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# **CRA: time to move away from gas tax towards road use charge, but first lawmakers must pass a road funding stopgap**

Michigan's gas tax is due to be scrapped, the County Road Association said Wednesday, and should be replaced with a road usage charge model – but before that can happen, the Legislature needs to make a move on road funding in the short term.

Road usage charges, or RUCs, are one answer to the declining sales of gas caused by drivers purchasing more fuel-efficient vehicles and electric or hybrid cars. They would replace gas taxes by imposing a nominal fee that could be based on miles traveled. County Road Association CEO Denise Donohue said as long as Michiganders keep driving fuel-efficient cars and pinching pennies at the pump, the gas tax isn't the most effective way to support the Michigan Transportation Fund.

"When 40 percent of your number one funding source is coming from gas tax and we're selling fewer and fewer gallons of gas, this is why we are at crossroads in Michigan, needing to look at a different business model for the way that we fund roads," Donohue said at a Wednesday press conference.

Nate Bryer, an expert in RUC for the global engineering and professional services firm WSP, said usage charges simply take the existing model of per-mile fees – currently varying between types of vehicles and drivers – and applying a consistent per-mile fee that would apply to all drivers, including EV owners, regardless of their vehicle's gas mileage.

Four states – Oregon, Utah, Virginia and Hawaii – have enacted operational RUC programs as of 2025. Fourteen more states have

pilot programs, including California, Pennsylvania and Minnesota. Michigan has conducted research on RUC but has yet to approve and launch a pilot program.

Bryer said so far, pilot programs around the country have shown RUC is a viable concept with readily available options for technology to administer the programs. Generally, states with the strongest programs are ones with legislative backing, he said, and increasing public participation and interstate policies for drivers who cross state lines regularly will be key to continuing success.

Some of the perception issues road usage charges face are related to a lack of understanding about how transportation is funded or the idea that the charges are unfair to rural drivers, drivers of less fuel-efficient vehicles or in-state drivers.

Getting an RUC program off the ground in Michigan would take years, Bryer and Donohue said, but the process can begin in the upcoming fiscal year if funding for a pilot program, as proposed in the Senate and executive recommendations for the 2025-26 budget, is approved.

CRA Legislative Director Ed Noyola said there would typically be a considerable study period before beginning a state pilot program, but with existing research and expertise and considering the position of Michigan's road funding system – running billions of dollars under what advocates say is necessary – the state should prioritize a pilot program sooner rather than later.

"I don't think studies are necessarily out the window, but I think it's time to really start looking at a pilot, and with experts like this, we can actually get out in front," Noyola said. "That's going to be my first choice."

However, a convincing lawmakers on a RUC pilot program and the ultimate goal of a comprehensive statewide model have to take a backseat to getting a road funding plan passed before the current system becomes obsolete.

"That's task number two," Noyola said. "Task number one is to generate enough revenue right now for what we're doing and how we're distributing the transportation funding. That means the \$3 billion that that the Legislature and the governor's office have proposed. We support that concept, (but) an extra \$3 billion, it's not an easy task. We respect and we hope that the House and the

Senate can come together in whatever way, shape or form and whatever method of collecting that revenue and the governor can sign a piece of legislation to take care of that problem."

– By Lily Guiney

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