

MAY 5, 2015 :: MICHIGAN STATEWIDE BALLOT PROPOSAL

Dear Friends,

On May 5, 2015, you will have a chance to play a significant role in Michigan's future. Citizens will have the opportunity to vote on Proposal 2015-1, a statewide ballot proposal aimed at road construction and maintenance.

The content of this mailer is designed to familiarize you with some of the arguments for and against the ballot proposal, and should not be interpreted as my endorsing or rejecting the proposal. The mailer also includes information on how current state law will be affected if the ballot proposal is approved.

I encourage you to review this publication and pursue further information on the proposal.

Sincerely,



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PROPOSAL 2015-1

On May 5, 2015, citizens will have the opportunity to vote on Proposal 2015-1, a statewide ballot proposal aimed at road construction and maintenance. Currently, under Michigan's Constitution, sales taxes paid at the pump on gasoline and diesel go primarily to schools and local governments, not roads. Passage of Proposal 2015-1 would change this dynamic by (a) removing three taxes on fuel—the current 6% sales tax on gasoline and diesel, the additional 19-cent/gallon tax on gasoline, and the additional 15-cent/gallon tax on diesel, (b) replacing all of those taxes with a flat 14.9% wholesale tax paid directly by gas and diesel stations, (c) increasing certain vehicle registration fees, and (d) dedicating all the revenues from the wholesale tax on fuel and registration fees to transportation. If passed, Proposal 2015-1 is expected to generate \$1.2 billion annually for road construction and maintenance and \$116 million annually for public transportation.

To replace the revenues to schools and local governments lost by dedicating taxes paid at the fuel pump to transportation, Proposal 2015-1 would increase the sales and use tax on non-fuel taxable items from 6% to 7%. If passed, this is expected to replace the lost revenues, as well as generate annually an additional \$200 million for schools, \$111 million for local governments, and \$173 million of general fund revenues. Legislation tied to the proposal would provide tax relief to certain low- and middle-income taxpayers through the Earned Income Tax Credit.

Passage of Proposal 2015-1 would also require warranty protections, competitive bidding, and performance-based systems for road construction and maintenance projects.

Those supporting passage say:

- The proposal raises, on a phased-in basis, \$1.2 billion of new revenues for roads and therefore provides a long-term solution to the state's road construction and maintenance problem.
- Tax revenues generated at the fuel pump should be used for transportation needs, not schools and local governments.
- The proposal provides over \$300 million of new revenues for schools and local governments.
- Low- and middle-income taxpayers will get tax relief.

Those opposing passage say:

- The proposal is a net tax increase of \$1.8 billion.
- The revenues for road construction and maintenance are not sufficient to make up for the state's past failures on road construction and maintenance.
- Tax revenues generated at the pump should remain dedicated to schools and local governments.
- All, not just some, taxpayers should get tax relief.