



July 21, 2025

Dear Board of Canvassers,

The Michigan Chamber of Commerce (MCC) is submitting these public comments to express our concerns related to the proposed 100-word description of the graduated income tax proposal. Citizens deserve to be informed about the impacts of this proposal, free of misleading and prejudicial descriptions.

The MCC represents approximately 5,000 job providers across all 83 counties of our state. Our members range in size and structure, but over 75% of them are small businesses and many of them will be disproportionately impacted by this ill-advised and dangerous job killing proposal. Small businesses in Michigan are already experiencing a tax increase due to a failed promise of an income tax rollback. This proposal further punishes small business owners, which will chase away jobs and career opportunities for workers and continue to let down Michigan kids.

While we understand the Board of Canvassers (“Board”) is not charged with determining the merits of the policies being brought before it, it is responsible for developing accurate descriptions on these policies so Michigan voters can make educated and informed decisions. With that understanding, the MCC urges the following items for the Board’s consideration:

1. **The Michigan Constitution specifically prohibits a graduated income tax — yet this proposal would put into place a graduated income tax. The summary should reflect this.** A graduated income tax is generally defined as an income tax where the tax rate is increased for higher taxable income. This interpretation is consistent with judicial interpretations of what a graduated income tax is, and the Board’s 100-word summary should be consistent with commonly accepted definitions. Furthermore, the 100-word summary should note that this proposal would take the graduated income tax level to 9.25%, making it the 7<sup>th</sup> highest in the country.
2. **The 100-word summary previously approved by the Board failed to mention the impact on small businesses.** While proponents bill the proposal as a tax on the “rich,” this proposal goes much further than that by taxing small businesses and making it virtually impossible for them to grow. A graduated income tax will raise the tax burden on an estimated 11,900 to 12,800 small and mid-sized businesses, most of which are pass-through entities (sole proprietorships, partnerships, S corporations, LLCs) and whose income is taxed at the owner’s individual rate. Their taxes will go up regardless of whether the owners take an income or reinvest that money into their business. Michigan voters considering whether to sign the petition deserve the right to understand the impact this proposal has on small businesses across Michigan.

- 3. The 100-word summary previously approved by the Board on July 21 was misleading by specifying examples of how the money would be spent — yet those will be legislative decisions.** The use of the funds generated by this new graduated income tax are subject to the discretion and creativity of the Michigan Legislature, making the examples listed in the petition merely speculative. In fact, nothing would prevent the legislature from redirecting, or supplanting, resources already going to schools by the amounts added from this tax. The words following the word “districts” are examples of what the new graduated income tax revenue could be spent on — not limitations. Vocational education and teacher retention are examples of things that could qualify as classroom spending, but there is no requirement that the money will be spent on those things. Further, “local school districts” and “classrooms” are left for the legislature to define; ultimately these decisions will be under the control of the legislature’s discretion. The proposal itself says “the legislature may enact laws consistent with this section for its implementation.” Therefore, the 100-word summary should not mislead Michigan citizens with examples of sound-good spending promises that lack guarantees.

We respectfully urge the Board to reconsider and amend the 100-word summary language approved at the July 21 meeting and to rethink what an unbiased and accurate summary looks like considering the above comments. We appreciate your time and consideration.

Respectfully,

A handwritten signature in black ink that reads "Jim Holcomb". The signature is written in a cursive, flowing style.

Jim Holcomb  
President and CEO  
Michigan Chamber of Commerce