



Road Funding On A Road Trip To The Senate

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House Speaker [Matt HALL \(R-Richland Township\)](#)'s \$3.1 billion plan to fund roads rolled out of the House today, each bill getting more than 60 votes without meeting the Democrats' request for new revenue.

Under the package, \$2.1 billion collected from the Corporate Income Tax (CIT) would go to road funding as opposed to the General Fund (GF). Another \$945 million would come by replacing the sales tax on motor fuel with a corresponding motor fuel tax.

The General Fund hole would be filled by killing the \$500 million that's currently going to the Strategic Outreach and Attraction Reserve (SOAR) Fund. Another \$600 million is coming from the surplus projected at January's Consensus Revenue Estimating Conference (CREC). There's \$500 million in estimated cuts in budget earmarks, and \$500 million from the Michigan Economic Growth Authority (MEGA) credits the state is hoping to not shell out moving forward if legacy corporations still benefiting from the Michigan Business Tax (MBT) structure abandon it.

To hold the School Aid Fund (SAF) and constitutional revenue sharing harmless after axing the sales tax on motor fuel, the plan is to give them first priority from sales tax revenue by naming \$750 million for SAF and \$95 million for revenue sharing from the pot, a total of about \$850 million.

However, the \$850 million being spoken for will cause other budget items funded by sales tax to have their funding at risk. In the budget-making process, filling that \$850 million pothole will require further negotiations and more re-prioritizations, Speaker Hall and House Transportation and Infrastructure Committee Chair [Pat OUTMAN \(R-Six Lakes\)](#) said.

"We're not cutting any essential services. You have my commitment," Outman said.

Democrats voting against the bill – such as Minority Leader [Ranjeev PURI \(D-Canton\)](#) who chaired the House Appropriations Subcommittee on Transportation last term – expressed concern that the votes taken today count on more cuts that haven't been identified yet.

Puri said Democrats won't support a plan that doesn't bring new money into the state budget.

"Robbing Peter to pay Paul. It's not the way to do it," Puri said. "Without a fully baked plan, this is just a terrible use of our state dollars."

"It's not robbing Peter to pay Paul, it's robbing Peter and Paul, and Mary's already dead," Rep. [Noah ARBIT \(D-West Bloomfield\)](#) said later, then in a text to *MIRS* saying "Poor Mary."

However, Puri didn't prescribe his ideal road funding solution when answering a line of questioning from reporters, despite Rep. [Alabas FARHAT \(D-Dearborn\)](#) having introduced [HB 4142](#) , [HB 4143](#) and [HB 4144](#) that dedicate the full six percent of the CIT to roads, create a digital advertising tax and increase the CIT by 2.5 percent to hold schools harmless.

When asked why he would transmit bills to the Senate that don't raise revenue, Speaker Hall said in a press conference that this is the closest the Legislature has ever been to reaching a road funding plan and mentioned that groups like the Michigan Infrastructure and Transportation Association (MITA) support the bills.

He also mentioned that when Gov. [Gretchen WHITMER](#) proposed a 45-cent per gallon motor fuel tax hike in 2019, it was never introduced as a bill by a legislator.

For the record, [HB 4183](#) imposes a 51-cent per gallon motor fuel tax. However, that is a response to the removal of the sales tax on motor and aviation fuel.

Hall pointed out that substitutes to the bills that prioritize the funding of local governments when appropriating sales tax revenue have been able to get organizations like the Michigan Municipal League (MML), Michigan Townships Association (MTA) and Michigan Association of Counties (MAC) on board.

Even though the package that passed the House today doesn't raise revenue, which is a condition Democrats have stated is necessary to receive their support, Hall said he thinks Senate Democrats will be getting phone calls from municipalities in their districts over spring break asking them to support the bills.

Hall said he thinks Senate Appropriations Chair [Sarah ANTHONY \(D-Lansing\)](#) will approach road funding negotiations with the question of "what's in it for Lansing?" and called her the "biggest Lansing insider.

"Do you think Winnie Brinks wants to negotiate the budget head-to-head with me? I'll do that if she'll agree to it," Hall said before saying that he doesn't think House Appropriations Committee Chair [Ann BOLLIN \(R-Brighton\)](#) is a fair match for Anthony. "We're gonna win the budget negotiations."

Budget negotiations for that outstanding \$850 million will require cuts in other places not specified in the bills passed today, but Outman said the money is there if the Legislature gets back to "responsible budgeting."

"They totally wasted a \$9 billion surplus. They put \$2 billion worth of pork projects in the last two years. They've exploded our state spending," Outman said.

The vote totals are as follows: [HB 4180](#) , [HB 4181](#) and [HB 4182](#) passed 65-43, with Democratic Reps. [Joey ANDREWS \(D-St. Joseph\)](#), Farhat, [Jason MORGAN \(D-Ann Arbor\)](#), [Samantha STECKLOFF \(D-Farmington Hills\)](#), [Joe TATE \(D-Detroit\)](#), [Karen WHITSETT \(D-Detroit\)](#) and [Angela WITWER \(D-Lansing\)](#) voting yea and Reps. [Peter HERZBERG \(D-Westland\)](#) and [Cynthia NEELEY \(D-Flint\)](#) missing.

[HB 4183](#) passed by 62-46. This time, Witwer and Republican Reps. [Steve CARRA \(R-Three Rivers\)](#) and [James DESANA \(R-Carleton\)](#) voted no. This bill raises the gas tax to match the combined total of the current gas tax and the sales tax on gasoline.

On [HB 4184](#) , Witwer, Carra, DeSana and [Josh SCHRIVER \(R-Oxford\)](#) voted no, while Andrews, Farhat, Foreman, Steckloff, Tate and Whitsett voted yea. This bill does the same as the prior bill, but for aviation fuel.

[HB 4185](#) passed 64-44 with Andrews, Carra, Farhat, Foreman, Steckloff, Tate, [Dylan WEGELA \(D-Garden City\)](#), Whitsett and Witwer voting yea, and DeSana and Schriver voting no. The bills move more money into the School Aid Fund, to prevent cuts there.

[HB 4186](#) passed 61-47 with Andrews, Carra, Farhat, Foreman, Steckloff, Wegela and Whitsett voting yea, and DeSana and Schriver voting no. The bill raised the Michigan Business Tax rate to 30 percent to dissuade businesses from filing their returns under this tax so they can take advantage of their MEGA credits.

[HB 4187](#) passed 63-45 with Andrews, DeSana, Foreman, Schriver, Steckloff, Wegela and Whitsett voting yea.