

STATE CONSTITUTION (EXCERPT)
CONSTITUTION OF MICHIGAN OF 1963
Article IX
FINANCE AND TAXATION

§ 1 Taxes for state expenses.

Sec. 1.

The legislature shall impose taxes sufficient with other resources to pay the expenses of state government.

History: Const. 1963, Art. IX, § 1, Eff. Jan. 1, 1964

Constitutionality: Const 1963, art 6, § 1 and art 9, §§ 1 and 3 do not require the state to pay the entire cost of trial court operations. It is for the legislature to determine whether to adopt a system of state funding of trial court operations. *Grand Traverse Co v Michigan*, 450 Mich 457; 538 NW2d 1 (1995).

Former Constitution: See Const. 1908, Art. X, § 2.

§ 2 Power of taxation, relinquishment.

Sec. 2.

The power of taxation shall never be surrendered, suspended or contracted away.

History: Const. 1963, Art. IX, § 2, Eff. Jan. 1, 1964

Former Constitution: See Const. 1908, Art. X, § 9.

§ 3 Property taxation; uniformity; assessments; limitations; classes; approval of legislature.

Sec. 3.

The legislature shall provide for the uniform general ad valorem taxation of real and tangible personal property not exempt by law except for taxes levied for school operating purposes. The legislature shall provide for the determination of true cash value of such property; the proportion of true cash value at which such property shall be uniformly assessed, which shall not, after January 1, 1966, exceed 50 percent; and for a system of equalization of assessments. For taxes levied in 1995 and each year thereafter, the legislature shall provide that the taxable value of each parcel of property adjusted for additions and losses, shall not increase each year by more than the increase in the immediately preceding year in the general price level, as defined in section 33 of this article, or 5 percent, whichever is less until ownership of the parcel of property is transferred. When ownership of the parcel of property is transferred as defined by law, the parcel shall be assessed at the applicable proportion of current true cash value. The legislature may provide for alternative means of taxation of designated real and tangible personal property in lieu of general ad valorem taxation. Every tax other than the general ad valorem property tax shall be uniform upon the class or classes on which it operates. A law that increases the statutory limits in effect as of February 1, 1994 on the maximum amount of ad valorem property taxes that may be levied for school district operating purposes requires the approval of 3/4 of the members elected to and serving in the Senate and in the House of Representatives.

History: Const. 1963, Art. IX, § 3, Eff. Jan. 1, 1964 ;-- Am. S.J.R. S, approved Mar. 15, 1994, Eff. Apr. 30, 1994

Constitutionality: Const 1963, art 6, § 1 and art 9, §§ 1 and 3 do not require the state to pay the entire cost of trial court operations. It is for the legislature to determine whether to adopt a system of state funding of trial court operations. *Grand Traverse Co v Michigan*, 450 Mich 457; 538 NW2d 1 (1995).

Former Constitution: See Const. 1908, Art. X, §§ 3, 4, 7, 8.

§ 4 Exemption of religious or educational nonprofit organizations.

Sec. 4.

Property owned and occupied by non-profit religious or educational organizations and used exclusively for religious or educational purposes, as defined by law, shall be exempt from real and personal property taxes.

History: Const. 1963, Art. IX, § 4, Eff. Jan. 1, 1964

§ 5 Assessment of property of public service businesses.

Sec. 5.

The legislature shall provide for the assessment by the state of the property of those public service businesses assessed by the state at the date this constitution becomes effective, and of other property as designated by the legislature, and for the imposition and collection of taxes thereon. Property assessed by the state shall be assessed at the same proportion of its true cash value as the legislature shall specify for property subject to general ad valorem taxation. The rate of taxation on such property shall be the average rate levied upon other commercial, industrial, and utility property in this state under the general ad valorem tax law, or, if the legislature provides, the rate of tax applicable to the property of each business enterprise assessed by the state shall be the average rate of ad valorem taxation levied upon other commercial, industrial, and utility property in all counties in which any of such property is situated.

History: Const. 1963, Art. IX, § 5, Eff. Jan. 1, 1964 ;-- Am. S.J.R. S, approved Mar. 15, 1994, Eff. Apr. 30, 1994

§ 6 Real and tangible personal property; limitation on general ad valorem taxes; adoption and alteration of separate tax limitations; exceptions to limitations; property tax on school district extending into 2 or more counties.

Section 6.

Except as otherwise provided in this constitution, the total amount of general ad valorem taxes imposed upon real and tangible personal property for all purposes in any one year shall not exceed 15 mills on each dollar of the assessed valuation of property as finally equalized. Under procedures provided by law, which shall guarantee the right of initiative, separate tax limitations for any county and for the townships and for school districts therein, the aggregate of which shall not exceed 18 mills on each dollar of such valuation, may be adopted and thereafter altered by the vote of a majority of the qualified electors of such county voting thereon, in lieu of the limitation hereinbefore established. These limitations may be increased to an aggregate of not to exceed 50 mills on each dollar of valuation, for a period of not to exceed 20 years at any one time, if approved by a majority of the electors, qualified under Section 6 of Article II of this constitution, voting on the question.

