

INITIATIVE PETITION AMENDMENT TO THE CONSTITUTION

A constitutional amendment petition to require the Legislature or Governor to enact a fair individual income tax in 2021; require that tax to reduce the tax rate for individuals with an income of \$175,000 or less and joint filers with an income of \$350,000 or less; produce \$1.5 billion more revenue for schools and infrastructure; prohibit reduction in state revenue before 2025; allow the Legislature and Governor to amend the income tax beginning in 2025; require the Auditor General to audit implementation of the income tax; allow taxpayer enforcement; and repeal the ban on a graduated income tax.

Language added is in all capital letters. Language deleted is struck through.

ARTICLE II ELECTIONS

§ 9 Initiative and referendum; limitations; appropriations; petitions.

Sec. 9. EXCEPT TO THE EXTENT LIMITED OR ABROGATED BY ARTICLE IX, SECTION 7, the people reserve to themselves the power to propose laws and to enact and reject laws, called the initiative, and the power to approve or reject laws enacted by the legislature, called the referendum. The power of initiative extends only to laws which the legislature may enact under this constitution. The power of referendum does not extend to acts making appropriations for state institutions or to meet deficiencies in state funds and must be invoked in the manner prescribed by law within 90 days following the final adjournment of the legislative session at which the law was enacted. To invoke the initiative or referendum, petitions signed by a number of registered electors, not less than eight percent for initiative and five percent for referendum of the total vote cast for all candidates for governor at the last preceding general election at which a governor was elected shall be required.

Referendum, approval.

No law as to which the power of referendum properly has been invoked shall be effective thereafter unless approved by a majority of the electors voting thereon at the next general election.

Initiative; duty of legislature, referendum.

Any law proposed by initiative petition shall be either enacted or rejected by the legislature without change or amendment within 40 session days from the time such petition is received by the legislature. If any law proposed by such petition shall be enacted by the legislature it shall be subject to referendum, as hereinafter provided.

Legislative rejection of initiated measure; different measure; submission to people.

If the law so proposed is not enacted by the legislature within the 40 days, the state officer authorized by law shall submit such proposed law to the people for approval or rejection at the next general election. The legislature may reject any measure so proposed by initiative petition and propose a different measure upon the same subject by a yea and nay vote upon separate roll calls, and in such event both measures shall be submitted by such state officer to the electors for approval or rejection at the next general election.

Initiative or referendum law; effective date, veto, amendment and repeal.

Any law submitted to the people by either initiative or referendum petition and approved by a majority of the votes cast thereon at any election shall take effect 10 days after the date of the official declaration of the vote. No law initiated or adopted by the people shall be subject to the veto power of the governor, and no law adopted by the people at the polls under the initiative provisions of this section shall be amended or repealed, except by a vote of the electors unless otherwise provided in the initiative measure or by three-fourths of the members elected to and serving in each house of the legislature. Laws approved by the people under the referendum provision of this section may be amended by the legislature at any subsequent session thereof. If two or more measures approved by the electors at the same election conflict, that receiving the highest affirmative vote shall prevail.

Legislative implementation.

The legislature shall implement the provisions of this section.

ARTICLE IV LEGISLATIVE BRANCH

§ 1 Legislative power.

Sec. 1. Except to the extent limited or abrogated by article IV, section 6 or article V, section 2, OR ARTICLE IX, SECTION 7, the legislative power of the State of Michigan is vested in a senate and a house of representatives.

§ 22 Bills.

Sec. 22. EXCEPT TO THE EXTENT LIMITED OR ABROGATED BY ARTICLE IX, SECTION 7, all legislation shall be by bill and may originate in either house.

§ 26 Bills; printing, possession, reading, vote on passage.

Sec. 26. EXCEPT TO THE EXTENT LIMITED OR ABROGATED BY ARTICLE IX, SECTION 7, no bill shall be passed or become a law at any regular session of the legislature until it has been printed or reproduced and in the possession of each house for at least five days. Every bill shall be read three times in each house before the final passage thereof. No bill shall become a law without the concurrence of a majority of the members elected to and serving in each house. On the final passage of bills, the votes and names of the members voting thereon shall be entered in the journal.

§ 27 Laws, effective date.

Sec. 27. EXCEPT TO THE EXTENT LIMITED OR ABROGATED BY ARTICLE IX, SECTION 7, no act shall take effect until the expiration of 90 days from the end of the session at which it was passed, but the legislature may give immediate effect to acts by a two-thirds vote of the members elected to and serving in each house.

