

Name \_\_\_\_\_

## Cracking the Code: Understanding Michigan's Tax Structure

### Open-Ended Response Answer Key

1. Michigan's progressive income tax system means that individuals with higher incomes pay a higher percentage of their income in taxes. This is designed to ensure that those who can afford to contribute more do so, helping to fund government services and programs for the benefit of all residents. For example, if someone earns a higher income, they might pay a higher tax rate on that portion of their income exceeding a certain threshold. This approach aims to achieve a fair distribution of the tax burden.
2. The amount of property tax owed by a property owner in a Michigan township can be influenced by several factors. These include the assessed value of the property, local millage rates, and any property tax exemptions or credits the owner may qualify for. Property taxes contribute to the local community by funding services such as schools, emergency services, and infrastructure maintenance, ensuring the well-being and development of the area.
3. Local governments in Michigan play a crucial role in determining property taxes. They set millage rates, which are essentially the tax rates applied to property values. Residents can participate in this process by voting in local elections and referendums that may impact millage rates. Additionally, local governments often hold public hearings and meetings where citizens can voice their opinions and concerns regarding tax-related matters. This participatory approach allows residents to have a say in how property taxes are determined and used.
4. Excise taxes in Michigan serve multiple purposes. They generate revenue for the state, which can be allocated to various programs and services. Additionally, excise taxes can influence consumer behavior. For example, higher excise taxes on tobacco products may discourage smoking, while lower excise taxes on renewable energy sources can promote environmental sustainability. The revenue generated from excise taxes can fund initiatives related to public health, infrastructure development, or addressing specific challenges faced by the state, making them a crucial part of Michigan's financial landscape.

