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## Proposal 1 Talking Points

- **Proposal 1 removes an unfair, burdensome double tax on Michigan's small businesses.** For decades, Michigan's small businesses have not only paid a 6 percent sales tax on all of their equipment, but also an annual Personal Property Tax that never goes away, no matter how old the equipment is.
  
- **Proposal 1 makes Michigan's business environment more competitive.** Site selectors have long cited the state's Personal Property Tax as a major deterrent to attracting new businesses and investment. Furthermore, most states in the Midwest have already eliminated the antiquated tax, placing Michigan businesses at a distinct market disadvantage.
  
- **Proposal 1 would create thousands of jobs and generate millions of dollars in business investment.** According to a 2012 study by the Anderson Economic Group, the repeal of the state's Personal Property Tax would create 15,000 jobs and \$450 million in additional investment for Michigan.
  
- **Proposal 1 recognizes and supports the essential services local communities provide.** Currently, municipalities depend on the Personal Property Tax to help fund vital city services, but the revenue is unreliable and subject to change. Proposal 1 guarantees that 100 percent of the revenue lost will be replaced, and creates a more stable and secure funding system for local services like police, fire, schools and parks.
  
- **Proposal 1 doesn't raise taxes.** Most importantly, Proposal 1 is not a tax increase. It is paid for by eliminating special tax breaks and by establishing a statewide Essential Services Assessment paid only by manufacturers receiving a Personal Property Tax reduction.





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## Proposal 1 FAQs

### What is Proposal 1?

- Proposal 1 is an August 5 ballot referendum that, if passed, will eliminate Michigan's Personal Property Tax, a burdensome double tax that businesses have been paying for decades.
- Proposal 1 also creates a more stable and reliable funding system to support essential local community services like police, fire, parks and schools.

### What is the Personal Property Tax?

- The Personal Property Tax is an antiquated double tax that Michigan businesses pay on all of their equipment, every year, in addition to the 6 percent sales tax paid at the time of purchase.
- Most states in the Midwest have already eliminated the tax, placing Michigan businesses at an economic disadvantage and making the entire state less attractive to new jobs and investment.

### What will Proposal 1 mean for Michigan businesses?

- Proposal 1, if passed, means that Michigan businesses will no longer have to pay the never-ending double tax on equipment. The referendum will immediately eliminate the Personal Property Tax for Michigan's small businesses and phase the tax out over nine years for larger businesses.

### What will Proposal 1 mean for local communities?

- Proposal 1 guarantees that 100 percent of the revenue lost due to the elimination of the personal property tax will be replaced by funding through the State Use Tax.
- Proposal 1 also creates a more stable and reliable funding system that local communities can depend on to help support essential services like police, fire, parks and schools.

### How many jobs will Proposal 1 create?

- Proposal 1 will boost Michigan's overall competitiveness and economic growth. According to a 2012 Anderson Economic Group study, the elimination of Michigan's personal property tax will create 15,000 jobs and generate \$450 million in additional business investment.

### Is Proposal 1 a tax increase?

- No, Proposal 1 is not a tax increase for anyone. It is paid for by eliminating special tax breaks and by establishing a statewide Essential Services Assessment paid only by manufacturers receiving a Personal Property Tax reduction.

### What happens if Proposal 1 doesn't pass?

- If Proposal 1 doesn't pass on the August 5 election, Michigan businesses will continue to pay the unfair double tax that has been a hindrance to building a competitive business environment and attracting new jobs and investment.
- Funding for police, fire, parks, and schools and other essential local services will continue to remain unstable and unreliable.