The foregoing limitations shall not apply to taxes imposed for the payment of principal and interest on bonds approved by the electors or other evidences of indebtedness approved by the electors or for the payment of assessments or contract obligations in anticipation of which bonds are issued approved by the electors, which taxes may be imposed without limitation as to rate or amount; or, subject to the provisions of Section 25 through 34 of this article, to taxes imposed for any other purpose by any city, village, charter county, charter township, charter authority or other authority, the tax limitations of which are provided by charter or by general law.

In any school district which extends into two or more counties, property taxes at the highest rate available in the county which contains the greatest part of the area of the district may be imposed and collected for school purposes throughout the district.

History: Const. 1963, Art. IX, § 6, Eff. Jan. 1, 1964 ;-- Am. Initiated Law, approved Nov. 7, 1978, Eff. Dec. 23, 1978

Former Constitution: See Const. 1908, Art. X, § 21.

§ 7 Income tax.

Sec. 7.

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

History: Const. 1963, Art. IX, § 7, Eff. Jan. 1, 1964

§ 8 Sales and use taxes.

Sec. 8.

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

Beginning May 1, 1994, the sales tax shall be imposed on retailers at an additional rate of 2% of their gross taxable sales of tangible personal property not exempt by law and the use tax at an additional rate of 2%. The proceeds of the sales and use taxes imposed at the additional rate of 2% shall be deposited in the state school aid fund established in section 11 of this article. The allocation of sales tax revenue required or authorized by sections 9 and 10 of this article does not apply to the revenue from the sales tax imposed at the additional rate of 2%.

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

History: Const. 1963, Art. IX, § 8, Eff. Jan. 1, 1964 ;-- Am. Initiated Law, approved Nov. 5, 1974, Eff. Dec. 21, 1974 ;-- Am. S.J.R. S, approved Mar. 15, 1994, Eff. Apr. 30, 1994

Former Constitution: See Const. 1908, Art. X, § 23.

§ 9 Use of specific taxes on fuels for transportation purposes; authorization of indebtedness and issuance of obligations.

Sec. 9.

All specific taxes, except general sales and use taxes and regulatory fees, imposed directly or indirectly on fuels sold or used to propel motor vehicles upon highways and to propel aircraft and on registered motor vehicles and aircraft shall, after the payment of necessary collection expenses, be used exclusively for transportation purposes as set forth in this section.

Not less than 90 percent of the specific taxes, except general sales and use taxes and regulatory fees, imposed directly or indirectly on fuels sold or used to propel motor vehicles upon highways and on registered motor vehicles shall, after the payment of necessary collection expenses, be used exclusively for the transportation purposes of planning, administering, constructing, reconstructing, financing, and maintaining state, county, city, and village roads, streets, and bridges designed primarily for the use of motor vehicles using tires, and reasonable appurtenances to those state, county, city, and village roads, streets, and bridges.

The balance, if any, of the specific taxes, except general sales and use taxes and regulatory fees, imposed directly or indirectly on fuels sold or used to propel motor vehicles upon highways and on registered motor vehicles, after the payment of necessary collection expenses; 100 percent of the specific taxes, except general sales and use taxes and regulatory fees, imposed directly or indirectly on fuels sold or used to propel aircraft and on registered aircraft, after the payment of necessary collection expenses; and not more than 25 percent of the general sales taxes, imposed directly or indirectly on fuels sold to propel motor vehicles upon highways, on the sale of motor vehicles, and on the sale of the parts and accessories of motor vehicles, after the payment of necessary

collection expenses; shall be used exclusively for the transportation purposes of comprehensive transportation purposes as defined by law.

The legislature may authorize the incurrence of indebtedness and the issuance of obligations pledging the taxes allocated or authorized to be allocated by this section, which obligations shall not be construed to be evidences of state indebtedness under this constitution.

History: Const. 1963, Art. IX, § 9, Eff. Jan. 1, 1964 ;-- Am. H.J.R. F, approved Nov. 7, 1978, Eff. Dec. 23, 1978

Former Constitution: See Const. 1908, Art. X, § 22.

§ 10 Sales tax; distribution to local governments.

Sec. 10.

Fifteen percent of all taxes imposed on retailers on taxable sales at retail of tangible personal property at a rate of not more than 4% shall be used exclusively for assistance to townships, cities and villages, on a population basis as provided by law. In determining population the legislature may exclude any portion of the total number of persons who are wards, patients or convicts in any tax supported institution.

History: Const. 1963, Art. IX, § 10, Eff. Jan. 1, 1964 ;-- Am. S.J.R. S, approved Mar. 15, 1994, Eff. Apr. 30, 1994

Former Constitution: See Const. 1908, Art. X, § 23.

§ 11 State school aid fund; source; distribution; guarantee to local school district.

Sec. 11.

