

RESOLUTION #1

**AFT MICHIGAN
70th CONVENTION
MAY 2-3, 2008**

**ESTABLISHING ADEQUATE, STABLE
AND FAIR MICHIGAN TAX STRUCTURE;
OPPOSITION TO THE FAIR TAX BALLOT PROPOSAL**

- Whereas, Fiscal Year 2008 will mark the 9th consecutive year that state revenues have not been adequate to fund state programs and services; and
- Whereas, Petitions are in circulation to put a “Fair Tax” constitutional amendment on the Nov. 4, 2008 ballot; and
- Whereas, Under the so called Fair Tax Ballot Initiative, the 6 percent sales tax would rise to at least 9.75 percent and the sales tax base would expand to include health care and other services as well as food and prescription drugs and home sales will not adequately address the economic needs of Michigan; and
- Whereas, The so called Fair Tax proposal would eliminate the new Michigan Business Tax, other business taxes and the state income tax so most state tax revenue would come from individuals; and
- Whereas, All Michigan citizens are likely to see an increase in their Federal Taxes as we will lose deductions, because sales taxes are NOT deductible on our Federal taxes; and
- Whereas, Senior Citizens, our retirees, will not benefit from the termination of the 4.35 percent Michigan income tax because most pay no state income tax due to exemptions. Instead they will have to pay sales tax on health care, prescriptions and food, all now tax-exempt; and
- Whereas, There is no evidence that shifting virtually all taxes onto middle-income working people and creating a huge revenue gap that will prevent the state from providing quality K-12 education, higher education, roads, health programs and other essential services, will improve Michigan’s business climate or economic performance. Indeed, these are the very public services businesses need for successful operation of state services. As Colorado learned following its failed TABOR initiative, the business climate suffers when revenues sink below the level needed to maintain important state services; and

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Whereas, Contrary to widely held assumptions, the ongoing fiscal crisis is not solely, or even primarily, the consequence of a lagging economy, rather it is a structural deficit requiring structural change; and

Whereas, The School Aid Fund is totally inadequate to meet the needs of Pre K-12 education; and the General Fund is totally inadequate for meeting the needs of universities, community colleges, cities and other vital state services; and

Whereas, The Michigan League for Human Services estimates that state expenditures will exceed revenues by over \$400 million per year, resulting in total state deficits approaching \$5 billion over the next decade; and

Whereas, Michigan's tax system is the fourth most regressive in the United States; and

Whereas, Local school districts have reduced staff, including through layoffs, reduced programs and services and have instituted larger class sizes as the per pupil foundation allowance remains flat. College tuition is higher at some colleges and universities; at other institutions program offerings have been reduced and students graduate at a later date; and

Whereas, The impact of reductions in programs and services goes beyond education and has been felt across Michigan. Municipalities have had to cut back on critical public safety services as a result of fewer revenue sharing dollars. Senior centers and library programs have been shut down and funding to local agencies has been reduced; NOW THEREFORE BE IT

RESOLVED: That AFT Michigan will continue to engage in and support efforts to change Michigan's tax structure to make it adequate, stable and fair and encourage all members and their families not to sign any petition for the Fair Tax Ballot Proposal; and BE IT FINALLY

RESOLVED: That AFT Michigan incorporate these efforts into all aspects of its programming in order to educate membership and the general public as to the devastation that will continue to occur if Michigan's structural deficit is not properly addressed and if the Fair Tax Ballot Proposal succeeds and is voted into law, and to provide a vision for what should be and what can be.

Submitted by:
Legislation Committee