



# MEMORANDUM

To: Members of the House Committee on Local Government and Municipal Finance

From: Michigan Association of School Boards  
Michigan Education Association  
Michigan Association of Superintendents & 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 House Bill 4050

Date: April 24, 2019



We write today in opposition to House Bill 4050 which would exempt property owned by a limited or general partnership from the “popup tax” when transferred to a family member, thereby reducing a revenue stream to the School Aid Fund and local districts.



Attached to this memo is a list of the Public Acts that were signed into law last session that affect revenue streams to the School Aid Fund and local communities and schools. You’ll see that eight of those bills total a cut of at least \$195 million and thirteen other bills have an indeterminate negative cost. This equates to more than \$130 per-pupil.



We urge you to look very closely at these bills and the cumulative damage constant changes to tax policies have over time. While each bill on its own may not seem like a large decrease to the School Aid Fund, when combined with other bills passed in recent years, the revenue streams to our local schools and the School Aid Fund continue to be eroded.



Our schools will continue to see cuts if the School Aid Fund does not receive the revenue necessary to support our students and communities. A more comprehensive conversation about how and what we tax needs to be had rather than a continued piecemeal approach to Michigan’s tax system.



If you have any questions, please feel free to contact any of us in the education community listed above.

## ***Tax Policy Changes and Costs to Local Revenue and School Aid Fund in 2017-18 Session***

*Twenty-one Public Acts signed last session include a minimum loss of revenue for School Aid Fund and local districts of \$194.65 million, with indeterminate costs for 13 other bills.*

*Two Public Acts signed last session include an increase, but the amount is indeterminate and likely small.*

SB 359 (PA 42'2017) – allow PPT exemption retroactively  
**Amount of loss unknown**

SB 113-114 (PA 48-49'17) - exempt eligible brownfield redevelopment activities from sales and use tax  
**Amount of loss unknown**

HB 4335-4336 (PA 121-122'17) – prohibit primary residence exemption in Michigan if have a similar exemption in another state  
**Amount of increase unknown**

HB 4396 (PA 149'17) – modifies the pension tax for certain individuals  
**Approximately \$550,000 minimum loss to SAF**

SB 94-95 (PA 1-2'18) – accelerate the elimination of the sales and use taxes on the difference between the value of a trade-in and a new vehicle.  
**\$6.3 Million loss to SAF in first year, then increasing**

SB 748 (PA 38'18) – amend the income tax policy dealing with the number or personal and dependency exemptions  
**\$17 million loss to SAF in FY19, then increasing**

HB 4561 and 4564 (PA 113-114'18) – clarify sales and use tax on certain agricultural equipment, retroactively to April 9, 2018  
**Amount of loss \$27 million in current year, \$35 million in FY18/19, settling at \$6 million after that**

HB 4905 (PA 133'18) – modify principal residence exemption for residents of nursing homes  
**Amount of loss unknown, likely small**

HB 5620-5621 (PA 167-168'18) – allow sales & use tax refund claim after sale  
**Amount of loss unknown, likely small**

HB 4643 (PA 172'18) – modify eligibility requirements for exemptions of the State Real Estate Transfer Tax  
**Amount of loss unknown**

SB 887 (PA 201'18) – modify use tax definition for construction  
**Amount of loss unknown, likely small**

**MASB**  
MICHIGAN ASSOCIATION  
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