Gross Appropriations by Program Area



31% of the pie has been given to:

- School Breakfast & Lunch (State & Federal)
- MEAP Testing
- Early Childhood Funding
- Obligations: Durant, SBLF, Cashflow Borrowing
- Temp. Federal Grants (ARRA & Ed Jobs)
- ISD Operations

TO NAME JUST A FEW...

State Revenues and Projected Year End Balances 2012-2013 School Aid (in millions)

Projected Year-End Balance

Before Higher Ed: \$895.9

- Community Colleges: (\$195.9)
- Higher Education: (\$699.7)

Projected Year-End Balance After Higher Ed: \$0.3

State Revenues and Projected Year End Balances

Effect of Budget Proposal (per pupil)

Foundation cut per pupil \$300

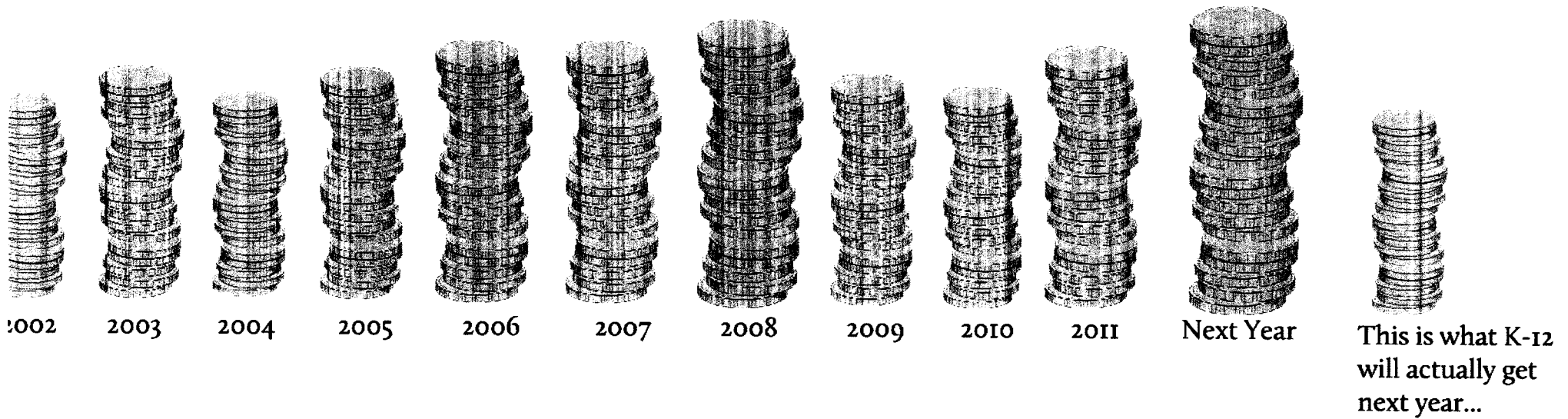
Lost Edu-Jobs Funding \$170

Retirement Rate Increase \$230

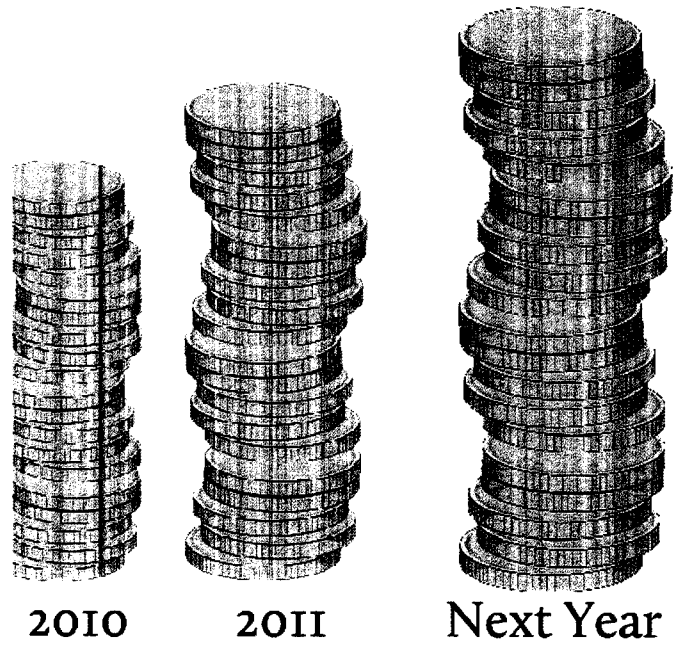
Total Per Pupil Shortfall \$700

SAF Revenue History

But...



But...



This is what K-12
will actually get
next year...



Because we will share
part of our funding with
colleges...

The Impact of the State Budget Shifts (and Shafts) on Your Cities

State Shared Revenue

- Constitutional**
 - % sales tax (per capita)
- Statutory**
 - **Cities and State reached agreement to eliminate certain local tax options.**
 - **Distributed via formula measuring local taxes, tax capacity, services, ie. needs based. State Act made it a fixed % of State Revenue.**
 - **Cities have enormous property tax base disparity (<\$2,000/capita to >\$350,000/capita) and require Statutory Revenue Sharing to level the playing field.**

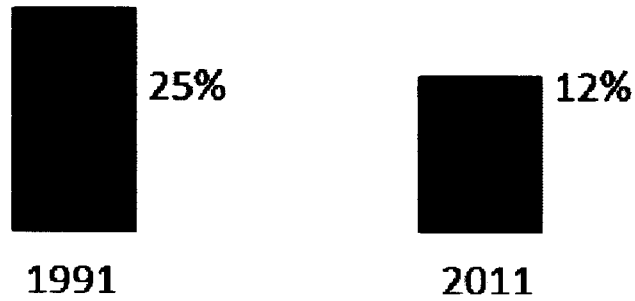
State of Michigan has not lived up to Statutory Revenue Sharing % since FY 1992