There shall be established a state school aid fund which shall be used exclusively for aid to school districts, higher education, and school employees' retirement systems, as provided by law. Sixty percent of all taxes imposed at a rate of 4% on retailers on taxable sales at retail of tangible personal property, 100% of the proceeds of the sales and use taxes imposed at the additional rate of 2% provided for in section 8 of this article, and other tax revenues provided by law, shall be dedicated to this fund. Payments from this fund shall be made in full on a scheduled basis, as provided by law. Beginning in the 1995-96 state fiscal year and each state fiscal year after 1995-96, the state shall guarantee that the total state and local per pupil revenue for school operating purposes for each local school district shall not be less than the 1994-95 total state and local per pupil revenue for school operating purposes for that local school district, as adjusted for consolidations, annexations, or other boundary changes. However, this guarantee does not apply in a year in which the local school district levies a millage rate for school district operating purposes less than it levied in 1994.

History: Const. 1963, Art. IX, § 11, Eff. Jan. 1, 1964 ;-- Am. S.J.R. S, approved Mar. 15, 1994, Eff. Apr. 30, 1994

§ 12 Evidence of state indebtedness.

Sec. 12.

No evidence of state indebtedness shall be issued except for debts authorized pursuant to this constitution.

History: Const. 1963, Art. IX, § 12, Eff. Jan. 1, 1964

Former Constitution: See Const. 1908, Art. X, § 11.

§ 13 Public bodies, borrowing power.

Sec. 13.

Public bodies corporate shall have power to borrow money and to issue their securities evidencing debt, subject to this constitution and law.

History: Const. 1963, Art. IX, § 13, Eff. Jan. 1, 1964

§ 14 State borrowing; short term.

Sec. 14.

To meet obligations incurred pursuant to appropriations for any fiscal year, the legislature may by law authorize the state to issue its full faith and credit notes in which case it shall pledge undedicated revenues to be received within the same fiscal year for the repayment thereof. Such indebtedness in any fiscal year shall not exceed 15 percent of undedicated revenues received by the state during the preceding fiscal year and such debts shall be repaid at the time the revenues so pledged are received, but not later than the end of the same fiscal year.

History: Const. 1963, Art. IX, § 14, Eff. Jan. 1, 1964

§ 15 Long term borrowing by state.

Sec. 15.

The state may borrow money for specific purposes in amounts as may be provided by acts of the legislature adopted by a vote of two-thirds of the members elected to and serving in each house, and approved by a majority of the electors voting thereon at any general election. The question submitted to the electors shall state the amount to be borrowed, the specific purpose to which the funds shall be devoted, and the method of repayment.

History: Const. 1963, Art. IX, § 15, Eff. Jan. 1, 1964

§ 16 State loans to school districts.

Sec. 16.

The state, in addition to any other borrowing power, may borrow from time to time such amounts as shall be required, pledge its faith and credit and issue its notes or bonds therefor, for the purpose of making loans to school districts as provided in this section.

If the minimum amount which would otherwise be necessary for a school district to levy in any year to pay principal and interest on its qualified bonds, including any necessary allowances for estimated tax delinquencies, exceeds 13 mills on each dollar of its assessed valuation as finally equalized, or such lower millage as the legislature may prescribe, then the school district may elect to borrow all or any part of the excess from the state. In that event the state shall lend the excess amount to the school district for the payment of principal and interest. If for any reason any school district will be or is unable to pay the principal and interest on its qualified bonds when due, then the school district shall borrow and the state shall lend to it an amount sufficient to enable the school district to make the payment.

The term "qualified bonds" means general obligation bonds of school districts issued for capital expenditures,

including refunding bonds, issued prior to May 4, 1955, or issued thereafter and qualified as provided by law pursuant to Section 27 or Section 28 of Article X of the Constitution of 1908 or pursuant to this section.

After a school district has received loans from the state, each year thereafter it shall levy for debt service, exclusive of levies for nonqualified bonds, not less than 13 mills or such lower millage as the legislature may prescribe, until the amount loaned has been repaid, and any tax collections therefrom in any year over and above the minimum requirements for principal and interest on qualified bonds shall be used toward the repayment of state loans. In any year when such levy would produce an amount in excess of the requirements and the amount due to the state, the levy may be reduced by the amount of the excess.

Subject to the foregoing provisions, the legislature shall have the power to prescribe and to limit the procedure, terms and conditions for the qualification of bonds, for obtaining and making state loans, and for the repayment of loans.

The power to tax for the payment of principal and interest on bonds hereafter issued which are the general obligations of any school district, including refunding bonds, and for repayment of any state loans made to school districts, shall be without limitation as to rate or amount.

All rights acquired under Sections 27 and 28 of Article X of the Constitution of 1908, by holders of bonds heretofore issued, and all obligations assumed by the state or any school district under these sections, shall remain unimpaired.

History: Const. 1963, Art. IX, § 16, Eff. Jan. 1, 1964

Former Constitution: See Const. 1908, Art. X, §§ 27, 28.

§ 17 Payments from state treasury.

Sec. 17.

No money shall be paid out of the state treasury except in pursuance of appropriations made by law.

History: Const. 1963, Art. IX, § 17, Eff. Jan. 1, 1964

Former Constitution: See Const. 1908, Art. X, § 16.

§ 18 State credit.

Sec. 18.

