

# Ax MI Tax Talking Points

## Framing Comment

An effort known as Ax MI Tax aims to eliminate all real and personal property taxes in Michigan. This proposal will cut over \$17 billion in funding for schools, roads, recreation, and public safety. At the same time, it provides fractional and restricted replacement funding to cities, villages, townships, and counties with no replacement revenue to schools or other authorities.

This proposal is not tax reform. It is an attack on our communities, and on schools, parks, libraries, community colleges, elections, trash collection, and public safety, which provide benefits to every resident of Michigan. The human impact will be profound, and the elimination of these services will ultimately devalue the property of every homeowner and business because Michigan will be a much less desirable place to live.

In a state that already has two constitutional property tax limitations, this proposal will cut over \$17 billion in funding for critical services. It will immediately eliminate tens of thousands of jobs from our local economy and increase unemployment. It only provides fractional and restricted replacement funding to cities, villages, townships, and counties. There is NO replacement revenue for any other millage, including local school millages, state education tax, libraries, parks authorities, community colleges, garbage pick-up, roads, public safety authorities, transit, etc. Additionally, it seeks to establish minority rule by requiring super majorities for any revenue proposals going forward.

In short, this is bad public policy. Taxpayer-provided resources are needed to fund services we recognize are for the greater good. They provide real human and economic benefit to us all and are necessary for us to function as a society. In their absence, we lose more than just services: we lose the very community we know and love.

## General Talking Points:

### The Ax MI Tax ballot proposal:

- Cuts over \$17 billion in funding for critical services and only provides fractional and restricted replacement funding to cities, villages, townships, and counties. Eliminates all other millages, including local school millages, state education tax, libraries, parks authorities, community colleges, garbage pick-up, roads millages, public safety authorities, debt, transit, zoo, art institute, etc.
- Eliminates thousands of skilled jobs from the Michigan economy.
- Encourages Michigan-based businesses to leave due to their inability to attract and retain workers in a state that will effectively have no public services or educational opportunities.
- Puts in place minority rule by requiring a 2/3 majority of the legislature for any increase in revenue that exceeds .01% over five years and similarly puts in place a 60% super majority requirement for local tax questions.

### Schools

- Devastates classroom funding by cutting nearly \$10 billion with zero replacement revenue.
- Creates massive cuts to school support services, such as counselors, librarians, and educational aides, further impacting student well-being and academic success.
- Eliminates roughly 45% of ISD funding, which supports special education services.
- Will likely force schools to cut essential programs, such as:
  - Arts and music programs
  - Advanced Placement (AP) and International Baccalaureate (IB) classes
  - Vocational and technical education programs
  - Athletics and extracurricular activities
- Removes the ability for school districts to levy millages to repair, update, and build new school buildings. Bonds and sinking funds will not be able to cover the costs to keep existing buildings from crumbling or build new ones when they do.
- Has a significant and disproportionate impact on students from low-income families and communities that already face educational challenges.
- Guts school budgets, leading to teacher layoffs, significantly larger class sizes, program cuts, and even school closures.

### Local Government

- Provides only fractional and restricted revenue replacement, ensuring a reduction in essential services, including police, fire, and EMS.
- Prohibits spending on any parks and recreation programs.
- Prohibits spending on any senior programs.
- Does not provide funding for county jails.
- Does not provide for the maintenance of any public grounds, i.e., the grass can't be cut or the snow shoveled around facilities.
- Provides no funding for trash collection or recycling services.
- Provides no funding for elections.
- Does not protect statutory revenue sharing, putting over \$500 million at risk.
- Effectively eliminates economic development tools like downtown development authorities (DDAs) and tax increment financing (TIF).
- Communities utilizing Authorities for public safety or other services with tax capacity as a funding source receive no replacement revenue.
- Puts public pensions at risk due to both the stark revenue elimination and limited use provisions of the proposal.
- Requires a 60% super majority to approve any new tax proposal.

### Other Tax Entities

- Eliminates over \$4 billion (nearly 30%) from the state general fund budget, which could impact important services like the state police, corrections, economic development, veterans' affairs, etc.
- Drastically impacts community colleges, eliminating approximately 35% of their funding and potentially impacting another 24% due to the reduction in state general fund revenues.
- Eliminates most funding for public libraries, which will lead to the closure of important community anchors where residents utilize their services for both education and work. These closures will lead to layoffs and thousands of newly unemployed Michigan residents.
- Damages public transportation systems, which are vital for many residents to get to school, their place of employment, or the doctor's office. Funding cuts will lead to reduced service, fare hikes, and even complete shutdowns.
- Parks authorities like Huron Clinton Metro Parks will receive no replacement funding.
- Removes \$450 million for libraries, with no replacement considerations.
- Requires a 2/3 majority for any revenue increase over five years of more than .01%, not even matching inflation rates.

### What you can and cannot do as a local elected official

With regard to ballot question committees, Michigan law significantly limits the types of activity that a Public Body can undertake. A governmental entity is essentially limited to:

- Taking a position on a ballot question; and
- Doing analysis on the impact of a ballot question.

Individual officers of a Public Body may also communicate a position on a ballot question. Apart from these narrow exceptions, section 57 of the Michigan Campaign Finance Act (MCFA), 1976 PA 388, as amended, MCL 169.257, strictly prohibits activities related to the support or opposition of a ballot question committee.

The MCFA broadly defines a Public Body to include:

- a. A state agency, department, division, bureau, board, commission, council, authority, or other body in the executive branch of state government.
- b. The legislature or an agency, board, commission, or council in the legislative branch of state government.
- c. A county, city, township, village, intercounty, intercity, or regional governing body; a council, school district, special district, or municipal corporation; or a board, department, commission, or council or an agency of a board, department, commission, or council.
- d. Any other body that is created by state or local authority or is primarily funded by or through state or local authority, if the body exercises governmental or proprietary authority or performs a governmental or proprietary function. [MCL 169.211]

The MCFA significantly limits the actions that a Public Body can undertake relative to a ballot question. Generally, the MCFA provides the following:

- **Use of Public Resources Prohibited.** Michigan’s Campaign Finance Act prohibits a Public Body or an individual acting on behalf of the Public Body from using or authorizing the use of public resources to make a contribution or expenditure to influence or assist the qualification, passage, or defeat of a ballot question. [MCL 169.257(1)]
- **Exceptions for Views of Officials and Factual Information.** This general prohibition does not apply to “the expression of views by an elected or appointed public official who has policy making responsibilities” or to the production or dissemination of factual information concerning issues relevant to the function of a Public Body. A Public Body may undertake an analysis of the potential impacts of a ballot question. [MCL 169.257(1) (a) to (b)]
- **Adoption of Resolution.** A Public Body may adopt a resolution supporting or opposing a ballot question.
- **Publicizing Resolution.** A resolution supporting or opposing a ballot question may only be publicized in the same manner as other resolutions adopted by a Public Body and the use of public resources to distribute or publicize the resolution beyond ordinary means is a violation of the MCFA.
- **Occasional, Incidental Use of Public Resources by Official.** The occasional, incidental use of public resources to communicate with a constituent or the media regarding a ballot question falls within the statutory exception because public officials have an obligation to take positions on controversial political questions so that constituents are fully informed and better able to assess their qualifications for office.
- **Mass Communication Prohibited.** Mass distribution of e-mail messages, mailing of brochures, postcards, or flyers that in express terms advocates the passage or defeat of a ballot question is prohibited.