



# MEMORANDUM

To: Members of the House Committee on Tax Policy



From: Michigan Association of School Boards  
Michigan Education Association  
Michigan Association of School Administrators  
Michigan Association of Intermediate School Administrators  
AFT Michigan  
Michigan Association of Secondary School Principals  
Middle Cities Education Association  
Michigan Elementary and Middle School Principals Association



RE: Opposition to Senate Bills 94-95 and House Bills 4252-4253

Date: June 7, 2017



We write today in opposition to Senate Bills 94-95 and House Bills 4252-4253 which would accelerate the sales and use tax cuts on difference between the price of a new and used vehicle or watercraft. The phase-in of this policy was started in December of 2013 at \$2000 and increases by \$500 each year. Senate Fiscal Analysis estimates the proposed acceleration would reduce revenues to the School Aid Fund by \$6.3 million in Fiscal Year 2018-19, \$13.2 million in FY 2019-20 and \$21.2 million in FY 2020-21. This amount will continue to increase until 2028.



Our concerns lie in the bigger picture. While these particular bills may not seem like a large decrease to the SAF, when added to the many other policies passed in recent years, revenue streams to the School Aid Fund continue to be eroded. Last session eleven new laws were signed that each had an indeterminate negative affect on local property tax and School Aid Fund revenue.



The Governor's 21<sup>st</sup> Century Education Commission released its report earlier this year and one of its major findings was the need to increase investment in education at all levels. Continued erosion of the revenue streams to our schools will limit resources for all students.



We urge you to look very closely at these bills and others like it and the collateral damage they have over time. Our schools will continue to see cuts if the school aid fund does not receive the revenue necessary to support our students and communities.



We urge you to oppose these bills until the SAF is held harmless by the cuts proposed. If you have any questions, please feel free to contact any of us in the education community listed.