The credit of the state shall not be granted to, nor in aid of any person, association or corporation, public or private, except as authorized in this constitution.

This section shall not be construed to prohibit the investment of public funds until needed for current requirements or the investment of funds accumulated to provide retirement or pension benefits for public officials and employees, as provided by law.

History: Const. 1963, Art. IX, § 18, Eff. Jan. 1, 1964

Former Constitution: See Const. 1908, Art. X, § 12.

§ 19 Subscription to or interest in stock by state prohibited; exceptions.

Sec. 19.

The state shall not subscribe to, nor be interested in the stock of any company, association or corporation, except as follows:

(a) Funds accumulated to provide retirement or pension benefits for public officials and employees may be

invested as provided by law.

(b) Endowment funds created for charitable or educational purposes may be invested as provided by law governing the investment of funds held in trust by trustees.

(c) Funds held as permanent funds or endowment funds other than those described in subdivision (b) may be invested as provided by law.

Except as otherwise provided in this section, other state funds or money may be invested in accounts of a bank, savings and loan association, or credit union organized under the laws of this state or federal law, as provided by law.

History: Const. 1963, Art. IX, § 19, Eff. Jan. 1, 1964 ;-- Am. H.J.R. GG, approved Nov. 7, 1978, Eff. Dec. 23, 1978 ;-- Am. S.J.R. T, approved Aug. 6, 2002, Eff. Sept. 21, 2002

Former Constitution: See Const. 1908, Art. X, § 13.

§ 20 Deposit of state money in certain financial institutions; requirements.

Sec. 20.

No state money shall be deposited in banks, savings and loans associations, or credit unions, other than those organized under the law of this state or federal law. No state money shall be deposited in any bank, savings and loan association, or credit union, in excess of 50 percent of the net worth of the bank, savings and loan association, or credit union. Any bank, savings and loan association, or credit union, receiving deposits of state money shall show the amount of state money so deposited as a separate item in all published statements.

History: Const. 1963, Art. IX, § 20, Eff. Jan. 1, 1964 ;-- Am. H.J.R. GG, approved Nov. 7, 1978, Eff. Dec. 23, 1978

Former Constitution: See Const. 1908, Art. X, § 15.

§ 21 Accounting for public moneys.

Sec. 21.

The legislature shall provide by law for the annual accounting for all public moneys, state and local, and may provide by law for interim accounting.

The legislature shall provide by law for the maintenance of uniform accounting systems by units of local government and the auditing of county accounts by competent state authority and other units of government as provided by law.

History: Const. 1963, Art. IX, § 21, Eff. Jan. 1, 1964

Former Constitution: See Const. 1908, Art. X, § 18.

§ 22 Examination and adjustment of claims against state.

Sec. 22.

Procedures for the examination and adjustment of claims against the state shall be prescribed by law.

History: Const. 1963, Art. IX, § 22, Eff. Jan. 1, 1964

Former Constitution: See Const. 1908, Art. VI, § 20.

§ 23 Financial records; statement of revenues and expenditures.

Sec. 23.

All financial records, accountings, audit reports and other reports of public moneys shall be public records and open to inspection. A statement of all revenues and expenditures of public moneys shall be published and distributed annually, as provided by law.

History: Const. 1963, Art. IX, § 23, Eff. Jan. 1, 1964

Former Constitution: See Const. 1908, Art. X, § 17.

§ 24 Public pension plans and retirement systems, obligation.

Sec. 24.

The accrued financial benefits of each pension plan and retirement system of the state and its political subdivisions shall be a contractual obligation thereof which shall not be diminished or impaired thereby.

Financial benefits arising on account of service rendered in each fiscal year shall be funded during that year and such funding shall not be used for financing unfunded accrued liabilities.

History: Const. 1963, Art. IX, § 24, Eff. Jan. 1, 1964

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

Sec. 25.

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.

History: Add. Initiated Law, approved Nov. 7, 1978, Eff. Dec. 23, 1978

§ 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.

History: Add. Initiated Law, approved Nov. 7, 1978, Eff. Dec. 23, 1978

Popular Name: Rainy Day Fund

§ 27 Exceeding revenue limit; conditions.

Sec. 27.

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.

History: Add. Initiated Law, approved Nov. 7, 1978, Eff. Dec. 23, 1978

§ 28 Limitation on expenses of state government.

Sec. 28.

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.

History: Add. Initiated Law, approved Nov. 7, 1978, Eff. Dec. 23, 1978

§ 29 State financing of activities or services required of local government by state law.

Sec. 29.

The state is hereby prohibited from reducing the state financed proportion of the necessary costs of any existing activity or service required of units of Local Government by state law. A new activity or service or an increase in the level of any activity or service beyond that required by existing law shall not be required by the legislature or any state agency of units of Local Government, unless a state appropriation is made and disbursed to pay the unit of Local Government for any necessary increased costs. The provision of this section shall not apply to costs incurred pursuant to Article VI, Section 18.

History: Add. Initiated Law, approved Nov. 7, 1978, Eff. Dec. 23, 1978

§ 30 Reduction of state spending paid to units of local government.

Sec. 30.

