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# AxMITax! Part Deux

Return of the Proposed Michigan Constitutional Amendment

Presented by Steven C. Liedel

April 9, 2025

***“I don’t want to abolish government.  
I simply want to reduce it to the size  
where I can drag it into the bathroom  
and drown it in the bathtub.”***

— Grover Norquist  
Americans for Tax Reform (2001)

# The Proposal

# Basics of the Proposal

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- Petition seeking to amend the Michigan Constitution
- Prohibits all state & local property taxes (real & personal)
- Requires 2/3 vote of both houses of legislature to enact any tax law raising more than a “*de minimis*” amount of revenue
- Local taxes must be approved by at least 60% of voters
- Redirects a portion of existing state sales, income, liquor, and tobacco taxes to some local governments (not schools)

# 100-Word Summary

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Constitutional amendment to: prohibit real and personal property taxes, currently the primary funding source for counties, municipalities, schools, community colleges, parks, and voter-approved bond repayment; increase portion of state sales tax redirected to cities, townships, and villages from 10% to 13.33%, and from 0% to 6.67% for counties; shift 10% of state income, marihuana, alcohol, and tobacco tax revenue to local governments; allow use of this revenue only for listed essential government services; require 60% voter approval for local tax increases; require 2/3 vote of Legislature for tax increases greater than 0.1% over 5 years.

# Status and Next Steps

# Current Status

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- 100-word summary of proposal approved by Board of State Canvassers on December 2, 2024
  - [michigan.gov/sos/-/media/Project/Websites/sos/BSC-Meeting-Minutes/BSC-Meeting-Minutes-2024/December-2-2024-BSC-Signed-Minutes.pdf](https://michigan.gov/sos/-/media/Project/Websites/sos/BSC-Meeting-Minutes/BSC-Meeting-Minutes-2024/December-2-2024-BSC-Signed-Minutes.pdf)
- Petition “approved as to form” by Board of State Canvassers on December 2, 2025 (optional process)
  - [michigan.gov/sos/-/media/Project/Websites/sos/BSC-Announcements/AxMITAX-Affidavit-and-Petition.pdf](https://michigan.gov/sos/-/media/Project/Websites/sos/BSC-Announcements/AxMITAX-Affidavit-and-Petition.pdf)
- Proponent ballot question committee (AxMITax) started circulating petitions and collecting signatures on April 1, 2025

# Signature Collection and Submission

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- Must collect at least **446,198** valid signatures from Michigan registered voters
- Petitions with sufficient valid signatures must be filed with secretary of state by Monday, **July 6, 2026**, at 5:00 p.m.
- **180-day rule:** Petition signatures obtained more than 180 days before filing are not valid.



# Certification and Election

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- If Board of State Canvassers determines that petitions filed include sufficient valid signatures, the Board will adopt a ballot question of 100 words or less
- Question will appear on general election ballot on **Tuesday, November 3, 2026**, as Proposal 26-\_\_

# Voter Approval and Effective Date

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- If 50% or more of citizens voting at the general election on November 3, 2026, approve the question, the proposed constitutional amendment is adopted
- An approved constitutional amendment would take effect and become part of the Michigan Constitution on **December 18, 2026**

# Some Details

# Prohibition on Property Taxes

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- Prohibits all property taxes (amends Const 1963, art 9, § 3)
  - Both real and personal
  - Both local and state, including school taxes and 6-mill state education tax
- Also prohibits alternative means of taxing real and personal property
- Likely impacts other fees and assessments relying upon property tax assessment and collection process, including special assessments and delinquent water bills
- No exceptions for taxes pledged to repay bonded indebtedness

# Limits on State-Authorized Taxes

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- Requires that any legislation changing state tax law increasing revenue by more than a “*de minimis*” amount receive concurrence by two-thirds of members of both houses of legislature
- “*De Minimus*” Amount
  - 0.1% over 5 years, considering only tax provisions of legislation
  - But not considering other state revenue or receipt increases, such as asset sales, user fees, licensing fees, “*etc.*”
- Amends Const 1963, art 9, § 6

# Limits on Local Taxes

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- Prohibits all local governments from levying any tax not authorized by law or charter on November 3, 2026, without the approval of a “majority vote” of 60% of the qualified electors of the local unit voting on the tax
- This limitation would not apply to taxes imposed for payment of indebtedness (such as bonds).
- Amends Const 1963, art 9, § 31 (portion of Headlee Amendment)

