

E

PROPOSAL FOR TAX LIMITATION.

- The proposed amendment would:
1. Limit all state taxes and revenues, excepting federal aid, to its current proportion of total state personal income and to provide for exception for a declared emergency.
 2. Prohibit local government from adding new or increasing existing taxes without voter approval.
 3. Prohibit the state from adopting new or expanding present local programs without full state funding.
 4. Prohibit the state from reducing existing level of aid to local governments, taken as a group.
 5. Require voter approval of certain bonded indebtedness.

Should this amendment be adopted?

CURRENT LAW: The state constitution requires that spending on state services be limited to the amount of revenue raised (a balanced budget). In good economic times, surplus revenue is put in a budget stabilization fund so that it may be used in times of recession.

The constitution allows, and the law requires, property tax assessments to be based on 50 percent of true cash value. There is no limitation on the amount of yearly increases in property valuation for assessment purposes. The constitution does not limit the rate of the state income tax. The rate is set by the legislature and is currently at 4.6 percent. First class school districts (Detroit) may levy an income tax without voter approval in certain circumstances.

The constitution sets the limit on the property tax rate that may be levied by local units of government without a vote of the people. The constitution also sets a limit on the rate that can be levied with a vote of the people.

Taxes may be levied to repay many kinds of general obligation and most revenue bonds without a vote of the people.

Property taxes are limited to a percentage of household income through the circuit-breaker tax credit on state income tax.

EXPLANATION OF PROPOSAL E: State spending for services would be limited to a percentage of state personal income as defined by the U.S. Department of Commerce. Local spending increases for services would be limited to increases in the consumer price index (CPI). Expansion of existing services or creation of new services could only be done within these limits, or cuts would have to be made in other programs.

I. Limits on State Spending and Taxes:

The proposal would limit state taxes and spending to a percentage of the state's personal income, determined by the state revenues for fiscal year 1979. This percentage is expected to be between 9.15 percent and 9.48 percent. Federal aid is excluded in calculating the revenue.

The limit could not be changed permanently without a vote of the people. In the event of a state emergency, the spending and tax limits could be changed for one year only by joint action of the governor and legislature (2/3 vote of both houses).

If total state revenues exceed the limit by 1 percent or more in any year, they are to be refunded pro rata to those citizens who paid state income tax or single business tax for that year. If revenues exceed the limit by less than 1 percent, the excess may be placed in a budget stabilization fund.

II. Limits on Local Taxes:

The proposal would prohibit local units of government from levying any local taxes not already in force without a vote of the people.

If the base of an existing local tax is broadened, the rate must be reduced so that the yield of dollars is the same as under the previous base.

If the State Equalized Valuation (SEV) of a community (excluding new construction and improvements) increases more than the Consumer Price Index, the millage rate must be reduced to limit the tax increase to the increase in the CPI. Taxes authorized for repayment of principal and interest of existing bonded indebtedness are excluded from the limitation. New general obligation bonding would require voter approval.

III. State-Local Cost Sharing for Services:

The state would be prohibited from reducing the state financed portion of the "necessary costs" of any existing activity or service required of local units of government by state law.

Total state spending for local units as a group could not be reduced below the proportion spent in the fiscal year 1979-80.

Any new activity or service, or increase in those now required of local units of government by state law, must be accompanied by state funding to pay for the costs of the services or increases. Funding for a service could be shifted from one level of government to another by allowing an increase in the limitation up to the amount of dollars shifted as long as the total amount raised and spent for the program remains the same.

Implementation of the proposal would be the responsibility of the Legislature. **PRO:** Proponents say that state spending as a percentage of personal income has increased from 5 percent to 9 percent in the last ten years. Government at all levels is growing too rapidly, resulting in an expanding bureaucracy and burdensome taxes.

This proposal would place a limit on all forms of state taxes. Tax limits would not detract from the legislature's or local governing board's role, since each would still have to make choices about services within the limits. Government spending would grow only if personal income grows.

CON: Opponents say that limiting total state and local spending does not address the need for reform of the burdensome property tax, and will hinder development of a more equitable method of school financing. Michigan has met public demand for increased government services by spending less than the national average, while providing better than average services.

When federally mandated programs and court orders require increased expenditures in one area, other essential services could be subject to arbitrary cuts. The Legislature's task will be very difficult in times of recession when revenues are low and service needs are high. Requiring voter approval of all general obligation bonding for indebtedness will make it difficult for local units to institute capital improvement and redevelopment projects.

G

PROPOSAL TO ALLOW COLLECTIVE BARGAINING WITH BINDING ARBITRATION FOR MICHIGAN STATE POLICE TROOPERS.