The proportion of total state spending paid to all units of Local Government, taken as a group, shall not be reduced below that proportion in effect in fiscal year 1978-79.

History: Add. Initiated Law, approved Nov. 7, 1978, Eff. Dec. 23, 1978

§ 31 Levying tax or increasing rate of existing tax; maximum tax rate on new base; increase in assessed valuation of property; exceptions to limitations.

Sec. 31.

Units of Local Government are hereby prohibited from levying any tax not authorized by law or charter when this section is ratified or from increasing the rate of an existing tax above that rate authorized by law or charter when this section is ratified, without the approval of a majority of the qualified electors of that unit of Local Government voting thereon. If the definition of the base of an existing tax is broadened, the maximum authorized rate of taxation on the new base in each unit of Local Government shall be reduced to yield the same estimated gross revenue as on the prior base. If the assessed valuation of property as finally equalized, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the General Price Level from the previous year, the maximum authorized rate applied thereto in each unit of Local Government shall be reduced to yield the same gross revenue from existing property, adjusted for changes in the General Price Level, as could have been collected at the existing authorized rate on the prior assessed value.

The limitations of this section shall not apply to taxes imposed for the payment of principal and interest on bonds or other evidence of indebtedness or for the payment of assessments on contract obligations in anticipation of which bonds are issued which were authorized prior to the effective date of this amendment.

History: Add. Initiated Law, approved Nov. 7, 1978, Eff. Dec. 23, 1978

§ 32 Suit to enforce sections 25 to 31.

Sec. 32.

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.

History: Add. Initiated Law, approved Nov. 7, 1978, Eff. Dec. 23, 1978

§ 33 Definitions applicable to sections 25 to 32.

Sec. 33.

Definitions. The definitions of this section shall apply to Section 25 through 32 of Article IX, inclusive.

"Total State Revenues" includes all general and special revenues, excluding federal aid, as defined in the budget message of the governor for fiscal year 1978-1979. Total State Revenues shall exclude the amount of any credits based on actual tax liabilities or the imputed tax components of rental payments, but shall include the amount of any credits not related to actual tax liabilities. "Personal Income of Michigan" is the total income received by persons in Michigan from all sources, as defined and officially reported by the United States Department of Commerce or its successor agency. "Local Government" means any political subdivision of the state, including, but not restricted to, school districts, cities, villages, townships, charter townships, counties, charter counties, authorities created by the state, and authorities created by other units of local government. "General Price Level" means the Consumer Price Index for the United States as defined and officially reported by the United States Department of Labor or its successor agency.

History: Add. Initiated Law, approved Nov. 7, 1978, Eff. Dec. 23, 1978

§ 34 Implementation of sections 25 to 33.

Sec. 34.

The Legislature shall implement the provisions of Sections 25 through 33, inclusive, of this Article.

History: Add. Initiated Law, approved Nov. 7, 1978, Eff. Dec. 23, 1978

§ 35 Michigan natural resources trust fund.

Sec. 35.

(1) There is hereby established the Michigan natural resources trust fund. The trust fund shall consist of all bonuses, rentals, delayed rentals, and royalties collected or reserved by the state under provisions of leases for the extraction of nonrenewable resources from state owned lands, except such revenues accruing under leases of state owned lands acquired with money from state or federal game and fish protection funds or revenues accruing from lands purchased with such revenues. However, until the Michigan state parks endowment fund reaches an accumulated principal of \$800,000,000.00, the revenues from bonuses, rentals, delayed rentals, and royalties described in this section that would otherwise be deposited into the trust fund shall be deposited into the Michigan state parks endowment fund. In addition to the revenues described in this subsection, the trust fund may receive appropriations, money, or other things of value. The assets of the trust fund shall be invested as provided by law.

(2) Until the Michigan state parks endowment fund reaches an accumulated principal of \$800,000,000.00, the amount accumulated in the trust fund in any state fiscal year shall not exceed \$500,000,000.00, exclusive of interest and earnings and money authorized for expenditure pursuant to this section. This amount is the accumulated principal limit. The accumulated principal of the trust fund shall not be expended. However, the interest and earnings of the trust fund shall be expended for the following:

(a) Acquisition of land or rights in land for recreational uses or protection of the land because of its environmental importance or its scenic beauty.

(b) Development, renovation, and redevelopment of public recreation facilities.

(c) Administration of the trust fund, which may include payments in lieu of taxes on state owned land purchased through the trust fund.

(3) The trust fund may provide grants to local units of government or public authorities, which shall be used for the purposes of this section. The legislature shall provide that a portion of the cost of a project funded by these grants be provided by the local unit of government or public authority.

(4) After the Michigan state parks endowment fund reaches an accumulated principal of \$800,000,000.00, the accumulated principal limit for the trust fund as provided for in subsection (2) no longer applies and the revenues from bonuses, rentals, delayed rentals, and royalties described in subsection (1) shall be deposited into the trust fund. From these revenues each year the legislature may provide, in addition to the expenditure of interest and earnings authorized by this section, that a portion, not to exceed 50 percent, may be expended during subsequent state fiscal years for the purposes of this section.

