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House GOP Members Seek To Make Case For \$3.1B Road Plan To Senate

Senate Democrats questioned House Republicans at length Wednesday on their \$3.1 billion road funding plan, seeking more specifics of how the proposal would avoid affecting critical state services.

Key House sponsors of the plan told the [Senate Appropriations Committee](#) it would take time to identify cuts as they combed through the budget, but it could be accomplished without additional revenue to a budget that has grown in recent years.

"Michigan families are already being squeezed by rising costs, and that's why we're committed to fund this plan entirely with existing state resources," [Rep. Pat Outman](#) (R-Six Lakes), chair of the [House Transportation and Infrastructure Committee](#), said. "While residents have had to make tough financial decisions, the state government has not."

Despite obtaining bipartisan support last month when it cleared the House (See [Gongwer Michigan Report, March 19, 2025](#)), Democrats have largely voiced opposition to the plan.

Republicans have said long-term road funding can be found within the existing state budget, but Democrats have countered that it would have a significant negative effect on other parts of the budget.

The package includes [HB 4180](#), [HB 4181](#), [HB 4182](#), [HB 4183](#), [HB 4184](#), [HB 4185](#), [HB 4186](#), [HB 4187](#) and [HB 4230](#).

As passed by the House, all \$2.2 billion collected in Corporate Incomes Tax would be moved to road funding, including more than \$1 billion earmarked for corporate incentives. It would also end the existing

collection of sales tax on fuel and increase the fuel tax by an equal amount.

The House plan would raise the Michigan Business Tax to help fill the gap created in funding. This would basically end Michigan Economic Growth Authority credits, providing \$500 million. The plan would also shift \$600 million from higher-than-expected state revenues as well as \$500 million from the elimination of budget earmarks.

Revenue from the sales tax on fuel generates funds for the School Aid Fund and statutory local revenue sharing. The House plan would hold funding harmless by placing \$750 million in sales tax to the School Aid Fund and \$95 million in sales tax to local revenue sharing. Another \$50 million currently provided to the Housing and Community Development Fund would be retained.

[Governor Gretchen Whitmer](#) earlier this year announced a \$3 billion proposal of her own, which includes a new tax on marijuana, would require all taxes collected at the pump go to roads and would redirect \$500 million in existing spending as well as mix of unspecified tax and fee increases (See [Gongwer Michigan Report, February 10, 2025](#)).

[Sen. Sarah Anthony](#) (D-Lansing), the committee chair, said if the plan was adopted as a whole, it would require significant cuts to the budget.

"Did you all contemplate where the revenue would come from?" Anthony said. "Knowing that we have to meet the needs of the entire state, where would some of those reductions come from?"

Outman said the state needs to reprioritize existing monies.

"We're not looking to cut any essential services. ... You have my word on that." Outman said. "We can find that money pretty easily. ... We've just got to trim back some of these nonessential services a little bit."

[Sen. Kevin Hertel](#) (D-Saint Clair Shores) said he believes changes are needed to Public Act 51 of 1951, the state's road funding formula. While any proposal the Legislature may pass would increase overall funding, he said without changes it would be distributed through a formula that benefits lesser-populated parts of the state while roads in southeast Michigan continue to crumble.

"When you look at this distribution per mile per capita by county, it is Macomb and Wayne which I represent, and Oakland, which are at the bottom of the list for increases, meaning we put all of this revenue into

this formula and the places that need to see the benefit the most will not see it," Hertel said. "I think we need to take the opportunity that we have in front of us, find more revenue for roads, but put it into a reformed formula that actually makes sense and gets the money to where it needs to go."

House members replied despite a possibly small increase, every county benefits under the plan.

Outman said there would be a \$24.9 million increase for Lansing, the largest community in Anthony's district and \$10.5 million for Saint Clair Shores in Hertel's district.

"We're very much putting the money where it needs to go," Outman said.

[Sen. John Damoose](#) (R-Harbor Springs) expressed concerns about the Corporate Income Tax effects.

"Is this going to drive more of our important manufacturing businesses and corporations that we need to have, we built our economy on, out of the state?" Damoose said.

Outman said crumbling roads and infrastructure is an underlying issue that prevents economic growth in the state that must be addressed. Relying on incentives is not an answer, he said.

"We can't continue to bribe ourselves into prosperity," Outman said. "We can't continue to bribe these corporations into either retain their operations in Michigan or to come to Michigan. At some point we have to address the underlying issues."

Following the hearing, Anthony told reporters any final package needs to be structured for the long-term, compared to packages in the past that she said were half-measures that left permanent solutions up to future legislatures.

"What you heard in this committee is that some things are just still very much uncertain," Anthony said. "We don't have guarantees that School Aid is held harmless. We don't have real specifics about where they would find real reductions in places like DHHS and Corrections and higher education. Those things have to be fleshed out."

[Sen. Veronica Klinefelt](#) (D-Eastpointe), chair of the [Senate Appropriations Transportation Subcommittee](#), described the House proposal to reporters as a conversation starter.

"I don't believe it's going to be as simple as they think it is going to be, and it's one of the reasons that we haven't been so quick to throw something out there without taking into account the rest of the budget," Klinefelt said.

— By Nick Smith

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