§ 33 Bills passed; approval by governor or veto, reconsideration by legislature.

Sec. 33. EXCEPT TO THE EXTENT LIMITED OR ABROGATED BY ARTICLE IX, SECTION 7, every bill passed by the legislature shall be presented to the governor before it becomes law, and the governor shall have 14 days measured in hours and minutes from the time of presentation in which to consider it. If he approves, he shall within that time sign and file it with the secretary of state and it shall become law. If he does not approve, and the legislature has within that time finally adjourned the session at which the bill was passed, it shall not become law. If he disapproves, and the legislature continues the session at which the bill was passed, he shall return it within such 14-day period with his objections, to the house in which it originated. That house shall enter such objections in full in its journal and reconsider the bill. If two-thirds of the members elected to and serving in that house pass the bill notwithstanding the objections of the governor, it shall be sent with the objections to the other house for reconsideration. The bill shall become law if passed by two-thirds of the members elected to and serving in that house. The vote of each house shall be entered in the journal with the votes and names of the members voting thereon. If any bill is not returned by the governor within such 14-day period, the legislature continuing in session, it shall become law as if he had signed it.

§ 53 Auditor general; appointment, qualifications, term, removal, post audits.

Sec. 53. The legislature by a majority vote of the members elected to and serving in each house, shall appoint an auditor general, who shall be a certified public accountant licensed to practice in this state, to serve for a term of eight years. He shall be ineligible for appointment or election to any other public office in this state from which compensation is derived while serving as auditor general and for two years following the termination of his service. He may be removed for cause at any time by a two-thirds vote of the members elected to and serving in each house. The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

Independent investigations; reports.

The auditor general upon direction by the legislature may employ independent accounting firms or legal counsel and may make investigations pertinent to the conduct of audits. He shall report annually to the legislature and to the governor and at such other times as he deems necessary or as required by the legislature. EXCEPT TO THE EXTENT LIMITED OR ABROGATED BY ARTICLE IX, SECTION 7, he shall be assigned no duties other than those specified in this section.

Governing boards of institutions of higher education.

Nothing in this section shall be construed in any way to infringe the responsibility and constitutional authority of the governing boards of the institutions of higher education to be solely responsible for the control and direction of all expenditures from the institutions' funds.

Staff members, civil service.

The auditor general, his deputy and one other member of his staff shall be exempt from classified civil service. All other members of his staff shall have classified civil service status.

ARTICLE VI JUDICIAL BRANCH

§ 10 Jurisdiction, practice and procedure of court of appeals.

Sec. 10. EXCEPT TO THE EXTENT LIMITED OR ABROGATED BY ARTICLE IX, SECTION 7, the jurisdiction of the court of appeals shall be provided by law and the practice and procedure therein shall be prescribed by rules of the supreme court.

§ 13 Circuit courts; jurisdiction, writs, supervisory control over inferior courts.

Sec. 13. EXCEPT TO THE EXTENT LIMITED OR ABROGATED BY ARTICLE IX, SECTION 7, the circuit court shall have original jurisdiction in all matters not prohibited by law; appellate jurisdiction from all inferior courts and tribunals except as otherwise provided by law; power to issue, hear and determine prerogative and remedial writs; supervisory and general control over inferior courts and tribunals within their respective jurisdictions in accordance with rules of the supreme court; and jurisdiction of other cases and matters as provided by rules of the supreme court.

ARTICLE IX FINANCE AND TAXATION

§ 1 Taxes for state expenses.

Sec. 1. EXCEPT TO THE EXTENT LIMITED OR ABROGATED BY ARTICLE IX, SECTION 7, the legislature shall impose taxes sufficient with other resources to pay the expenses of state government.

§ 2 Power of taxation, relinquishment.

Sec. 2. EXCEPT TO THE EXTENT LIMITED OR ABROGATED BY ARTICLE IX, SECTION 7, the power of taxation shall never be surrendered, suspended or contracted away.

§ 7 MICHIGAN FAIR INDIVIDUAL Income Tax

- (1) FAIR INDIVIDUAL INCOME TAX LEGISLATION SHALL BE ENACTED BY THE LEGISLATURE AND SIGNED BY THE GOVERNOR BY JUNE 1, 2021 WITH AN EFFECTIVE DATE OF JANUARY 1, 2022.

