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**GOVERNMENT FINANCE**  
(Formerly, Taxation and Budgeting)

**Statement of Position originally adopted 1963, revised 1971, 1980, 1995, 2017**

LWVMI supports the development of a state-local tax structure which is adequate, equitable, flexible and moderately progressive. LWVMI supports measures to ensure revenues that are both sufficient and flexible to meet changing needs for state and local government services.

- I. All three broad-based taxes on income, sales and property should be relied upon, with more reliance on the income tax.
  - A. Both local and state property taxes should be levied, based on statewide use of scientific and uniform assessment methods and administrative procedures. Property exemptions should be reappraised periodically to assure accuracy and equitability in the process.
  - B. Food and drugs should be exempt from the state sales tax.
  - C. The state income tax should be graduated as to rate.
  - D. There should be provisions in place to relieve the income and property tax burdens on low-income citizens.
  - E. Safeguards (such as Earned Income Tax Credit-EITC) should be in place to protect against “regressiveness” of sales and use tax.
  - F. Businesses should pay their share of the income, sales and property taxes for services and benefits they use.
  - G. Other ways to obtain additional revenues should be used, such as nuisance taxes and user fees. Nuisance taxes (liquor, beer, wine, cigarettes, etc.) should be regularly adjusted for inflation.
  - H. The impact of fees on low-income residents should be considered when establishing the amount of the fee.
  - I. Endorse the concept of tax base sharing, a system for sharing the property tax base that is subject to taxation among units of government.
- II. The Legislature should have broad and fundamental taxing powers, free of constitutional restrictions except for constitutional provisions requiring a balanced budget and property tax millage limits.
- III. Budget
  - A. Budget Process

1. The legislative and executive branches of government should have equal responsibility for allocating the state's resources.
  2. The proposal, adoption and administration of the state budget should be transparent and accessible to residents throughout the appropriations process.
  3. Tax exemptions and credits should be reviewed periodically by the legislature.
  4. Business tax credits should be reviewed on a regular basis to see if they are achieving their purpose.
  5. The budget process should emphasize performance and outcomes and incorporate accountability through annual executive department evaluation.
  6. Michigan's budget process should include a budget review committee in the legislature, supported by a legislative budget staff similar to the federal Congressional Budget Office.
- B. Budgeted Revenues and Expenditures
1. The distribution of revenue should ensure adequate, equitable and flexible funding of public programs.
  2. The state should maximize the use of federal funds to increase revenue for state and local programs.
  3. Transportation taxes and fees on fuel should be indexed to inflation.
  4. Transportation taxes and fees should be used to pay for maintenance and building of roads and mass transit.
  5. Hybrid and electric vehicle users should pay their fair share of transportation funding.
- IV. The Legislature should exercise its authority to delegate to local units of government a variety of alternatives to the property tax to enable the local units to meet responsibilities delegated to them. Local units of government should have more options for offsetting the loss of property taxes for tax exempt properties.
- V. State-collected revenues which are returned to local units should be distributed on the basis of need, minimum level of local support, and cost of needed services.
- A. The authorized amount of state statutory revenue sharing funds should be provided by the state.
  - B. The state should provide the funding when it requires local units to provide specific services.
  - C. Local units should periodically reappraise the impact of property tax exemptions.