

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.

People voting **YES** say:

- Currently, sales tax on fuel purchases goes primarily to schools and local services. Proposal 1 simplifies the tax structure: taxes paid at the pump go to roads and bridges; the sales tax goes to schools and locals.
- Michigan spends less per person on roads than any other state, leaving too many roads in dangerous condition. Passing Proposal 1 provides \$1.2 billion in new funds each year to fix the roads and expand competitive bidding and warranties for road projects.
- Dangerous roads threaten the safety of drivers and passengers, and they're costly, too. Michigan motorists pay billions of dollars in costs associated with crashes and more on car repairs than neighboring states with better roads.
- Fixing our roads and bridges is critical to the growth of the Michigan economy. We need to provide safe and reliable roads to retain and attract good jobs.
- A 7 percent sales tax rate would be the same as Indiana and several other states, and in the middle of the pack nationwide.

People voting **NO** say:

- Proposal 1 would raise the sales tax to 7 percent, tied for second in the country after California, though some states allow local governments to levy their own sales taxes.
- The proposal reaches beyond road funding by promising extra money for schools, mass transit and local governments, and increasing a tax credit program for low-income residents.
- Along with a sales tax increase, related legislation imposes new taxes and fees, including a wholesale tax on fuel and changes to annual vehicle registration fees.
- Since 2011, the state has invested more than \$870 million in existing resources to improve and maintain roads. Officials should find more money in the state budget.
- Increasing the sales tax will have a greater impact on the poor, as they pay a higher proportion of their income in sales taxes.

SHOULD THIS PROPOSAL BE ADOPTED? **YES** **NO**

MAY 5, 2015 MICHIGAN STATEWIDE
BALLOT PROPOSAL

DEAR VOTER:

A special election on Tuesday, May 5, 2015 will provide you with an opportunity to vote on a statewide ballot proposal and play an important role in helping direct Michigan policy.

This mailer contains the actual language that will appear on the ballot as approved by the State Board of Canvassers, although it may not be presented in the same format. It also includes arguments for and against the proposal. The arguments do not necessarily reflect my views, rather the intent is to bring you information to help you make an informed decision.

As always, please don't hesitate to contact me if I can be of further service to you.

Sincerely,

Dave Hildenbrand



STATE SENATOR

DAVE HILDENBRAND

P.O. Box 30036 | Lansing, MI 48909-7536

TOLL FREE 866.305.2129

VISIT www.SenatorDaveHildenbrand.com

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