THAT LEGISLATION SHALL REDUCE THE INCOME TAX RATE FOR INDIVIDUALS WITH AN ANNUAL TAXABLE INCOME OF \$175,000 OR LESS AND FOR JOINT FILERS WITH AN ANNUAL TAXABLE INCOME OF \$350,000 OR LESS; SHALL HAVE MORE THAN ONE (1) MARGINAL TAX RATE; SHALL HAVE MARGINAL TAX RATES WHICH INCREASE WITH INCOME LEVELS; SHALL PRODUCE AT LEAST \$1.5 BILLION MORE NET REVENUE IN FISCAL YEAR 2022-23 THAN WAS PRODUCED BY THE INDIVIDUAL INCOME TAX FOR THE 2019-20 FISCAL YEAR; AND SHALL REPEAL OR AMEND ANY PRIOR INCONSISTENT LEGISLATION. ARTICLE II, §9 SHALL NOT APPLY TO THAT LEGISLATION UNTIL JANUARY 1, 2025.

- (2) IF THE LEGISLATURE AND GOVERNOR FAIL TO ENACT AND SIGN THE LEGISLATION REQUIRED BY SUBSECTION (1) BY JUNE 1, 2021 THE GOVERNOR SHALL ENACT BY EXECUTIVE ORDER A FAIR INDIVIDUAL INCOME TAX MEETING THE REQUIREMENTS OF THE SECOND PARAGRAPH OF SUBSECTION (1) BY SEPTEMBER 1, 2021. THAT ORDER SHALL COMPLY WITH ARTICLE IV, §§23-25 AND 35. THAT ORDER SHALL HAVE THE SAME FORCE OF LAW AS A LEGISLATIVE ENACTMENT AND SHALL SUPERSEDE ALL PRIOR INCONSISTENT STATE INDIVIDUAL INCOME TAX LAWS EFFECTIVE JANUARY 1, 2022. THE LEGISLATURE DOES NOT HAVE AUTHORITY TO REJECT OR AMEND THAT EXECUTIVE ORDER. ARTICLE II, §9 SHALL NOT APPLY TO THAT EXECUTIVE ORDER UNTIL JANUARY 1, 2025.
- (3) BETWEEN THE EFFECTIVE DATE OF THIS SECTION AND JANUARY 1, 2025 NO LEGISLATION SHALL BE ENACTED WHICH REDUCES THE NET TOTAL AMOUNT OF REVENUE COLLECTED BY THE STATE BELOW THE TOTAL OF: 1) THE NET TOTAL AMOUNT OF REVENUE COLLECTED IN FISCAL YEAR 2019-20 AND 2) THE NET NEW REVENUE GENERATED BY THE FAIR INDIVIDUAL INCOME TAX CREATED PURSUANT TO THIS SECTION PROJECTED FOR FISCAL YEAR 2022-23, ALL AS CERTIFIED BY THE STATE TREASURER.
- (4) BEGINNING JANUARY 1, 2025 THE LEGISLATURE MAY, BY A RECORDED 2/3 ROLL CALL VOTE OF EACH HOUSE, ENACT LEGISLATION WHICH AFTER SIGNATURE BY THE GOVERNOR AMENDS THE FAIR INDIVIDUAL INCOME TAX CREATED PURSUANT TO THIS SECTION. THAT LEGISLATION SHALL HAVE MORE THAN ONE (1) MARGINAL TAX RATE; SHALL HAVE MARGINAL TAX RATES WHICH INCREASE WITH INCOME LEVELS; AND SHALL GENERATE AT LEAST THE SAME AMOUNT OF NET NEW REVENUE AS WAS GENERATED BY THE FAIR INDIVIDUAL INCOME TAX CREATED PURSUANT TO THIS SECTION FOR THE FULL FISCAL YEAR PRIOR TO THE LEGISLATION'S EFFECTIVE DATE.
- (5) THE MICHIGAN PUBLIC INFRASTRUCTURE FUND IS ESTABLISHED WITHIN THE DEPARTMENT OF TREASURY. MONEY IN THE FUND SHALL BE EXPENDED ONLY FOR PUBLIC INFRASTRUCTURE.
- (6) THE NET NEW REVENUE FROM THE FAIR INDIVIDUAL INCOME TAX CREATED PURSUANT TO THIS SECTION SHALL BE USED AS FOLLOWS: 50% SHALL BE PLACED IN THE SCHOOL AID FUND AND 50% SHALL BE PLACED IN THE MICHIGAN PUBLIC INFRASTRUCTURE FUND. THE NET NEW REVENUE PLACED IN THE SCHOOL AID FUND SHALL NOT BE OFFSET BY REDUCTIONS IN APPROPRIATIONS FROM THE GENERAL FUND OR ANY OTHER STATE OR FEDERAL FUNDS.
- (7) TRANSPARENCY AND ACCOUNTABILITY. THE AUDITOR GENERAL SHALL ANNUALLY AUDIT THE IMPLEMENTATION OF THIS SECTION AND MAKE THAT AUDIT PUBLIC.
- (8) ENFORCEMENT. ANY INDIVIDUAL TAXPAYER OF THE STATE SHALL HAVE STANDING TO BRING SUIT IN THE MICHIGAN COURT OF APPEALS TO ENFORCE THIS SECTION. IF THE TAXPAYER PREVAILS IN WHOLE OR IN PART IN ANY SUCH SUIT THE COURT SHALL AWARD COSTS AND ATTORNEYS' FEES.
- (9) DEFINITIONS.
- A. "PUBLIC INFRASTRUCTURE" MEANS PUBLICLY OWNED AND PUBLICLY OPERATED PHYSICAL STRUCTURES AND FACILITIES SUCH AS ROADS; BRIDGES; TUNNELS; STORM WATER, DRINKING WATER, AND WASTEWATER SYSTEMS; ELECTRICAL GENERATION AND DISTRIBUTION SYSTEMS; AND COMMUNICATION SYSTEMS.
- B. "NET NEW REVENUE" MEANS THE DIFFERENCE BETWEEN THE REVENUE THAT WOULD HAVE BEEN COLLECTED IN ANY FISCAL YEAR UNDER THE INDIVIDUAL INCOME TAX IN EFFECT ON THE EFFECTIVE DATE OF THIS SECTION AND THE REVENUE COLLECTED IN THAT FISCAL YEAR UNDER THE FAIR INDIVIDUAL INCOME TAX CREATED PURSUANT TO THIS SECTION, AS CERTIFIED BY THE STATE TREASURER.
- C. "TAXABLE INCOME" MEANS TAXABLE INCOME AS DEFINED AS OF FEBRUARY 1, 2020 IN THE INCOME TAX ACT OF 1967, 1967 PUBLIC ACT 281, AS AMENDED, M.C.L. 206.1 ET SEQ.

