

# HOUSE JOINT RESOLUTION W

July 18, 2013, Introduced by Rep. Barnett and referred to the Committee on Tax Policy.

A joint resolution proposing an amendment to the state constitution of 1963, by adding section 10 to article VIII and by amending section 8 of article IX, to establish the postsecondary education fund, to increase the sales tax rate, to increase the use tax rate, and to dedicate that revenue to the postsecondary education fund.

Resolved by the Senate and House of Representatives of the state of Michigan, That the following amendment to the state constitution of 1963, to establish the postsecondary education fund, to increase the sales tax rate, to increase the use tax rate, and to dedicate that revenue to the postsecondary education fund, is proposed, agreed to, and submitted to the people of the state:

## ARTICLE VIII

1        SEC. 10. (1) THERE SHALL BE ESTABLISHED A POSTSECONDARY  
2        EDUCATION FUND WHICH SHALL BE USED EXCLUSIVELY TO PROVIDE GRANTS TO  
3        HIGH SCHOOL GRADUATES FOR THE COSTS OF UNDERGRADUATE TUITION AND  
4        VOCATIONAL TRAINING AT AN ELIGIBLE INSTITUTION, AS PROVIDED BY LAW.

5        (2) ONE HUNDRED PERCENT OF THE PROCEEDS OF THE SALES AND USE  
6        TAXES IMPOSED AT THE ADDITIONAL RATE OF 1% PROVIDED FOR IN SECTION  
7        8 OF ARTICLE IX, AND OTHER TAX REVENUES AS PROVIDED BY LAW, SHALL  
8        BE DEDICATED TO THIS FUND.

9        (3) BEGINNING IN THE 2015-2016 ACADEMIC YEAR, THE AUTHORITY  
10       SHALL AWARD A GRANT UNDER THIS SECTION TO AN INDIVIDUAL IF THE  
11       AUTHORITY DETERMINES THAT THE INDIVIDUAL MEETS ALL OF THE FOLLOWING  
12       ELIGIBILITY CRITERIA:

13       (A) CONTINUOUSLY RESIDED IN THIS STATE FOR AT LEAST 48 MONTHS.

14       (B) RECEIVED A HIGH SCHOOL DIPLOMA FROM A SCHOOL DISTRICT,  
15       NONPUBLIC SCHOOL, OR HOME SCHOOL LOCATED IN THIS STATE OR  
16       SUCCESSFULLY COMPLETED THE GENERAL EDUCATION DEVELOPMENT TEST.

17       (C) NO MORE THAN 10 YEARS HAVE PASSED SINCE THE INDIVIDUAL  
18       BECAME A HIGH SCHOOL GRADUATE.

19       (D) PROVIDES PROOF SATISFACTORY TO THE AUTHORITY THAT THE  
20       INDIVIDUAL HAS DONE ALL OF THE FOLLOWING:

21       (i) SUBMITTED A FAFSA TO THE UNITED STATES DEPARTMENT OF  
22       EDUCATION TO DETERMINE THE INDIVIDUAL'S ELIGIBILITY FOR FEDERAL  
23       GRANTS OR SCHOLARSHIPS.

24       (ii) APPLIED FOR A PELL GRANT.

25       (iii) APPLIED FOR ANY GRANTS OR SCHOLARSHIPS OFFERED BY THIS  
26       STATE FOR WHICH THE INDIVIDUAL IS ELIGIBLE.

27       (E) IF THE INDIVIDUAL RECEIVED A POSTSECONDARY EDUCATION GRANT

1 IN THE PRECEDING ACADEMIC YEAR, THE INDIVIDUAL MEETS ALL OF THE  
2 FOLLOWING CRITERIA:

3 (i) EARNED A CUMULATIVE GRADE POINT AVERAGE OF AT LEAST 2.0 IN  
4 ANY UNDERGRADUATE CLASSES THE INDIVIDUAL COMPLETED AT ANY ELIGIBLE  
5 INSTITUTION IN THAT PREVIOUS ACADEMIC YEAR.

6 (ii) MADE SATISFACTORY PROGRESS TOWARD ATTAINMENT OF A DEGREE,  
7 AS DEFINED BY THE ELIGIBLE INSTITUTION IN WHICH THE INDIVIDUAL IS  
8 ENROLLED, SINCE RECEIVING THE PREVIOUS POSTSECONDARY EDUCATION  
9 GRANT.

10 (iii) NO MORE THAN 18 MONTHS HAVE PASSED SINCE THE INDIVIDUAL  
11 EARNED A CREDIT REQUIRED TO COMPLETE A QUALIFIED PROGRAM.

