



Transportation Revenue and Sales Tax Ballot Proposal



Director Kirk Steudle



What would the proposed changes do?

All taxes paid at the pump would go to transportation and sales tax goes to schools & cities.



Enacted 2015 Transportation Package



- Fuel tax increase
 - Tax Rate for Gasoline & Diesel the same at 14.9%, although prices vary
 - Gasoline : 19 to 41 cents
 - Diesel fuel: 15 to 46 cents
 - New Diesel-equivalent tax on CNG
 - Remove 6% sales tax from fuel

- Registration fee increase of about 30% for:
 - New cars starting in 2016
 - Trucks over 26,000 lbs.
 - Takes effect over 3 to 14 years

Impact for Transportation Agencies

 May 5th Ballot

- \$1.2 billion/year more for MTF
 - 39% to county roads; 22% to city streets
- Grows with consumer prices; not more than 5¢/year
- Road-agency distributions rise by 60% in 2018
- \$112 million/year for CTF by 2018
- No change to formula



Impact for Other Public Agencies

- \$300 million/year more for School Aid Fund
- \$100 million/year more for revenue sharing
- \$20 million/year more for DNR marinas and ORV trails
- Additional funding for community colleges



Impact for Individual Taxpayers

- Sales tax rises from 6 to 7%
- Fuel tax increases; sales tax removed from fuel
 - Tax at pump rises up to 12¢/gallon in Oct. 2015
- Earned-income tax credit increased from 6 to 20% of federal credit; eligibility is broadened
- Registration fee increase of about 30% on new cars starting in 2016
- Registration fee on hybrid-drive cars increased by \$25/year
- Registration fee on electric cars & plug-in hybrids increased by \$75/year



Impact for Businesses



- Diesel fuel tax is increased; sales tax is removed from Diesel fuel
 - Total tax on Diesel fuel rises 12¢/gallon in October, 2015
- No registration fee increase on medium trucks
- Registration fee rises by \$600/year on typical heavy truck
- Sales tax rises on retail purchases
- Enlarged assistance to small-business development

Taxpayer Protection & Transparency



- Increase use of pavement warranties by local agencies, where possible
- County road agencies required to use competitive bidding for projects of a certain size
- Townships contributing more than 50% to cost of county road project may require competitive bid
- Performance-driven maintenance contracting by 7 largest road agencies

All proposed changes are tied to the outcome of the sales tax ballot referendum.



MDOT Communication Tools

- www.michigan.gov/roadfunding
- www.michigan.gov/realitycheck



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Transportation Funding: No Easy Fix

Time for Action on Infrastructure

The deteriorating condition of Michigan's roads and bridges is an issue in every part of the state. Years of under-investment, coupled with increased fuel efficiency, has eroded the funding available for transportation and accelerated the decline in pavement and bridge condition. Both state and local road agencies have taken steps to improve asset management, increase the effectiveness of existing investment, reduce costs, and employ innovative approaches that make the most of their limited funding. Despite these efforts, it's clear that without significant additional investment, our roads and bridges will only continue to get worse.

Improving the condition of Michigan's transportation infrastructure is a critical step needed to continue Michigan's momentum. It's time to take action on the need for additional transportation funding.

[Join Our Road Shows Today](#)

Infrastructure in Decline

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Reality Check

There are many common myths and misconceptions about transportation in Michigan, from why MDOT explores "perfectly good" signs to why current funding levels aren't enough to keep roads and bridges in good condition.

Transportation Reality Check takes on some of these myths, and explains why MDOT does things the way they do.

Myth #6: Michigan has one of the highest gas taxes in the country. Our roads are awful, so road agencies must be wasting our money.
Reality: Michigan's taxes that fund transportation are among the lowest in the country, and our road operations reflect that level of investment.
[See the Reality Check Sheet](#)

Myth #5: Michigan needs to learn how to build roads that last. Or at least, MDOT needs to hold contractors responsible when repairs don't hold up.
Reality: Michigan has high standards and tough warranties. Other factors are to blame for our crumbling roads.
[See the Reality Check Sheet](#)

Myth #4: Ohio's roads are so much better than Michigan's. MDOT needs to learn how Ohio does it so they can build better roads.
Reality: There is no secret to why Ohio's roads are better than Michigan's. They spend \$1 billion more each year on their roads.
[See the Reality Check Sheet](#)

Myth #3: Road crews just remove some asphalt in the potholes to fix them. They need to fix them right the first time so it lasts.
Reality: Pothole patches are just that - a patch. A fix for well requires much more.
[See the Reality Check Sheet](#)

Myth #2: MDOT has gotten dangerously stingy with salt, and they need to use more salt.
Reality: MDOT has made changes to be more efficient with salt, but not at the expense of safety for motorists.
[See the Reality Check Sheet](#)

Myth #1: Michigan's roads and bridges aren't that bad, and there are plenty of other priorities.
Reality: Michigan's transportation system is hurting, and waiting just makes things worse.
[See the Reality Check Sheet](#)