Michigan Counties

State Summary of Transportation Funding and Finance

## **Transportation and Financial Authority:**

• Counties may collect an ad valorem tax for road purposes, but such a tax may not exceed 1.5% of the assessed valuation of the tax for the preceding fiscal year

• Counties may enter into an agreement with another county, municipality or an organized township to provide transportation services as a joint entity.

• Counties have authority to operate public parking facilities and charge a fee for parking.

• Counties may create boards of county road commissioners who may borrow money, enter into contracts and pledge the credit of the county to construct and maintain county owned roads and bridges.

• The county may lay out, construct, improve, and maintain highways, bridges, culverts, and airports. The legislature provides that counties may take control of any highway system within its corporate limits.

• County road commissions are the only level of local government that do not have the authority to enact ordinances allowing off-road vehicles to travel on county roads, other local governments can do so without consulting the commissions and with little regard for safety and conditions.

• If there are any navigable streams within the county, then the commission may construct a bridge over them.

## **Funding Sources for County Transportation Projects:**

• 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)

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| --- | --- |
| **Source** | **Amount** |
| Vehicle registration taxes: | $876 million |
| Gasoline taxes: | $818 million |
| Diesel fuel taxes: | $127 million |
| Other: | $37 million |
| Total revenue: | $1,858 million |

• 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.

• About 30 percent of the operating costs of local transit come from the state. The local bus transit system consists of 78 agencies including city and county level bus systems and multi-county authorities.

## **Challenges in Funding and Financing Transportation Projects:**

• Michigan’s gas tax – the primary source of transportation funding – has not increased since 1997. Diesel fuel tax rates should match those imposed on motor fuels and both should be taxed on wholesale prices.

• County road commissions who have operational responsibility and liability of county roads which are open to off-road vehicle (ORV) use don’t receive any revenues from ORV fees and have no authority to limit their use. The additional cost for maintenance and repair of roads due to the introduction of ORV’s takes away funds from other items of work.

• 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 he authority to levy general sales or use taxes, and the only local governments with which the state shares its sales tax revenues are municipalities.

• 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.

## **Innovative Solutions to Funding and Financing Challenges**