# Shift in State Sales Tax Revenue

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- Raises from 15% to 20% the portion of state sales tax at 4% rate dedicated to revenue sharing for ***townships, cities, and villages***
- Dedicates 10% of state sales tax at 4% rate for new revenue sharing to ***counties*** (in addition to statutory revenue sharing).
- Does not impact use tax
- \$0 for schools or other local governmental units
- Revenue distributed on a “population basis”
- May only use for “essential” services
- No replacement for lost state revenue
- Amends Const 1963, art 9, § 10

# Shift in State Income Tax Revenue

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- Dedicates 10% of state income tax revenue to ***townships, cities, and villages***, and an additional 10% to ***counties***
- \$0 for schools or other local governmental units
- Revenue distributed on a “population basis”
- May only use for “essential” services
- No replacement for lost state revenue
- Amends Const 1963, art 9, § 10



# Shift in State Marihuana Tax Revenue

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- Dedicates 10% of state marihuana tax revenue to ***townships, cities, and villages***, and an additional 10% to ***counties***
- \$0 for schools or other local governmental units
- Revenue distributed on a “population basis”
- May only use for “essential” services
- No replacement for lost state revenue
- Amends Const 1963, art 9, § 10

# Shift in State Alcoholic Beverage Tax Revenue

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- Dedicates 10% of state alcoholic beverage tax revenue to ***townships, cities, and villages***, and an additional 10% to ***counties***
- \$0 for schools or other local governmental units
- Revenue distributed on a “population basis”
- May only use for “essential” services
- No replacement for lost state revenue
- Amends Const 1963, art 9, § 10

# Shift in State Tobacco Products Tax Revenue

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- Dedicates 10% of revenue from state tobacco products taxes to ***townships, cities, and villages***, and an additional 10% to ***counties***
- \$0 for schools or other local governmental units
- No replacement for lost state revenue
- Amends Const 1963, art 9, § 36

# Essential Services

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- **Essential Government Services**
  - Only public safety and first responders, law enforcement, fire prevention and response, courts and court personnel, emergency management personnel, EMTS, 911 call center employees, all workers and vendors that support law enforcement and emergency management operations and services
- **Essential Infrastructure Services**
  - Only utilities including power generation, electronic security and life safety service, flood control, operation of dams, airports, ports, road and highways, mass transit, public water and wastewater services

# Implementation & Enforcement

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- Requires Michigan Legislature to implement the constitutional amendment by December 18, 2027
- Authorizes any Michigan taxpayer to bring suit in Court of Appeals to enforce the constitutional amendment and receive fees and costs if successful
- Adds new Const 1963, art 9, § 43

# Fiscal Impacts

# Property Tax Revenue Eliminated

<b>General Property Taxes (2022)</b>	
School Districts	\$ 7.648 billion
Cities	\$ 2.964 billion
Counties	\$ 2.881 billion
Townships, Villages and Other Locals	<u>\$ 1.555 billion</u>
	<b>\$ 15.048 billion</b>
<b>State Education Tax (6 mills) (2022)</b>	<u>\$ 2.265 billion</u>
	<b>\$ 17.313 billion</b>

# Other Property Taxes Eliminated (FY 2020-2021)

State Utility Property Tax	\$ 35.9 million
State Essential Services Assessment	\$ 26.6 million
<i>Ad Valorem</i> Special Assessments	<u>\$242.1 million</u>
	<b>\$ 304.6 million</b>

- Also eliminates other specific taxes on property such as:
  - Mobile Home Trailer Coach Tax
  - Industrial Facilities and Obsolete Properties Taxes
  - Commercial Rehabilitation and Commercial Facilities Taxes
  - Commercial Forest and Iron Ore Taxes
  - Qualified Heavy Equipment Rental Tax



# Shift of State Tax Revenue to Locals (FY 2020-21)

Additional 5% of 4% portion of sales tax to TCVs	\$ 345.5 million
10% of 4% portion of sales tax to counties	\$ 691.0 million
20% of State Income Tax Revenue	\$ 2,767.4 million
20% of State Marihuana Taxes	\$ 20.4 million
20% of State Alcoholic Beverage Taxes	\$11.02 million
20% of State Tobacco Products Taxes	<u>\$178.66 million</u>
	<b>\$ 4,014.0 million</b>

# Highlighted Impacts

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- Eliminates nearly **\$20.0 billion** in property tax revenue for schools and local governments
  - Shifted state revenue replaces only 20% of total lost revenue
  - \$0 replacement revenue for schools
  - \$0 replacement revenue for other local governments, including libraries, parks, fire authorities, etc.
- Reduces state general fund revenue by **\$4.0 billion**, about **1/3** of the state general fund budget and eliminates revenue for state school aid fund (state education tax and tobacco products tax)

# Questions?

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