- (10) CONSTRUCTION; SEVERABILITY.

- A. THIS SECTION SHALL BE LIBERALLY CONSTRUED TO ACHIEVE ITS PURPOSES OF CREATING A FAIR INDIVIDUAL INCOME TAX AND GENERATING NEW REVENUE FOR THE PURPOSES SET FORTH IN THIS SECTION.
- B. THIS SECTION IS SELF-EXECUTING.
- C. IF ANY PROVISION OF THIS SECTION OR THE APPLICATION OF ANY PROVISION OF THIS SECTION TO ANY CIRCUMSTANCE IS HELD INVALID OR PREEMPTED, THAT INVALIDITY OR PREEMPTION SHALL NOT AFFECT OTHER PROVISIONS OR THE APPLICATION OF OTHER PROVISIONS, AND TO THIS END THE PROVISIONS OF THIS SECTION ARE DECLARED TO BE SEVERABLE.
- D. THIS SECTION DOES NOT AFFECT THE RIGHT TO AMEND OR REVISE THIS CONSTITUTION UNDER ARTICLE XII.

~~No income tax graduated as to rate or base shall be imposed by the state or any of its subdivisions.~~

§ 25 Voter approval of increased local taxes; prohibitions; emergency conditions; repayment of bonded indebtedness guaranteed; implementation of section.

Sec. 25. EXCEPT TO THE EXTENT LIMITED OR ABROGATED BY ARTICLE IX, SECTION 7, property taxes and other local taxes and state taxation and spending may not be increased above the limitations specified herein without direct voter approval. The state is prohibited from requiring any new or expanded activities by local governments without full state financing, from reducing the proportion of state spending in the form of aid to local governments, or from shifting the tax burden to local government. A provision for emergency conditions is established and the repayment of voter approved bonded indebtedness is guaranteed. Implementation of this section is specified in Sections 26 through 34, inclusive, of this Article.

§ 26 Limitation on taxes; revenue limit; refunding or transferring excess revenues; exceptions to revenue limitation; adjustment of state revenue and spending limits.

