



Supermajority Tax Proposal – What Does That Mean?

This month, the Michigan Supreme Court ordered the Tax Supermajority Proposal back on the ballot. The proposal would amend Michigan's Constitution to require that any tax increase be approved by either two-thirds (2/3) majority of both house of the Legislature or by the people in the statewide referendum.

What impact will this constitutional amendment have if approved by the votes on November 6? For some states with the supermajority tax increase requirement, the mandate has not been an issue; however, for others it is a center of political and policy fights/controversy.

Sixteen (16) states currently require a supermajority of the Legislature's votes to raise at least one tax. Among those sixteen is ... Michigan. As part of the 1994 Proposal A school finance changes, the state constitution was amended to require any increase in statewide property taxes for schools be approved by a three-quarter (3/4) majority of Michigan Legislature. Perhaps that's why no such property tax increase has been attempted since 1994.

The other states with supermajority tax limitations include Arizona, Arkansas, California, Colorado, Florida, Kentucky, Louisiana, Mississippi, Missouri, Nevada, Oklahoma, Oregon and Washington.

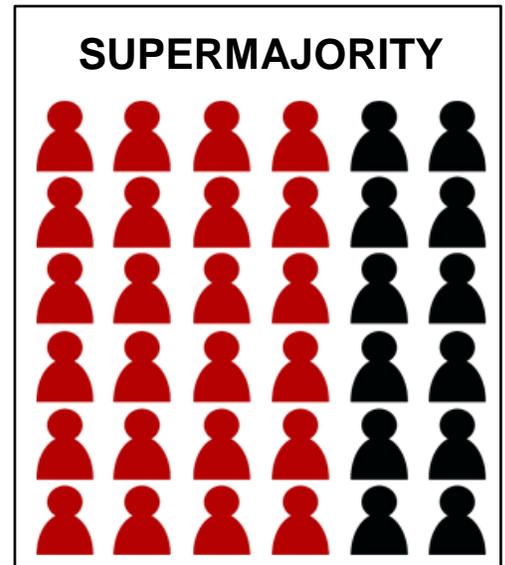
Critics of the supermajority requirement argue that it protects special interest tax breaks and makes it more difficult for a state to invest in capital infrastructure projects. Another argument is that bond investors might be less willing to buy bonds from such states, which could potentially affect a state's credit rating.

Supporters of supermajority contend that the provisions block lawmakers from always going to the taxpayer to raise money and forces states to control spending. Aside from raising the tobacco tax twice, the only major tax increases Michigan enacted during the recent decade-long economic slog were the 2007 income tax increase and the surcharge added to the now-obsolete Michigan Business Tax.

With a few notable exceptions listed above, the Michigan Legislature has been averse to tax increase since 1983, when the Republicans took control of the State Senate. This trend would likely continue and intensify if the supermajority constitutional amendment passes. Moreover, once enshrined into the state constitution it would be very politically difficult to remove a supermajority tax limitation.

The ad campaigns in support and opposition to this proposal has picked up speed since the Michigan Supreme Court ordered the proposal on the ballot in the first week of September. Numerous organizations came out in opposition/support of the supermajority tax increase requirement and poured millions of dollars into the media ad campaigns advocating their position. This trend is likely to intensify the closer we get to the November general election.

Committees and Individuals supporting and opposing the Supermajority Tax Ballot Proposal include:



Support: The Michigan Alliance for Prosperity – a committee behind the proposal, National Federation of Independent Business, Oakland County Sheriff Mike Bouchard, State Representative David Agema (R-74), State Representative Mike Shirkey (R-65), Former GOP National Committee member Saul Anuzis and the Moroun family.

Oppose: The Michigan Catholic Conference, Business Leaders for Michigan, Protect Michigan Constitution Committee and Defend Michigan Democracy Committee.

For more information on this and other proposals, please click [here](#).