12 (F) THE NUMBER OF CREDITS COMPLETED BY THE INDIVIDUAL ARE NO  
13 MORE THAN THE AVERAGE NUMBER OF CREDITS REQUIRED BY PUBLIC  
14 UNIVERSITIES FOR THE AWARDING OF A BACCALAUREATE DEGREE.

15 (4) ALL OF THE FOLLOWING APPLY TO THE AWARD OF A POSTSECONDARY  
16 EDUCATION GRANT:

17 (A) NOT LATER THAN NOVEMBER 1 OF EACH YEAR, EACH MICHIGAN  
18 PUBLIC UNIVERSITY SHALL REPORT TO THE AUTHORITY THE HIGHEST COST OF  
19 TUITION FOR A FULL-TIME FIRST YEAR STUDENT ENROLLED AT THAT  
20 UNIVERSITY IN THE IMMEDIATELY PRECEDING ACADEMIC YEAR.

21 (B) IN EACH ACADEMIC YEAR, THE BASE AMOUNT OF THE GRANT IS AN  
22 AMOUNT EQUAL TO THE AVERAGE OF THE AMOUNT REPORTED TO THE AUTHORITY  
23 UNDER SUBDIVISION (A).

24 (C) THE AUTHORITY SHALL DETERMINE THE AMOUNT OF AN  
25 INDIVIDUAL'S GRANT FOR AN ACADEMIC YEAR BY SUBTRACTING THE AMOUNT  
26 OF ANY OTHER STATE OR FEDERAL GRANTS OR SCHOLARSHIPS THE INDIVIDUAL  
27 IS ELIGIBLE TO RECEIVE IN THAT ACADEMIC YEAR FROM THE BASE AMOUNT

1 DETERMINED UNDER SUBDIVISION (B) .

2 (D) THE AUTHORITY SHALL DISBURSE AN INDIVIDUAL'S GRANT MONEY  
3 TO THE ELIGIBLE INSTITUTION IN WHICH HE OR SHE IS ENROLLED ON THE  
4 INDIVIDUAL'S BEHALF, ACCORDING TO A PAYMENT PROCEDURE ESTABLISHED  
5 BY THE AUTHORITY. THE GRANT SHALL NOT EXCEED THE COST OF TUITION AT  
6 THE ELIGIBLE INSTITUTION IN WHICH THE STUDENT IS ENROLLED.

7 (E) IF THERE IS NOT ENOUGH MONEY IN THE FUND TO PROVIDE EACH  
8 INDIVIDUAL WITH A GRANT IN THE AMOUNT TO WHICH THE INDIVIDUALS ARE  
9 ELIGIBLE IN AN ACADEMIC YEAR, THE AUTHORITY SHALL ESTABLISH A  
10 MAXIMUM GRANT LEVEL FOR THE ACADEMIC YEAR. THE MAXIMUM GRANT LEVEL  
11 AMOUNT ESTABLISHED BY THE AUTHORITY SHALL REFLECT A PRO RATA  
12 DISTRIBUTION OF MONEY IN THE FUND IN THAT FISCAL YEAR TO ELIGIBLE  
13 STUDENTS.

14 (5) THE POSTSECONDARY EDUCATION FUND SHALL NOT REPLACE MONEY  
15 APPROPRIATED TO SUPPORT COMMUNITY COLLEGES AND PUBLIC UNIVERSITIES.  
16 FOR EACH STATE FISCAL YEAR, THE LEGISLATURE SHALL APPROPRIATE NOT  
17 LESS THAN 15% OF THE GENERAL FUND TO SUPPORT COMMUNITY COLLEGES AND  
18 PUBLIC UNIVERSITIES.

19 (6) AS USED IN THIS SECTION:

20 (A) "ACADEMIC YEAR" MEANS THE PERIOD FROM SEPTEMBER 1 OF A  
21 CALENDAR YEAR TO AUGUST 31 OF THE NEXT CALENDAR YEAR.

22 (B) "AUTHORITY" MEANS THE AUTHORITY THE LEGISLATURE SHALL  
23 ESTABLISH TO ADMINISTER THE POSTSECONDARY EDUCATION GRANT PROGRAM.

24 (C) "ELIGIBLE INSTITUTION" MEANS A DEGREE OR CERTIFICATE  
25 GRANTING PUBLIC OR INDEPENDENT NONPROFIT COLLEGE OR UNIVERSITY,  
26 JUNIOR COLLEGE, OR COMMUNITY COLLEGE HEADQUARTERED IN THIS STATE.