(5) Not less than 25 percent of the money made available for expenditure from the trust fund from any state fiscal year shall be expended for acquisition of land and rights in land for recreational uses or protection of the land because of its environmental importance or its scenic beauty, and not less than 25 percent of the money made available for expenditure from the trust fund from any state fiscal year shall be expended for development, renovation, and redevelopment of public recreation facilities.

(6) The legislature shall provide by law for the establishment of a trust fund board within the department of natural resources. The trust fund board shall recommend the projects to be funded. The board shall submit its recommendations to the governor who shall submit the board's recommendations to the legislature in an appropriations bill.

(7) The legislature shall provide by law for the implementation of this section.

History: Add. H.J.R. M, approved Nov. 6, 1984, Eff. Dec. 22, 1984 ;-- Am. S.J.R. E, approved Nov. 8, 1994, Eff. Dec. 24, 1994 ;-- Am. S.J.R. T, approved Aug. 6, 2002, Eff. Sept. 21, 2002 ;-- Am. S.J.R. O, approved Nov. 3, 2020, Eff. Dec. 19, 2020

§ 35a Michigan state parks endowment fund.

Sec. 35a.

(1) There is hereby established the Michigan state parks endowment fund. The endowment fund shall consist of revenues as provided in section 35 of this article, and as provided by law. The endowment fund may also receive private contributions of money or other things of value. The assets of the endowment fund shall be invested as provided by law.

(2) The accumulated principal of the endowment fund shall not exceed \$800,000,000.00, which amount shall be annually adjusted pursuant to the rate of inflation beginning when the endowment fund reaches \$800,000,000.00. This annually adjusted figure is the accumulated principal limit of the endowment fund.

(3) Money available for expenditure from the endowment fund as provided in this section shall be expended for all of the following:

- (a) Capital improvements at Michigan State Parks.
- (b) Operations and maintenance at Michigan State Parks.
- (c) Acquisition of land or rights in land for Michigan State Parks.
- (d) Administration of the endowment fund.

(4) Not less than 20 percent of the money made available for expenditure from the endowment fund from any state fiscal year shall be expended under subsection (3)(a) for capital improvements at Michigan State Parks.

(5) Money in the endowment fund shall be expended as follows:

(a) Until the endowment fund reaches an accumulated principal of \$800,000,000.00, each state fiscal year the legislature may appropriate not more than 50 percent of the money received under section 35 of this article plus interest and earnings and any private contributions or other revenue to the endowment fund.

(b) Once the accumulated principal in the endowment fund reaches \$800,000,000.00, only the interest and earnings of the endowment fund in excess of the amount necessary to maintain the endowment fund's accumulated principal limit may be made available for expenditure.

(6) Unexpended appropriations of the endowment fund from any state fiscal year as authorized by this section may be carried forward or may be appropriated as determined by the legislature for purposes of this section.

(7) The legislature shall provide by law for implementation of this section.

History: Add. S.J.R. E, approved Nov. 8, 1994, Eff. Dec. 24, 1994 ;-- Am. S.J.R. T, approved Aug. 6, 2002, Eff. Sept. 21, 2002 ;-- Am. S.J.R. O, approved Nov. 3, 2020, Eff. Dec. 19, 2020

Compiler's Notes: This section was originally added to the Constitution by S.J.R. E as section 36, Eff. Dec. 24, 1994, but was compiled as § 36[1] to distinguish it from another section 36 added to Article 9, Eff. Apr. 30, 1994, which pertained to a tax on tobacco products. When this section (§ 36[1]) was amended by S.J.R. T, Eff. Sept. 21, 2002, it was renumbered as section 35a.

§ 36 Tax on tobacco products; dedication of proceeds.

Sec. 36.

Six percent of the proceeds of the tax on tobacco products shall be dedicated to improving the quality of health care of the residents of this state.

History: Add. S.J.R. S, approved Mar. 15, 1994, Eff. Apr. 30, 1994

§ 37 Michigan veterans' trust fund.

Sec. 37.

The Michigan veterans' trust fund is established within the department of treasury. All money in the fund established by 1946 (1st Ex Sess) PA 9 shall be transferred to the Michigan veterans' trust fund. The trust fund may additionally receive appropriations, money, or other things of value. The state treasurer shall direct investment of the fund as provided by law, and credit interest and earnings of the fund to the fund. Except for the state treasurer's actions authorized under this section, an expenditure or transfer of a trust fund asset, interest, or earnings may be made only upon the authorization of a majority of the members of the Michigan veterans' trust fund board of trustees.

History: Add. H.J.R. H, approved Nov. 5, 1996, Eff. Dec. 21, 1996 ;-- Am. S.J.R. T, approved Aug. 6, 2002, Eff. Sept. 21, 2002

§ 38 Michigan veterans' trust fund board of trustees; establishment.

Sec. 38.

The Michigan veterans' trust fund board of trustees is established and consists of veterans honorably discharged from the armed services and appointed by the governor as prescribed by law.

History: Add. H.J.R. H., approved Nov. 5, 1996, Eff. Dec. 21, 1996

§ 39 Michigan veterans' trust fund board of trustees; administration of trust fund.