Sec. 26. There is hereby established a limit on the total amount of taxes which may be imposed by the legislature in any fiscal year on the taxpayers of this state. This limit shall not be changed without approval of the majority of the qualified electors voting thereon, as provided for in Article 12 of the Constitution. Effective with fiscal year 1979-1980, and for each fiscal year thereafter, the legislature shall not impose taxes of any kind which, together with all other revenues of the state, federal aid excluded, exceed the revenue limit established in this section. The revenue limit shall be equal to the product of the ratio of Total State Revenues in fiscal year 1978-79 divided by the Personal Income of Michigan in calendar year 1977 multiplied by the Personal Income of Michigan in either the prior calendar year or the average of Personal Income of Michigan in the previous three calendar years, whichever is greater.

For any fiscal year in the event that Total State Revenues exceed the revenue limit established in this section by 1% or more, the excess revenues shall be refunded pro rata based on the liability reported on the Michigan income tax and single business tax (or its successor tax or taxes) annual returns filed following the close of such fiscal year. If the excess is less than 1%, this excess may be transferred to the State Budget Stabilization Fund.

The revenue limitation established in this section shall not apply to taxes imposed for the payment of principal and interest on bonds, approved by the voters and authorized under Section 15 of this Article, and loans to school districts authorized under Section 16 of this Article.

If responsibility for funding a program or programs is transferred from one level of government to another, as a consequence of constitutional amendment, the state revenue and spending limits may be adjusted to accommodate such change, provided that the total revenue authorized for collection by both state and local governments does not exceed that amount which would have been authorized without such change.

THIS SECTION IS SUBJECT TO THE REQUIREMENTS OF ARTICLE IX, SECTION 7.

§ 27 Exceeding revenue limit; conditions.

Sec. 27. EXCEPT TO THE EXTENT LIMITED OR ABROGATED BY ARTICLE IX, SECTION 7, the revenue limit of Section 26 of this Article may be exceeded only if all of the following conditions are met: (1) The governor requests the legislature to declare an emergency; (2) the request is specific as to the nature of the emergency, the dollar amount of the emergency, and the method by which the emergency will be funded; and (3) the legislature thereafter declares an emergency in accordance with the specific of the governor's request by a two-thirds vote of the members elected to and serving in each house. The emergency must be declared in accordance with this section prior to incurring any of the expenses which constitute the emergency request. The revenue limit may be exceeded only during the fiscal year for which the emergency is declared. In no event shall any part of the amount representing a refund under Section 26 of this Article be the subject of an emergency request.

§ 28 Limitation on expenses of state government.

Sec. 28. EXCEPT TO THE EXTENT LIMITED OR ABROGATED BY ARTICLE IX, SECTION 7, no expenses of state government shall be incurred in any fiscal year which exceed the sum of the revenue limit established in Sections 26 and 27 of this Article plus federal aid and any surplus from a previous fiscal year.

§ 32 Suit to enforce sections 25 to 31.

Sec. 32. EXCEPT TO THE EXTENT LIMITED OR ABROGATED BY ARTICLE IX, SECTION 7, any taxpayer of the state shall have standing to bring suit in the Michigan State Court of Appeals to enforce the provisions of Sections 25 through 31, inclusive, of this Article and, if the suit is sustained, shall receive from the applicable unit of government his costs incurred in maintaining such suit.

§ 34 Implementation of sections 25 to 33.

Sec. 34. EXCEPT TO THE EXTENT LIMITED OR ABROGATED BY ARTICLE IX, SECTION 7, the Legislature shall implement the provisions of Sections 25 through 33, inclusive, of this Article.

Provisions of existing constitution altered or abrogated by the proposal if adopted:

**ARTICLE II
ELECTIONS**

§ 9 Initiative and referendum; limitations; appropriations; petitions.

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Referendum, approval.

No law as to which the power of referendum properly has been invoked shall be effective thereafter unless approved by a majority of the electors voting thereon at the next general election.

Initiative; duty of legislature, referendum.

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Legislative rejection of initiated measure; different measure; submission to people.

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Initiative or referendum law; effective date, veto, amendment and repeal.

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Legislative implementation.

The legislature shall implement the provisions of this section.

**ARTICLE IV
LEGISLATIVE BRANCH**

§ 1 Legislative power.

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§ 27 Laws, effective date.

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**ARTICLE VI
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Sec. 10. The jurisdiction of the court of appeals shall be provided by law and the practice and procedure therein shall be prescribed by rules of the supreme court.

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Sec. 13. The circuit court shall have original jurisdiction in all matters not prohibited by law; appellate jurisdiction from all inferior courts and tribunals except as otherwise provided by law; power to issue, hear and determine prerogative and remedial writs; supervisory and general control over inferior courts and tribunals within their respective jurisdictions in accordance with rules of the supreme court; and jurisdiction of other cases and matters as provided by rules of the supreme court.

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