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- We will mute all lines to avoid background noise – to un-mute yourself to ask a question, please push *6.

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Speakers

Dusty Fancher
Partner
Midwest Strategy Group

Tim Fischer
Deputy Policy Director
Michigan Environmental Council
Trans4M Member
Webinar Agenda

SB 88
SB 87
HB 4359
SB 149
SJR J
SB 85 / SB 147
SB 88 Vehicle Tax Increases

INTRODUCED BY SENATOR KAHN
SB 88 Vehicle Registration Tax Increase

- Increases two things by about 55.5%:
  - registration tax based on vehicle weight
    - (Ford Focus weighs about 2,600 lbs. Annual registration tax based on weight would increase from $32 to $58)
  - registration tax based on vehicle value
    - (If same Ford Focus valued at $10,001 - annual registration tax would increase from $53 to $95)
SB 88 Vehicle Registration Tax Increase

The vehicle weight and value are combined to determine the annual registration tax.

So, the annual registration tax for the older Ford Focus would be about $153.
Excise Taxes and Ad Valorem Taxes

**Excise Taxes**

are taxes paid when purchases are made on a specific good and often included in the price of a product and are inelastic. That means they remain constant regardless of the price of the product.

For example, when a gallon of gas sells for $1.00, MI gets 19 cents for that gallon. When a gallon of gas sells for $5.00, MI still gets 19 cents for that gallon.
Excise Taxes and Ad Valorem Taxes

Excise Tax Rates

MI imposes a 19 CPG on gasoline motor fuel; US 18.4 CPG

MI imposes a 15 CPG on diesel motor fuel; US 24.4 CPG
Excise Taxes and Ad Valorem Taxes

Ad Valorem Tax is paid according to the value of the good sold
SB 87 Wholesale/CPG Hybrid Fuel Tax

INTRODUCED BY SENATOR KAHN
Would shift fuel tax from cent per gallon (CPG) excise tax to an ad valorem wholesale tax -- based on CPG

A **wholesale tax** is the tax the retail gas station owner must pay on the value of the gas

Applies to gas, diesel, and LP
SB 87 Wholesale/CPG Hybrid Fuel Tax

Effectively almost doubles gasoline tax from 19 to 37 CPG

Creates a "rate floor" of 37 CPG

Creates a "rate ceiling" of 50 CPG

Establishes 10.6 % as wholesale tax rate
BUT

After immediate increase to 37 CPG floor, establishes a maximum 1 cent variation from year to year

MDOT to calculate average wholesale price on which to impose the 10.6 % tax rate
Ford focus gas tank is 12.4 gallons

Average price per gallon of gas on March 4, 2013 was $3.83

Fill up cost $47.37 = $2.36 in state tax

Under SB 87, the fill up would be $50.51, $4.50 of which would be state tax
This bill is similar to SB 87 but does not establish a "rate floor" or "rate ceiling".

Imposes 10.1% as the wholesale tax percentage.
Recognizes that there is additional need beyond the $1.6 projects outside the scope of maintenance.

Idea is to have a dedicated revenue stream to prevent maintenance funds from being diverted to debt service.

SB 149 recognizes $500M - $1B in necessary capital improvements in the near future.
SB 149 Capital Improvements Fund

Would be the final categorical in PA 51

Appropriates $170,000,000.00

Uses are specified: New highways, roads, street or bridges
  • Projects that increase capacity
  • Lane widening
  • Adding turn lanes longer than a 1/2 miles
  • Reconstruction or rehabilitation projects
2% increase in sales and use tax
• Raises $1.5B - $1.7B annually

Recreation Improvement Account held harmless

90% to roads & bridges and 'reasonable appurtenances'

Remaining balance, if any, to the CTF
SJR J - Sales & Use Tax Increase  
Introducted by Senator Richardville

Not subject to a 5 day rule

Requires 2/3rd vote of a majority of members elected and serving

Must be passed no sooner than 60 days prior to the election

If approved, language becomes part of the Constitution 45 days after the date of the election of which it was approved
SB 85 Introduced by Senator Paggageorge
SB 147 Introduced by Senator Kahn

Would repeal the Motor Fuel Tax Acts if SJR J is passed

(2000 PA 403)
(1980 PA 119)
Questions?

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