- The proposed amendment would:
1. Permit state troopers and sergeants to bargain collectively with their employers concerning conditions of employment.
 2. Permit state troopers and sergeants to submit unresolved disputes to binding arbitration.
 3. Provide that all promotions be determined by competitive examination and performance on the basis of merit, efficiency and fitness.

Should this amendment be adopted?

CURRENT LAW: The salaries of State Police Troopers, like those of all State Civil Service employees, are set by the Michigan Civil Service Commission, a four-member body appointed by the Governor. Each year, the Commission receives recommendations from the Michigan State Police Troopers Association for adjustments in troopers' salaries, fringe and retirement benefits, and considers these recommendations in light of anticipated revenue estimates provided by the Office of Management and Budget. The Commission then decides the level of salary increase for all state employees, including State Police Troopers, for the fiscal year.

EXPLANATION OF PROPOSAL G: State Police Troopers would be allowed to bargain collectively on salaries and benefits (but not promotions or performance). Compulsory arbitration would be required for disputes not resolved within 30 days after collective bargaining begins. Troopers would still be prohibited from striking.

PRO: Proponents note that State Police Troopers' salaries are lower than the salaries paid to law enforcement officials in many cities and counties throughout the state. They believe that, with the right of collective bargaining, troopers will be in a better position to bargain for more adequate compensation and will have a greater voice in determining working conditions and pensions.

CON: Opponents say that the language of the amendment is ambiguous. It is in conflict with other existing provisions in the Constitution. It is poor public policy to give collective bargaining rights to just one group of state employees.

H

PROPOSAL TO PROHIBIT THE USE OF PROPERTY TAXES FOR SCHOOL OPERATING EXPENSES AND TO ESTABLISH A VOUCHER SYSTEM FOR FINANCING EDUCATION OF STUDENTS AT PUBLIC AND NONPUBLIC SCHOOLS.

- The proposed amendment would:
1. Prohibit the use of property taxes for school operating expenses.
 2. Require the legislature to establish a program of general state taxation for support of schools.
 3. Require the legislature to provide for the issuance of an educational voucher to be applied toward financing a student's education at a public or nonpublic school of the student's parent's or guardian's choice.

Should this amendment be adopted?

CURRENT LAW: The local property tax currently provides a major source of revenue to operate public elementary and secondary schools. It is collected by local units of government and is supplemented by state school aid according to law. The state constitution prohibits the allocation of state funds to nonpublic pre-elementary, elementary and secondary schools. It allows the legislature to provide for transportation of students to and from any school. In addition, the courts have allowed state monies to be used for auxiliary services and shared time.

EXPLANATION OF PROPOSAL H: The proposed amendment would make three major changes in financing public and nonpublic elementary and secondary education in Michigan (see ballot wording above).

The prohibition affects only property taxes for school operating costs. However, property taxes which have already been voted for the payment of principal and interest on bonded indebtedness will remain in effect.

Voters could approve additional property taxes for school construction. Property taxes could still be levied for support of community colleges and public libraries which are not a part of a local school district.

The proportion of the property tax, within the 15 mill constitutional limitation which formerly went to schools, would be available to counties and townships (unless they had voted a fixed allocation to various units).

The value of each voucher has not been determined. The vouchers would not necessarily meet the complete cost of each child's education.

PRO: Proponents say that use of property taxes for operating schools is inequitable to taxpayer and child and may well prove to be unconstitutional. Vouchers will provide a more equitable distribution of educational tax dollars to all children according to their grade level and educational needs, with parents having the freedom to place their child's voucher in the state-approved school of their choice.

The proposal will remove a state-wide average of 65 percent of property tax bills; will provide for greater alternatives, competition, self-determination and accountability in education; and will guarantee local control to the family and community.

CON: Opponents say that public funds should not be used to support any private-parochial schools. Total state funding means total state control. Less affluent areas would be further handicapped in providing quality educational services. Local property taxes would drop, but state taxes (income, business, etc.) would have to rise sharply to make up the loss. This tax shift (and probably an increase) means total amount of taxes paid by average Michigan family would likely rise, because the state would be funding the education of approximately 210,000 students not now attending public schools.

Nonpublic schools could still charge tuition over and above the as yet unknown voucher value. Nonpublic schools could still limit student population, so some parents may be turned down by the school of their choice.

J

PROPOSAL TO REDUCE PROPERTY TAX ASSESSMENTS; TO ESTABLISH A MAXIMUM OF 5.6 PERCENT ON THE RATE OF THE STATE INCOME TAX; TO PROHIBIT LEGISLATURE FROM REQUIRING NEW OR EXPANDED LOCAL PROGRAMS WITHOUT STATE FUNDING; AND TO ALLOW SCHOOL INCOME TAX WITH VOTER APPROVAL.