SHARED SACRIFICE ?
Executive Budget Recommendation Cuts as % of Previous Year Total Revenue
% Change From Previous Year

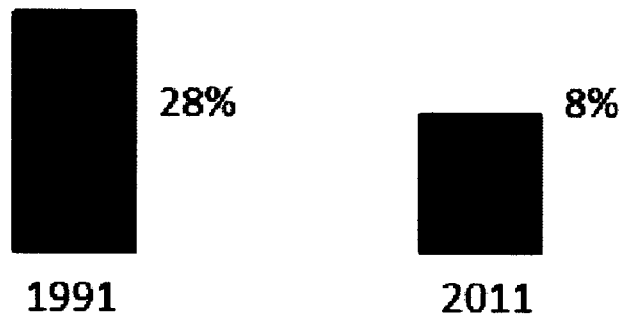
Budget/Department	FY 2011-12	FY 2012-13	Rank by% Revenue Lost
Cities	-33.3%	N/A	1
Department of Education	-10.3%	1.3%	2
School Aid	-7.3%	-0.2%	3
Agriculture & Rural Development	-6.5%	2.0%	4
Civil Rights	-5.3%	2.7%	5
Executive Office	-5.0%	0.0%	6
Higher Education	-3.6%	0.1%	7
State Police	-2.1%	1.9%	8
Legislature	-1.2%	0.0%	9
Community Health	-1.1%	3.2%	10
Human Services	-0.8%	0.6%	11
State	-0.8%	2.2%	12
Energy, Labor & Econ Growth	-0.4%	1.0%	13
Community Colleges	0.0%	0.0%	14
Judiciary	0.0%	0.6%	15
Corrections	0.2%	4.1%	16
Attorney General	1.3%	2.7%	17
Military & Veteran Affairs	1.6%	0.7%	18
Treasury	1.7%	1.5%	19
Natural Resources	2.1%	1.9%	20
Environmental Quality	2.6%	1.2%	21
Technology Mngmnt & Budget	3.9%	1.8%	22
Transportation	4.4%	0.7%	23

**Shift of City Revenues to Property Tax
20 Year Trend
Percent of General Fund from State Revenues**

City of Berkley



City of Huntington Woods



How to get involved:

Senator Vincent Gregory, 517-373-7888,
SenVGregory@senate.michigan.gov

Senator John Pappageorge, 517-373-2523,
senjpappageorge@senate.michigan.gov

Representative Ellen Cogen Lipton, 517-373-0478,
EllenLipton@house.mi.gov

Governor Rick Snyder, 517-335-7858,
rick.snyder@michigan.gov



Brian Dickerson: Rick Snyder knows what's good for you



BY BRIAN DICKERSON

DETROIT FREE PRESS COLUMNIST

1:03 AM, Mar. 24, 2011|

Not the least of Gov. Rick Snyder's accomplishments during his short tenure has been to expose the phoniness of our long-running argument over the proper size of government.

Snyder won election in large part by promising to cut spending and deliver government services more efficiently. He eschewed tea party rhetoric about starving government until it could be drowned in the bathtub, but many small-government conservatives clearly presumed a state bureaucracy overseen by Snyder and his Republican allies in the Legislature would be smaller, humbler and less intrusive than it had been under some liberal governors they could mention.

Well, they were right about state government getting smaller. And Snyder does seem determined to reduce the role state government plays in taxing, regulating, incentivizing or otherwise regimenting the affairs of corporations and

small businesses.

But it's beginning to dawn on people all across the political spectrum that the smaller state government Snyder envisions intends to be much more aggressive about enforcing its will -- and limiting the choices of local communities -- than any of its larger, more generously funded predecessors.

Snyder has chastised his predecessors in both parties for using tax credits to pick winners and losers in the private sector. But the new revenue-sharing scheme he proposed this week would use tax revenues to reward municipalities and school districts who adopt "best practices" favored by Lansing and withhold state funding from those whose elected leaders fail to impose compensation formulas prescribed by Lansing.

The governor also proposes to penalize municipalities that don't explore ways to consolidate or share services, and reward those who merge by allowing merger

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partners to renegotiate labor agreements that bound them as independent entities.

Now you could argue (as I and my colleagues on the Free Press Editorial Board already have) that most of these initiatives make a lot of sense. But they have nothing to do with making state government humbler, less intrusive or smaller, at least when it comes to imposing Lansing's will on its citizens. To the contrary; Snyder's initiatives are all about making unprecedented use of relatively recent changes that have diminished the authority of local governments and school boards and concentrated it in Lansing.

Many of these changes, including one that shifted primary responsibility for educating K-12 students to the state, were adopted during former Gov. John Engler's three terms. Snyder is expected to take further advantage of the state's enhanced authority in that sphere next month, when he unveils a detailed agenda for education reform.

A lot of Republicans ordinarily wary of any mandate from Lansing seem quite comfortable with Snyder's muscular assertion of government authority, probably because he seems more interested in bringing unionized public employees to heel. Things may get more interesting if the Snyder administration starts using the same tools to punish suburbs that fail to share libraries or insist on staffing their police departments at what Lansing considers unnecessary levels.

And I wonder how some of those same small-government Republicans would react

if a governor with different priorities used the same tools to reward local governments who provide subsidized day care or penalize those who failed to subsidize public transportation. I hear there are federal lawmakers as confident about what makes sense in the realm of health care as Snyder is about what makes sense in the realm of employee compensation.

It's not the size of the government that matters so much as who is pulling the levers and to what end. And if politics teaches us anything, it's that one man's best practice is another man's socialism.

Contact Brian Dickerson: 313-222-6584
or bdickerson@freepress.com

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