



Where Michigan Republicans plan to find \$3.14B for road repairs

By Justin Hicks, 1/16/25

Michigan House Republicans have updated their road funding plan.

The proposal involves shifting all state tax already paid at the gas pump to roads, rather than the current split between fuel tax and sales tax. Increased funding would also come from the Corporate Income Tax, offset by cuts, increased revenue and expiring programs.

In total, House Speaker Matt Hall, R-Richland Township, said the plan would shift more than \$3.14 billion in annual revenue toward roads, without raising taxes.

On Thursday, Jan. 16, Rep. Hall's office published a financial breakdown of the plan, a more detailed update from what it [released in November](#). Hall has said he wants to prioritize local roads that "have been neglected for far too long."

"Ensuring value for taxpayer dollars is important to the people we represent, and our priorities reflect that by targeting inefficiencies and waste," Hall said in a prepared statement. "Roads and infrastructure are top priorities, and our budget choices should reflect that."

The roughly \$3.145 billion in annual funding includes \$2.2 billion from the Corporate Income Tax and \$945 million from permanently dedicating all tax paid at the pump to road funding.

Michigan drivers pay 70.4 cents per gallon in 2025 between state gas tax (31 cents), federal gas tax (18.4 cents), and state sales tax (21 cents).

Hall proposed shifting the 21-cent sales tax per gallon into the fuel tax and directing all its revenue to roads. Drivers would see no difference in what they pay, just how that money is allocated.

School leaders previously [voiced opposition](#) for such a pivot, because public schools get more than \$650 million, or about \$480 per student, from that sales tax revenue.

Hall has said school funding wouldn't be harmed by the maneuver. His office didn't immediately answer how school funds would be backfilled when asked Thursday morning. Regarding the Corporate Income Tax funds, Hall proposed offsetting the funds by eliminating \$500 million worth of MEGA credits; using \$500 million in expiring earmarks for a corporate incentive fund; and using \$100 million that had been set aside for corporate placemaking and community development funds set to expire.

MEGA credits have been used previously to encourage large-scale industrial expansions in Michigan in competition with other states.

[Democrats last year pitched continuing and expanding that incentive fund](#), called the Strategic Outreach and Attraction Reserve Fund (SOAR), but it never went to a vote. Continuing and expanding the fund is a key goal for Gov. Gretchen Whitmer.

Hall also noted \$600 million in ongoing general funds from higher than expected tax returns, and \$500 million from “preventing legislative earmarks.”

The House Republicans' plan was introduced a day after Gov. Gretchen Whitmer spoke at the Detroit Auto Show, [calling for lawmakers to compromise on a long-term, sustainable funding solution for roads](#).

Michigan faces an estimated [\\$3.9 billion annual deficit](#) in road funding. Its road conditions, both state trunklines and local streets, fall short of national standards.

Rob Coppersmith, Michigan Infrastructure & Transportation Association (MITA) executive vice president, applauded the plan and said it would help get Michigan on the right track. Coppersmith noted that recent progress to fix roads would be lost if state leaders don't invest more in roads with the expiration of short-term state and federal funding programs on the horizon.

“If we fail to act on funding and fixing Michigan's roads now, we will go backward,” he said in a prepared statement. “Do we want safe and reliable infrastructure to get to work, school and vacation? Or do we want our roads and bridges to continue to deteriorate?”

Beyond road funding, Hall said House Republicans have other key priorities, including:

- Investments in water and sewer infrastructure
- Establishment of a public safety trust fund
- Transparency reform including earmarks, lame-duck reform, and the “revolving door between government and the lobbying industry.”