

STATE SUMMARY OF COUNTY TRANSPORTATION FUNDING AND FINANCE

MICHIGAN COUNTIES

FUNDING SOURCES FOR COUNTY TRANSPORTATION PROJECTS

From State Funds:

- Act 51 established an effective formula which allocates 35 percent of Michigan Transportation Fund (MTF) revenues to county road commissions. MTF revenues come from vehicle registration taxes, gasoline taxes, diesel fuel taxes and other sources.
- Approximate Annual MTF Revenues (2012):
 - Vehicle registration taxes \$876 million
 - Gasoline taxes \$818 million
 - Diesel fuel taxes \$127 million
 - Other \$37 million
 - Total revenue \$1,858 million

From County Funds:

- Counties may collect an ad valorem property tax for road purposes. The tax may not exceed 1.5 percent of the assessed value of the tax from the preceding fiscal year.
- To supplement state and federal funds, many townships have stepped in to help counties maintain the roads in their townships, and have contributed over \$90 million annually to county road commissions throughout Michigan.

COUNTIES FACE THE FOLLOWING CHALLENGES IN FUNDING AND FINANCING TRANSPORTATION PROJECTS

- Michigan's gas tax is the primary source of transportation funding and has not increased since 1997. Diesel fuel tax rates should match those imposed on motor fuels and both should be taxed on wholesale prices.
- Counties do not have the ability to collect their own gas taxes and state collected fuel tax revenues are often diverted for uses other than transportation. The state's six percent general sales tax goes into the state's general fund with no allocations towards road repair. Additionally, counties do not have the authority to levy general sales or use taxes, and the only local government with which the state shares its sales tax revenues are municipalities.

Share of County Owned Road Miles Out of Public Roads Statewide	73%
Share of County Owned Bridges Out of Public Bridges Statewide	51%
Share of Structurally Deficient Bridges Out of County Owned Bridges	16%

COUNTY FINANCIAL AUTHORITY

	County Authority	Limitations
Levy Property Taxes*	X	Counties have limitations on property tax rates and limitations on revenue they can collect each year.
Levy Personal Property Taxes		
Levy Local Option Sales Taxes		
Levy a Local Gas Tax		
Charge a Motor Vehicle License or Registration Fee		
Form Special Districts for Transportation		

*Counties may collect an ad valorem tax for road purposes, this tax may not exceed 1.5 percent of the assessed value of the tax from the preceding fiscal year.

- Act 51 requires local road agencies to spend 90 percent of their MTF on preservation of roads in their jurisdiction, not allowing county road commissions the flexibility to meet the needs of their community.
- The state receives 25 percent of its federal funding based on local road agencies' deficient bridges, however only distributes 15 percent of the funding to the Local Agency Bridge Fund.

NEW FUNDING AND FINANCING SOLUTIONS FOR COUNTIES

- The state is proposing a once percent sales tax increase devoted strictly to road funding, distributed by Act 51, which would raise approximately \$1.5 billion.
- The state is proposing an increase in vehicle registration fees and the state gas tax to raise additional revenue for transportation. The plan would also switch the tax to a variable rate wholesale tax, which would rise or fall depending on inflation.