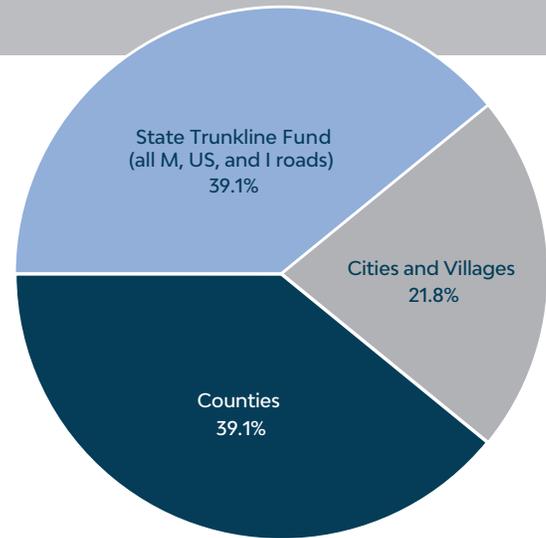


# MICHIGAN ROAD FUNDING

## CURRENT ALLOCATION

State transportation funding for constructing and repairing roads is disbursed through Public Act 51 of 1951. Michigan is unique in how it provides funding for roads because the vast majority of the funds are restricted for specific road-related purposes. Total funding in the Fiscal Year 2019 budget reached a record amount of \$5 billion in total transportation funding, with \$4 billion of that going directly to road repairs and construction. Funding is distributed to: the State Trunkline Fund (all M, US, and I roads) – 39.1%; Counties – 39.1%; and Cities and Villages – 21.8%.

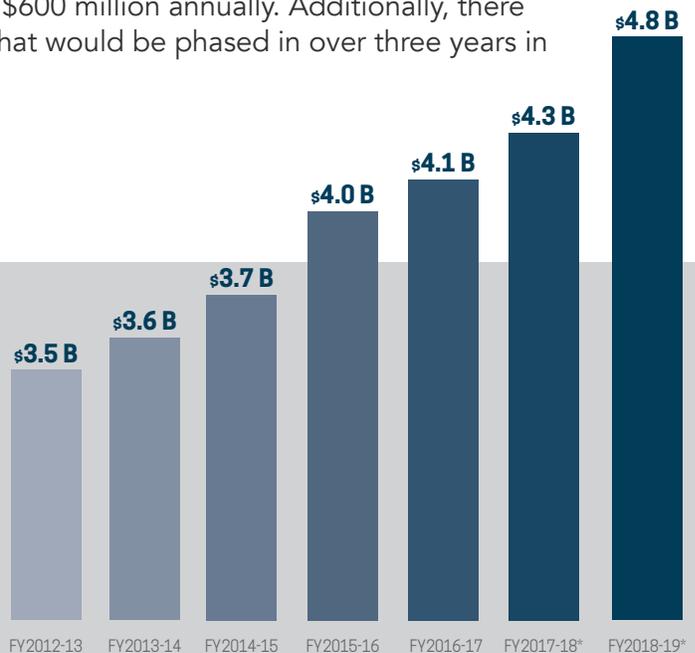


## 2015 LEGISLATIVE PLAN

In the fall of 2015, the Legislature approved a comprehensive plan intended to provide a long-lasting solution to Michigan's road funding crisis. Ultimately, the passed bills annually utilize \$600 million in existing revenue and \$600 million in new user (registration and fuel) fees to provide \$1.2 billion in road funding by 2021. The phase-in included a registration fee and gas tax increase of 7 cents to equal a total of \$600 million annually. Additionally, there was an allocation through the discretionary fund that would be phased in over three years in the following way:

- Fiscal Year 2019: \$150 million
- Fiscal Year 2020: \$325 million
- Fiscal Year 2021: \$600 million

The new funding has created record increases to road funding over the past few years. In 2018, the combination of state and federal funds for transportation reached an estimated **\$4.3 billion**, and will likely reach a new record high of **\$4.8 billion** in 2019. These funding numbers are largely comprised of fuel taxes and vehicle registration fees (as required by Article 9, Sec. 9 of the Michigan Constitution), state general funds, and federal funds.



\*Projected

## ADDITIONAL FUNDING

Over the last few years, there has been an increased prioritization on appropriating General Fund dollars to road repairs rather than relying on the 2015 road funding plan to fully phase in (which is expected in 2021). Under Republican leadership, the Legislature has allocated an additional **\$1.5 billion** in road funding, and in the most recent budgets an additional **\$600 million** in General Fund dollars to the bottom three tiers of the formula: State, Counties, and Cities/Villages.

In addition, PA 588 of 2018, commonly referred to as the Wayfair bill, dedicated additional income tax in the amount of **\$114 million** in Fiscal Year 2019 and **\$143 million** in Fiscal Year 2020 to roads.