- The proposed amendment would:
1. Reduce real and personal property tax assessments to 25 percent of true cash value of property.
 2. Limit state equalization increase to 2.5 percent for any year.
 3. Establish a maximum of 5.6 percent on the rate of the state income tax.
 4. Allow legislature to authorize school districts to levy up to 1 percent income tax with local school district voter approval.
 5. Prohibit legislature from requiring new or expanded local programs unless fully funded by state.

Should this amendment be adopted?

CURRENT LAW: The constitution now allows, and the law requires, property tax assessments to be based on 50 percent of true cash value. There is no limitation on the amount of yearly increases in property valuation for assessment purposes. The constitution does not limit the rate of the state income tax. The rate is set by the legislature and is currently at 4.6 percent. First class school districts (Detroit) may levy an income tax without voter approval in certain circumstances.

EXPLANATION OF PROPOSAL J:

After December 30, 1978, property would be assessed at 25 percent of true cash value (1978 values).

Assessed property valuation increases would not exceed 2.5 percent a year.

A limit of 5.6 percent would be placed on the state personal income tax rate.

The Legislature could permit local K-12 school districts to levy up to a 1 percent school district income tax for up to 10 years with voter approval.

The state would be required to pay local government for new or expanded mandated program costs.

The reduction in property tax assessments would result in about \$1.75 billion less revenue to local school districts and local government. The present school aid bill would require the state to make up about \$1 billion of that loss to school districts. In order to raise those funds, the state could raise the rates on the state income tax, the single business tax, and possibly on cigarette and liquor taxes. The state has no current surplus to assist local government and school districts to regain the lost revenue.

Cities, counties, villages and townships could raise their millage rates if they are not already at their charter, statutory or constitutional limits.

PRO: Proponents say that rolling back the assessed property valuation and limiting the state income tax rate will eliminate waste in government without reducing services. If the estimated 25-30 percent waste in government is eliminated, the state income tax would probably not be needed. If the people want more money spent on services, only the people could vote for more millage, not the legislature.

Local property taxes would be reduced by 50 percent, but total local government revenue would not be reduced by that much. Local governments would have a year to adjust, and could request additional millage from the voters, if needed. Senior citizens and farmers will benefit by paying less property tax to begin with, and will not have to wait for bureaucrats to send a rebate. Government will be forced to become more efficient, and local government will be strengthened.

CON: Opponents say that it is questionable whether there would be an overall tax savings to an individual, assuming an increase in the state income tax rate, plus a 1 percent local school income tax. In addition, there probably would be an increase in user fees and service charges, placing more tax burden on the wage earner.

Money available for educating each child would depend on local voters' willingness to approve millage requests and/or to approve a school district income tax. At present rate of inflation, local governments will be hard-pressed to meet their costs with only a 2.5 percent increase in valuation allowed yearly, thus greater reliance would be placed on the state to replace services, resulting in further loss of local control.

If the state has to completely fund all new mandated services, then less money will be available for unrestricted revenue sharing projects. Conversely, drastic cuts in local revenue will reduce amounts that local government has for matching funds for state and federal projects. Local government will immediately have to double the millage rate on bonded indebtedness to raise money to pay off bonds.

K

PROPOSAL TO GRANT AUTHORITY TO COURTS TO DENY BAIL UNDER CERTAIN CIRCUMSTANCES INVOLVING VIOLENT CRIMES.

- The proposed amendment would:
1. Permit denial of bail to a person accused of:
 - a. Murder, treason, armed robbery, criminal sexual assault 1st degree, or kidnapping for extortion;
 - b. A felony involving an act or threat of violence if the person has been convicted of two crimes involving violence within the previous 15 years or is on bail, parole or probation for such a crime.
 2. Provide that trial must be commenced within 90 days after denial of bail or bail shall be set.

Should this amendment be adopted?

CURRENT LAW: The State Constitution provides that all persons, except those accused of murder or treason, are entitled to bail. Bail is required to assure that the defendant will not leave the state before coming to trial. Thus, anyone charged with a crime (other than murder or treason) has a constitutional right to be released from jail (as long as bail has been posted) while the case is pending and waiting to be heard in court.

EXPLANATION OF PROPOSAL K: If the proposal is approved, bail may be denied to those who:

1. have been convicted of two or more violent felonies in the past fifteen years;
2. are arrested for a violent felony while released on bail for another offense;
3. are arrested for a violent felony while on probation or parole for a previous conviction;
4. are arrested for 1st degree criminal sexual conduct, armed robbery, or kidnapping for extortion.

Bail could not be denied if a trial has not started within 90 days of bail denial. **PRO:** Proponents believe that those who are charged with committing a violent crime, or who have demonstrated a history of violent criminal activity, should not be released from jail on bail while their case is pending. They believe that such criminals may pose a potential danger to the community by committing another crime while free on bail.