Sec. 39.

The Michigan veterans' trust fund board of trustees shall administer the Michigan veterans' trust fund. The board of trustees shall not authorize the expenditure or transfer of a trust fund asset, interest, or earnings unless the board of trustees determines in its discretion and by a majority vote that the expenditure or transfer is for the benefit of veterans or their spouses or dependents.

History: Add. H.J.R. H., approved Nov. 5, 1996, Eff. Dec. 21, 1996

§ 40 Michigan conservation and recreation legacy fund.

Sec. 40.

The Michigan conservation and recreation legacy fund is established. The state treasurer shall direct the

investment of the legacy fund. The state treasurer shall establish within the legacy fund restricted accounts as authorized by this section and may establish additional subaccounts as authorized by law. The state treasurer may receive gifts, grants, bequests, or assets from any source for deposit into a particular account or subaccount. The assets of the legacy fund shall be invested as provided by law. Interest and earnings accruing from each account or subaccount shall be credited to that account or subaccount.

The forest recreation account is established as an account within the legacy fund. The forest recreation account shall consist of revenue derived from concessions, leases, contracts, and fees from recreational activities on state forestlands and other revenues as authorized by law. Money in the forest recreation account shall be expended only for the following:

- (a) The development, improvement, operation, promotion, and maintenance of forest recreation activities.
- (b) Grants to state colleges and universities to implement programs funded by the forest recreation account.
- (c) The administration of the forest recreation account.

The game and fish protection account is established as an account within the legacy fund. The game and fish protection account shall consist of revenue derived from hunting and fishing licenses, passbooks, permits, fees, concessions, leases, contracts, and activities; damages paid for the illegal taking of game and fish; revenue derived from fees, licenses, and permits related to game, game areas, and game fish; and other revenues as authorized by law. Money in the game and fish protection account shall be expended only for the following:

- (a) The development, improvement, operation, promotion, and maintenance of wildlife and fisheries programs and facilities.
- (b) The acquisition of land and rights in land that support wildlife and fisheries programs.
- (c) Research to support wildlife and fisheries programs.
- (d) The enforcement and administration of the wildlife and fisheries laws of the state, including the necessary equipment and apparatus incident to the operation and enforcement of wildlife and fisheries laws.
- (e) The protection, propagation, distribution, and control of wildlife and fish.
- (f) Grants to state colleges and universities to implement programs funded by the game and fish protection account.

- (g) The administration of the game and fish protection account, which may include payments in lieu of taxes on state owned land that has been or will be purchased through the game and fish protection fund or account.

The off-road vehicle account is established as an account within the legacy fund. The off-road vehicle account shall consist of revenue derived from fees imposed upon the use or registration of off-road vehicles and other revenues as authorized by law. Money in the off-road vehicle account shall be expended only for the following:

- (a) Signage for and the improvement, maintenance, and construction of off-road vehicle trails, routes, or areas.
- (b) The administration and enforcement of state regulations related to off-road vehicles.
- (c) The leasing of land for use by off-road vehicles.
- (d) The acquisition of easements, permits, or other agreements for the use of land for off-road vehicle trails, routes, or areas.
- (e) The restoration of any of the natural resources of the state on public land that are damaged due to off-road vehicle use.
- (f) Safety education programs related to the operation of off-road vehicles.
- (g) Other uses as provided by law as long as the uses are consistent with the development, improvement, operation, promotion, and maintenance of the state's off-road vehicle programs.
- (h) Grants to state colleges and universities to implement programs funded by the off-road vehicle account.
- (i) The administration of the off-road vehicle account.

The recreation improvement account is established as an account within the legacy fund. The recreation improvement account shall consist of all tax revenue derived from the sale of two percent of the gasoline sold in this state for consumption in internal combustion engines and other revenues as authorized by law. Money in the recreation improvement account shall be distributed as follows:

- (a) Eighty percent of the money shall be annually transferred to the waterways account to be used for the purposes of that account.
- (b) Fourteen percent of the money shall be annually transferred to the snowmobile account to be used for the purposes of that account.
- (c) The remainder of the money that is not transferred under this section shall be used, upon appropriation, for recreation projects, including grants to state colleges and universities to implement recreation projects, and for the administration of the recreation improvement account. Of the amount that is credited to recreational projects in a fiscal year, not less than twenty-five percent of any funds designated for projects intended for off-road vehicles shall be expended on projects to repair damages as a result of pollution, impairment, or destruction of air, water, or other natural resources, or the public trust, in air, water, or other natural resources, as a result of the use of off-road vehicles.

