MEMORANDUM

To: Members of the House Committee on Economic Competitiveness

From: Michigan Association of School Boards
Michigan Association of Superintendents & Administrators
Michigan Education Association
Michigan Association of Intermediate School Administrators
AFT Michigan
Michigan Association of Secondary School Principals
Michigan Alliance for Student Opportunity
Michigan Association of Elementary and Secondary School Principals

RE: **Opposition to House Bills 4058-4059**

Date: March 20, 2025

As organizations representing public education, we are writing today to oppose House Bills 4058-4059 which would exempt many baby and toddler items from sales and use taxes. The School Aid Fund receives approximately 73% of sales and use tax revenue and is the biggest revenue source for the fund. We continue to oppose policies that cut funding for our schools.

While this is just one policy change, it adds up when combined with all the other changes that have been made through the years. For example, from 2013-2019, 65 tax policies changes were enacted in our state that led to a reduction of more than $276 million annually, or $191 per pupil. This continued erosion of revenue streams for our local schools harms our students.

While revenue reductions to the School Aid Fund are our primary concern, reductions to the General Fund also hurt public education. As we have seen over the last 15 years, the state has eased stresses on the General Fund by moving more budget items into the School Aid Fund. The School Aid Fund now fully covers the community colleges budget and about 20% of the public universities budget. With more than $1.5 billion of General Fund still funding universities, we remain concerned that more of that money will be shifted to School Aid Fund as the General Fund struggles. This further erodes funding and resources for our classrooms.

We urge you to consider protecting your local schools and the School Aid Fund as you consider tax policies. While the intent of the policy change may be a good idea, we need to have a more comprehensive conversation about what and how we tax in Michigan to create stable funding systems for our schools and communities.

If you have any questions, feel free to contact any of the organizations listed.