27 (D) "FAFSA" MEANS THE FREE APPLICATION FOR FEDERAL STUDENT AID

1 DEVELOPED UNDER 20 USC 1082.

2 (E) "FISCAL YEAR" MEANS THE FISCAL YEAR OF THIS STATE.

3 (F) "FULL-TIME STUDENT" MEANS A STUDENT ENROLLED IN 12 CREDIT  
4 HOURS IN AN ACADEMIC SEMESTER OR ITS EQUIVALENT NUMBER OF CREDIT  
5 HOURS IN A TERM OR QUARTER, AS DETERMINED BY THE AUTHORITY.

6 (G) "HIGH SCHOOL GRADUATE" MEANS AN INDIVIDUAL WHO HAS  
7 RECEIVED A HIGH SCHOOL DIPLOMA FROM A HIGH SCHOOL OR PASSED THE  
8 GENERAL EDUCATION DEVELOPMENT DIPLOMA TEST OR ANY OTHER HIGH SCHOOL  
9 GRADUATE EQUIVALENCY EXAMINATION APPROVED BY THE STATE BOARD OF  
10 EDUCATION.

11 (H) "K-12 SCHOOL" MEANS A PUBLIC, PRIVATE, OR HOME SCHOOL IN  
12 THIS STATE, GRADES KINDERGARTEN THROUGH GRADE 12.

13 (I) "PELL GRANT" MEANS THE POSTSECONDARY EDUCATION FEDERAL  
14 GRANT DEVELOPED UNDER 20 USC 1070A.

15 (J) "POSTSECONDARY EDUCATION GRANT" MEANS A GRANT AWARDED BY  
16 THE AUTHORITY UNDER THIS SECTION.

17 (K) "QUALIFIED PROGRAM" MEANS A BACHELOR DEGREE, ASSOCIATE  
18 DEGREE, OR POSTSECONDARY VOCATIONAL TRAINING AT AN ELIGIBLE  
19 INSTITUTION.

20 (L) "UNDERGRADUATE CLASS" MEANS A CLASS OR COURSE THAT PROVIDES  
21 A STUDENT WITH ACADEMIC CREDIT APPLICABLE TOWARD A BACHELOR OR  
22 ASSOCIATE DEGREE FROM AN ELIGIBLE INSTITUTION.

23 ARTICLE IX

24 Sec. 8. Except as provided in this section, the Legislature  
25 shall not impose a sales tax on retailers at a rate of more than 4%  
26 of their gross taxable sales of tangible personal property.

27 Beginning May 1, 1994, the sales tax shall be imposed on

1 retailers at an additional rate of 2% of their gross taxable sales  
2 of tangible personal property not exempt by law and the use tax at  
3 an additional rate of 2%. The proceeds of the sales and use taxes  
4 imposed at the additional rate of 2% shall be deposited in the  
5 state school aid fund established in section 11 of this article.  
6 The allocation of sales tax revenue required or authorized by  
7 sections 9 and 10 of this article does not apply to the revenue  
8 from the sales tax imposed at the additional rate of 2%.

9 **BEGINNING JANUARY 1, 2015, THE SALES TAX SHALL BE IMPOSED ON**  
10 **RETAILERS AT AN ADDITIONAL RATE OF 1% OF THEIR GROSS TAXABLE SALES**  
11 **OF TANGIBLE PERSONAL PROPERTY NOT EXEMPT BY LAW AND THE USE TAX AT**  
12 **AN ADDITIONAL RATE OF 1%. THE PROCEEDS OF THE SALES AND USE TAXES**  
13 **IMPOSED AT THE ADDITIONAL RATE OF 1% SHALL BE DEPOSITED IN THE**  
14 **POSTSECONDARY EDUCATION FUND ESTABLISHED IN SECTION 10 OF ARTICLE**  
15 **VIII. THE ALLOCATION OF SALES TAX REVENUE REQUIRED OR AUTHORIZED BY**  
16 **SECTIONS 9 AND 10 OF THIS ARTICLE DOES NOT APPLY TO THE REVENUE**  
17 **FROM THE SALES TAX IMPOSED AT THE ADDITIONAL RATE OF 1%.**

18 No sales tax or use tax shall be charged or collected from and  
19 after January 1, 1975 on the sale or use of prescription drugs for  
20 human use, or on the sale or use of food for human consumption  
21 except in the case of prepared food intended for immediate  
22 consumption as defined by law. This provision shall not apply to  
23 alcoholic beverages.

24 Resolved further, That the foregoing amendment shall be  
25 submitted to the people of the state at the next general election  
26 in the manner provided by law.