



MEMORANDUM

To: Members of the House Committee on Tax Policy



From: Michigan Association of School Boards
Michigan Education Association
Michigan Association of Superintendents & Administrators
Michigan Association of Intermediate School Administrators
AFT Michigan
Michigan Association of Secondary School Principals
Middle Cities Education Association
Michigan Elementary and Middle School Principals Association



RE: Opposition to Senate Bills 43-44

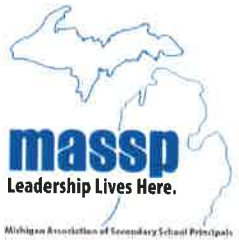


Date: Feb. 20, 2019



We write today in opposition to Senate Bills 43 and 44 which would exempt contact lenses from sales and use taxes, thereby reducing revenues to the School Aid Fund.

Attached to this memo is a list of the Public Acts that were signed into law last session that affect revenue streams to the School Aid Fund and local communities and schools. You'll see that eight of those bills total a cut of at least \$195 million and thirteen other bills have an indeterminate negative cost. This equates to more than \$130 per-pupil.



We urge you to look very closely at these bills and the cumulative damage constant changes to tax policies have over time. While each bill on its own may not seem like a large decrease to the School Aid Fund, when combined with other bills passed in recent years, the revenue streams to our local schools and the School Aid Fund continue to be eroded.



Our schools will continue to see cuts if the School Aid Fund does not receive the revenue necessary to support our students and communities. A more comprehensive conversation about how and what we tax needs to be had rather than a continued piecemeal approach to Michigan's tax system.



If you have any questions, please feel free to contact any of us in the education community listed above.

Tax Policy Changes and Costs to Local Revenue and School Aid Fund in 2017-18 Session

*Twenty-one Public Acts signed last session include a minimum loss of revenue for School Aid Fund and local districts of **\$194.65 million**, with indeterminate costs for 13 other bills.*

Two Public Acts signed last session include an increase, but the amount is indeterminate and likely small.

SB 359 (PA 42'2017) – allow PPT exemption retroactively
Amount of loss unknown

SB 113-114 (PA 48-49'17) - exempt eligible brownfield redevelopment activities from sales and use tax
Amount of loss unknown

HB 4335-4336 (PA 121-122'17) – prohibit primary residence exemption in Michigan if have a similar exemption in another state
Amount of increase unknown

HB 4396 (PA 149'17) – modifies the pension tax for certain individuals
Approximately \$550,000 minimum loss to SAF

SB 94-95 (PA 1-2'18) – accelerate the elimination of the sales and use taxes on the difference between the value of a trade-in and a new vehicle.
\$6.3 Million loss to SAF in first year, then increasing

SB 748 (PA 38'18) – amend the income tax policy dealing with the number or personal and dependency exemptions
\$17 million loss to SAF in FY19, then increasing

HB 4561 and 4564 (PA 113-114'18) – clarify sales and use tax on certain agricultural equipment, retroactively to April 9, 2018
Amount of loss \$27 million in current year, \$35 million in FY18/19, settling at \$6 million after that

HB 4905 (PA 133'18) – modify principal residence exemption for residents of nursing homes
Amount of loss unknown, likely small

HB 5620-5621 (PA 167-168'18) – allow sales & use tax refund claim after sale
Amount of loss unknown, likely small

HB 4643 (PA 172'18) – modify eligibility requirements for exemptions of the State Real Estate Transfer Tax
Amount of loss unknown

SB 887 (PA 201'18) – modify use tax definition for construction
Amount of loss unknown, likely small

MASB
MICHIGAN ASSOCIATION
OF SCHOOL BOARDS

Michigan Association
of School Boards
1001 Centennial Way, Ste. 400
Lansing, MI 48917

800.968.4627
517.327.5900

masb.org

HB 4115 (PA 249'18) – increase amount of sales tax exemptions for retail fund-raising activities by nonprofits
Amount of loss unknown, likely small

HB 5913 (PA 530'18) – create sales & use tax exemptions for 501(c)(19) organizations
Amount of loss unknown, likely small

HB 4991 (PA 588'18) – reduce the percentage of income tax revenue to the SAF and redirect to Renew Michigan and MI Transportation Fund
Amount of Loss \$141 million in first year, \$173.8 million in second year

HB4522 (PA 589'18) – income tax exemption for stillborn birth
Amount of loss unknown, likely small

HB 5454 (PA 633'18) – allow PRE while rebuilding a demolished or destroyed homestead
Amount of loss unknown, likely small

SB 1034 (PA 672'18) -- modify qualified forest property that is taxable under local school operation millages
Amount of loss unknown

SB 906-907 (PA 673 & 679'18) – exempt all school buses leases from sales & use tax
\$2.8 million loss to SAF