

# HOUSE JOINT RESOLUTION H

May 22, 2003, Introduced by Rep. Stallworth and referred to the Committee on Tax Policy.

A joint resolution proposing an amendment to the state constitution of 1963, by amending sections 8 and 9 of article IX, to provide for a sales tax at an additional rate of 1%.

Resolved by the Senate and House of Representatives of the state of Michigan, That the following amendment to the state constitution of 1963, to provide for a sales tax at an additional rate of 1%, is proposed, agreed to, and submitted to the people of the state:

## ARTICLE IX

Sec. 8. Except as provided in this section, the Legislature shall not impose a sales tax on retailers at a rate of more than 4% of their gross taxable sales of tangible personal property.

Beginning May 1, 1994, the sales tax shall be imposed on retailers at an additional rate of 2% of their gross taxable sales of tangible personal property not exempt by law and the use

1 tax at an additional rate of 2%. The proceeds of the sales and  
2 use taxes imposed at the additional rate of 2% shall be deposited  
3 in the state school aid fund established in section 11 of this  
4 article. The allocation of sales tax revenue required or  
5 authorized by sections 9 and 10 of this article does not apply to  
6 the revenue from the sales tax imposed at the additional rate of  
7 2%.

8       Beginning January 1, 2004, the sales tax shall be imposed on  
9 retailers at another additional rate of 1% of their gross taxable  
10 sales of tangible personal property not exempt by law. Fifty  
11 percent of the proceeds of the sales tax imposed at the  
12 additional rate of 1% shall be distributed to townships, cities,  
13 and villages in the same manner as and in addition to the  
14 distributions made under section 10 of this article. The balance  
15 of the proceeds of the sales tax at the additional rate of 1%  
16 shall be deposited in the general fund. The allocation of sales  
17 tax revenue required or authorized by sections 9 and 10 of this  
18 article does not apply to the revenue from the sales tax imposed  
19 at the additional rate of 1% except as provided in this section.

20       No sales tax or use tax shall be charged or collected from  
21 and after January 1, 1975 on the sale or use of prescription  
22 drugs for human use, or on the sale or use of food for human  
23 consumption except in the case of prepared food intended for  
24 immediate consumption as defined by law. This provision shall  
25 not apply to alcoholic beverages.

26       Sec. 9. All specific taxes, except general sales and use  
27 taxes and regulatory fees **or except as provided in section 8,**

1 imposed directly or indirectly on fuels sold or used to propel  
2 motor vehicles upon highways and to propel aircraft and on  
3 registered motor vehicles and aircraft shall, after the payment  
4 of necessary collection expenses, be used exclusively for  
5 transportation purposes as set forth in this section.

6       Not less than 90 percent of the specific taxes, except  
7 general sales and use taxes and regulatory fees, imposed directly  
8 or indirectly on fuels sold or used to propel motor vehicles upon  
9 highways and on registered motor vehicles shall, after the  
10 payment of necessary collection expenses, be used exclusively for  
11 the transportation purposes of planning, administering,  
12 constructing, reconstructing, financing, and maintaining state,  
13 county, city, and village roads, streets, and bridges designed  
14 primarily for the use of motor vehicles using tires, and  
15 reasonable appurtenances to those state, county, city, and  
16 village roads, streets, and bridges.

17       The balance, if any, of the specific taxes, except general  
18 sales and use taxes and regulatory fees, imposed directly or  
19 indirectly on fuels sold or used to propel motor vehicles upon  
20 highways and on registered motor vehicles, after the payment of  
21 necessary collection expenses; 100 percent of the specific taxes,  
22 except general sales and use taxes and regulatory fees, imposed  
23 directly or indirectly on fuels sold or used to propel aircraft  
24 and on registered aircraft, after the payment of necessary  
25 collection expenses; and not more than 25 percent of the general  
26 sales taxes, imposed directly or indirectly on fuels sold to  
27 propel motor vehicles upon highways, on the sale of motor

1 vehicles, and on the sale of the parts and accessories of motor  
2 vehicles, after the payment of necessary collection expenses;  
3 shall be used exclusively for the transportation purposes of  
4 comprehensive transportation purposes as defined by law.

5 The legislature may authorize the incurrence of indebtedness  
6 and the issuance of obligations pledging the taxes allocated or  
7 authorized to be allocated by this section, which obligations  
8 shall not be construed to be evidences of state indebtedness  
9 under this constitution.

10 Resolved further, That the foregoing amendment shall be  
11 submitted to the people of the state at the next general election  
12 in the manner provided by law.