Michigan’s “Super-Minority” Proposal

The Path to Gridlock and Decline

Stop Minority Rule!
Vote NO on Proposal 5

Paid for with regulated funds by Defend Michigan Democracy
216 Marshall Street  Lansing MI  48912
PROPOSAL 12-5
A PROPOSAL TO AMEND THE STATE CONSTITUTION
TO LIMIT THE ENACTMENT OF NEW TAXES BY STATE GOVERNMENT

This proposal would:
Require a 2/3 majority vote of the State House and the State Senate, or a statewide vote of the people at a November election, in order for the State of Michigan to impose new or additional taxes on taxpayers or expand the base of taxation or increasing the rate of taxation.

This section shall in no way be construed to limit or modify tax limitations otherwise created in this Constitution.

Should this proposal be approved?

YES
NO
Proposal 5 AKA the ‘two-thirds’ ballot question

• Supporters want you to believe it’s a “Super-majority” proposal.

• In reality, it’s a “Super-minority” proposal.
Supporters of Proposal 5

- Matty Moroun: Put up nearly $2.3 million to collect signatures (all but $1,000 of amount spent, according to MLive report)
- Some Tea Party members
- Grover Norquist/anti-government organizations
Opponents of Proposal 5

- Gov. Rick Snyder
- Senate Majority Leader Randy Richardville
- Michigan Chamber of Commerce
- Business Leaders for Michigan
- Michigan Farm Bureau
- Michigan Education Association
- Michigan Retailers Association
- AARP Michigan
- Michigan Municipal League
- International Council of Shopping Centers
- Michigan Association of School Boards
- Michigan Health & Hospital Association
- Presidents Council, State Universities of Michigan
- UAW
- Michigan Association of Health Plans
- AFSCME
- Michigan Catholic Conference

And many more!
Why Vote NO on Proposal 5?

Gives control of state tax policy to just 13 members of the Michigan Senate.
Makes Responsible Tax Reform, Balanced Policy Impossible

• Nobody remembers last time we increased a tax with a 2/3 majority
  – Gov. Snyder’s reforms would have been impossible had Prop 5 been in effect
• Not able to cut one tax and raise another in a revenue-neutral way
• Other states show: Local taxes will increase
Broad and Sweeping Impact

• Michigan taxes today as a percent of income down 20 percent in last 15 years
  – Major factor in city, school financial crisis
  – Reason why our roads among worst in the nation
  – Drives up college tuition
  – Prevents investment in early childhood education
  – State parks in poor condition
  – Police, firefighters laid off in droves
  – Cuts in funding for veterans programs
Michigan Tax Burden Down 20%

Headlee limits amount of tax revenue the state can collect and is an applauded check on government spending. Headlee limit is 9.49 percent – we are 20 percent under that.
Specific Impacts of Prop. 5

• Transportation revenues will continue to drop
  – Will leave federal funds on table
• Claims tax to support Medicaid expires, won’t be replaced
  – Blows $1.2 billion hole in Michigan’s health care system
  – Leads to increase in health insurance premiums
  – Hands $800 million in federal funds to other states
  – Threatens local hospitals
• No path to real revenues to replace personal property tax
  – Senate Fiscal Agency shows current proposal illusory
  – Need new revenues or bankrupt more cities/schools
Specific Impacts of Prop. 5

- Hurts Michigan’s small retailers
  - No chance to close out-of-state web sales loophole
- Hurts the state’s bond rating
  - Not one “super-minority” state has a AAA rating
- Keeps Michigan a federal donor state
  - Won’t be able to meet federal requirements for full transportation, Medicaid funding
Specific Impacts of Prop. 5

• Raises local taxes
  – In states that have passed super-minority mandates, local governments raise taxes to pay for police, fire, parks, schools
    • Rich communities do well; middle-class communities spiral down

• Hurts the prosperity in a state
  – Not one super-minority state in top 10 in income
  – Most are in bottom half of unemployment
In the Laboratories of Democracy, This Experiment is a Failure

<table>
<thead>
<tr>
<th>State</th>
<th>U rate (8/12)</th>
<th>Rank</th>
<th>Per cap income (11)</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona 2/3</td>
<td>8.2</td>
<td>34</td>
<td>$ 35,875</td>
<td>40</td>
</tr>
<tr>
<td>California 2/3</td>
<td>10.7</td>
<td>48</td>
<td>$ 44,481</td>
<td>12</td>
</tr>
<tr>
<td>Colorado 2/3</td>
<td>8.3</td>
<td>31</td>
<td>$ 44,481</td>
<td>15</td>
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<tr>
<td>Delaware 3/5</td>
<td>6.7</td>
<td>17</td>
<td>$ 41,635</td>
<td>20</td>
</tr>
<tr>
<td>Louisiana 2/3</td>
<td>7.5</td>
<td>26</td>
<td>$ 38,578</td>
<td>28</td>
</tr>
<tr>
<td>Mississippi 3/5</td>
<td>8.8</td>
<td>42</td>
<td>$ 32,176</td>
<td>50</td>
</tr>
<tr>
<td>Nevada 2/3</td>
<td>11.6</td>
<td>50</td>
<td>$ 38,173</td>
<td>30</td>
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<tr>
<td>South Dakota 2/3</td>
<td>4.4</td>
<td>3</td>
<td>$ 41,590</td>
<td>21</td>
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<tr>
<td>Oregon 3/5</td>
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<td>38</td>
<td>$ 37,909</td>
<td>32</td>
</tr>
<tr>
<td>Washington 2/3</td>
<td>8.5</td>
<td>36</td>
<td>$ 44,294</td>
<td>13</td>
</tr>
<tr>
<td><strong>Michigan</strong></td>
<td>8.6</td>
<td>39</td>
<td>$ 36,553</td>
<td>36</td>
</tr>
<tr>
<td><strong>US</strong></td>
<td>8.3</td>
<td></td>
<td>$ 41,663</td>
<td></td>
</tr>
</tbody>
</table>

7 of 10 have U higher than U.S. average;
7 of 10 have per-cap income lower than U.S. average
This can be won!

**Initial** ballot test: Read language, would you vote yes to support, no to oppose

<table>
<thead>
<tr>
<th>Response</th>
<th>Count</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong yes</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>Lean yes</td>
<td>12</td>
<td>36 YES</td>
</tr>
<tr>
<td>Strong no</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>Lean no</td>
<td>14</td>
<td>40 NO</td>
</tr>
<tr>
<td>U/refused</td>
<td>24</td>
<td></td>
</tr>
</tbody>
</table>
This can be won!

Second ballot test: After reading arguments pro and con

- Strong yes: 19
- Lean yes: 12
- Strong no: 31
- Lean no: 15
- U/refused: 23

31 YES (-6)
46 NO (+6)
This can be won

1. Way too extreme change to the state constitution

2. Diverse organizations united in opposition

3. Creates minority rule by giving super powers to a small minority of just 13 senators

4. Fewer Michigan citizens would have a say in their government.

5. Funded almost entirely by a lone Detroit billionaire

6. Will lead to local tax hikes
What Can You Do?

• Get educated
  – Visit www.defendmidemocracy.com
  – Become Facebook friends
    (www.facebook.com/defendmidemocracy)
• Talk to your friends
• Find us speaking opportunities
  – You can do them . . . or we will find someone
• Get opposition resolutions passed by your organizations
  – We have them on website

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