CON: Opponents believe that to deny bail is to presume that the defendant is guilty, thus contradicting one of the fundamentals of our system of justice that a person is innocent until proven guilty. They also believe that there is ample discretion available to Michigan judges to make bail decisions applicable to a person's individual circumstances.

M

PROPOSAL TO ALLOCATE AT LEAST 90 PERCENT OF GAS TAX REVENUES FOR GENERAL ROAD PURPOSES AND THE REMAINDER FOR OTHER TRANSPORTATION PURPOSES AND TO REPLACE STATE HIGHWAY COMMISSION WITH A TRANSPORTATION COMMISSION.

- The proposed amendment would:
1. Provide that at least 90 percent of gas and license tax revenue be used exclusively for general road purposes.
 2. Provide that remainder of gas and license tax revenue and not to exceed 25 percent of sales tax on cars and parts be used exclusively for other transportation purposes.
 3. Limit bonding for roads, streets, bridges and other transportation purposes to amounts to be derived from specific motor vehicle tax and sales tax revenues.
 4. Replace State Highway Commission with a nonpartisan State Transportation Commission which shall establish a state transportation policy.

Should this amendment be adopted?

CURRENT LAW: The Michigan Constitution states that all specific taxes imposed on fuels sold for propelling motor vehicles on highways and imposed on registered motor vehicles shall be used exclusively for highway purposes. The Constitution also provides for a State Highway Commission of four members (no more than two from one party) appointed by the governor for four-year terms, and a State Highway Department with a director, who must be a competent highway engineer, appointed by the Commission.

EXPLANATION OF PROPOSAL M: The provisions of this proposal would require that at least 90 percent of highway user taxes (motor fuel and vehicle registration taxes) be used for highways, roads, streets, and bridges.

The remaining 10 percent could be spent on all other forms of transportation, such as local bus systems, waterway, passenger and freight rail programs, intercity buses, port and airport improvement programs.

Another provision: 100 percent of taxes on aviation registration and aviation fuel, and up to 25 percent of the sales tax on motor fuels, motor vehicles, parts and accessories would also be used for comprehensive transportation purposes.

The names, "State Highway Commission" and "State Highway Department" would be changed to "Transportation Commission" and "Transportation Department". The Commission would be enlarged to 6 members appointed by the governor (no more than 3 from one party) for 3 year terms. The director of the Transportation Department could be appointed by the governor.

The amendment does not include an increase in gasoline taxes or in automobile registration fees. Both could be enacted by the legislature.

PRO: Proponents state that comprehensive planning and funding are essential to meet diverse transportation needs such as: transportation service for those who cannot drive or cannot afford a car, conservation of energy, improvement of present services.

CON: Opponents say that automobile and gasoline taxes should be used for roads, not other forms of transportation.

R

PROPOSAL TO AUTHORIZE CREATION OF A RAILROAD REDEVELOPMENT AUTHORITY TO MAKE LOANS TO RAILROADS WITH TRACKAGE IN MICHIGAN AND TO AUTHORIZE AUTHORITY TO ISSUE GENERAL OBLIGATION BONDS IN AMOUNT NOT TO EXCEED 175 MILLION DOLLARS.

- The proposed amendment would:
1. Require legislature to create a Railroad Redevelopment Authority.
 2. Authorize Authority to issue general obligation bonds in an amount not to exceed 175 million dollars at any period in time and pledge full faith and credit of state for repayment thereof.
 3. Authorize Authority to make loans to railroads for redevelopment projects in interest of national defense or state industries.

Should this amendment be adopted?

CURRENT LAW: Railroads are allowed to claim a credit against their property taxes for 25 percent of the amount that they spend yearly to maintain and improve rights of way.

Revenue bonds, which can be used for maintenance and redevelopment purposes, do not have tax-exempt status due to recent federal regulations.

General obligation bonds do have tax-exempt status. The state constitution must be amended in order for those to be issued to benefit railroads.

EXPLANATION OF PROPOSAL R: If this proposal is approved, the legislature will be required to create a railroad redevelopment authority with certain powers and duties.

The authority would be able to issue general obligation bonds, with no more than \$175 million outstanding at any one time.

The authority could then make loans to railroads with tracks in Michigan. These loans would be used for redevelopment projects which would be in the interest of national defense, or to meet the rail transportation needs of industries located in Michigan.

The state would pledge its faith and credit for the bonds and notes. There would be no financial obligation for the state unless a railroad defaulted on a loan made by the authority.

PRO: Proponents feel that Michigan's industrial and economic development will decline if rail lines do not operate at capacity. In order to upgrade roadbeds and equipment, and maintain rail lines which are threatened with extinction, state aid is necessary.

CON: Opponents feel that a provision for an authority to make loans to railroads is showing undue favoritism to one industry. Railroads already have special tax considerations not given to similar industries.