The snowmobile account is established as an account within the legacy fund. The snowmobile account shall consist of revenue derived from fees imposed for the registration or use of snowmobiles; revenue derived from the use of snowmobile trails; transfers from the recreation improvement account; and other revenues as authorized by

law. Money in the snowmobile account shall be expended only for the following:

- (a) Planning, construction, maintenance, and acquisition of trails and areas for the use of snowmobiles.
- (b) Providing access to trails and areas for the use of snowmobiles.
- (c) Providing basic snowmobile facilities.
- (d) The administration and enforcement of state regulations related to snowmobiles.
- (e) Safety education programs related to the operation of snowmobiles.
- (f) Other uses as provided by law as long as the uses are consistent with the development, improvement, operation, promotion, and maintenance of the state's snowmobile programs.
- (g) Grants to state colleges and universities to implement programs funded by the snowmobile account.
- (h) The administration of the snowmobile account, which may include payments in lieu of taxes on state owned land that has been or will be purchased through the recreational snowmobile trail improvement fund or snowmobile account.

The state park improvement account is established as an account within the legacy fund. The state park improvement account shall consist of revenue derived from concessions, leases, contracts, fees, and permits for activities in state parks and recreation areas; damages paid to the state for illegal activities in state parks and recreation areas; and other revenues as authorized by law. Money in the state park improvement account shall be expended only for the following:

- (a) The development, improvement, operation, promotion, and maintenance of state parks and recreation areas.
- (b) Grants to state colleges and universities to implement programs funded by the state park improvement account.
- (c) The administration of the state park improvement account.

The waterways account is established as an account within the legacy fund. The waterways account shall consist of revenue derived from watercraft registration fees assessed on the ownership or operation of watercraft in the state; revenue derived from fees charged for the moorage of watercraft at state-operated mooring facilities; revenue derived from fees charged for the use of state-operated public access sites; transfers from the recreation improvement account; all tax revenue derived from the sale of diesel fuel in this state that is used to generate power for the operation or propulsion of vessels on the waterways of the state; and other revenues as authorized by law. Money in the waterways account shall be expended only for the following:

- (a) The construction, operation, and maintenance of recreational boating facilities that provide public access to waterways or moorage of watercraft.
- (b) The acquisition of property for the purpose of paragraph (a).
- (c) Grants to local units of government and state colleges and universities for the provision of public access or moorage of watercraft and law enforcement or boating education to recreational watercraft operators.
- (d) The acquisition and development of harbors and public access sites.
- (e) The enforcement of laws related to the operation of watercraft and education related to the operation of watercraft. Not less than forty-nine percent of revenues from watercraft registration fees received by the waterways account shall be used for the purposes of this subdivision.
- (f) The administration of programs funded by the waterways account.
- (g) Other uses as provided by law as long as the uses are consistent with the development, improvement, operation, promotion, and maintenance of the state's waterways programs.
- (h) The administration of the waterways account, which may include payments in lieu of taxes on state owned land that has been or will be purchased through the Michigan state waterways fund or waterways account.

The legislature shall provide by law for the implementation of this section.

History: Add. H.J.R. Z, approved Nov. 7, 2006, Eff. Dec. 23, 2006

§ 41 Michigan game and fish protection trust fund.

Sec. 41.

The Michigan game and fish protection trust fund is established. The Michigan game and fish protection trust fund shall consist of revenue derived from bonuses, rentals, delayed rentals, royalties, and other revenues collected or reserved by the state under leases or direct sale contracts accruing from state owned lands acquired with money from state or federal game and fish protection funds or revenues accruing from lands purchased with such revenues. The Michigan game and fish protection trust fund may also receive gifts, grants, bequests, or assets from any source and may receive other revenues as authorized by law.

The assets of the Michigan game and fish protection trust fund shall be invested as provided by law. The interest

and earnings from these investments shall be credited to the Michigan game and fish protection trust fund.

The accumulated interest and earnings of the Michigan game and fish protection trust fund and not more than \$6,000,000.00 of the principal of the Michigan game and fish protection trust fund may be expended in any year for the purposes of the game and fish protection account of the Michigan conservation and recreation legacy fund established in section 40.

The legislature shall provide by law for the implementation of this section.

History: Add. H.J.R. Z, approved Nov. 7, 2006, Eff. Dec. 23, 2006

§ 42 Michigan nongame fish and wildlife trust fund.

Sec. 42.

The Michigan nongame fish and wildlife trust fund is established. The Michigan nongame fish and wildlife trust fund shall consist of revenue designated by a member of the public for the benefit of nongame fish and wildlife.

The Michigan nongame fish and wildlife trust fund may also receive gifts, grants, bequests, or assets from any source and may receive other revenues as authorized by law.

The assets of the Michigan nongame fish and wildlife trust fund shall be invested as provided by law. The interest and earnings from these investments shall be credited to the Michigan nongame fish and wildlife trust fund.

The Michigan nongame fish and wildlife trust fund shall maintain a principal balance of not less than \$6,000,000.00.

The interest and earnings of the Michigan nongame fish and wildlife trust fund and other revenues not retained on a permanent basis shall be expended only for the following:

- (a) The management of nongame fish and wildlife species consistent with a long-range plan for the management of Michigan's nongame fish and wildlife resources.
- (b) Grants to state colleges and universities to implement programs funded by the Michigan nongame fish and wildlife trust fund.
- (c) The administration of the Michigan nongame fish and wildlife trust fund.

History: Add. H.J.R. Z, approved Nov. 7, 2006, Eff. Dec. 23, 2006