

**Legislative Report for MAT**  
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If you could save six cents on every dollar you spend on gasoline, would you take it?

But would you still take it if the trade off included a one penny sales tax increase?

That is one of the ideas being floated as a special task force considers new funding alternatives for Michigan's road infrastructure. Senator Jud Gilbert (R-Algonac), Chair, Senate Transportation Committee supports investigating the tax tradeoff proposal. "If this idea got beyond the talking stage, it would include holding a special election next year to get voter approval. For somebody paying \$60 for a fill up, the savings would be \$3.60. To that, the Algonac Senator said, "I think it's very attractive taking the sales tax off gasoline . . . it has great curbside appeal."

Replacing the gasoline tax with a special sales tax addition could mean a loss of state dollars for the schools and revenue sharing to local governments, money that conceivably would need to be made up. Gilbert has told the special interest groups the touchy part is selling it to the voting public. He conceded that it is "probably easier to get a yes vote" during a special election.

A one cent sales tax hike would generate just over \$1 billion, but road building interests claim the state needs at least \$3 billion, at a minimum, to keep up with repairs. So in addition to the sales tax, there could be a hike in driver's registration fees, as well. Senate Majority Leader Mike Bishop (R-Rochester) has been briefed on the concept and wants to learn more. Bishop wants to see cost efficiencies squeezed out of the system before he will pitch any kind of a revenue raising scheme to the Republican caucus.

Another plan is to scrap the 19 cent gas tax and replace it with a percentage tax on fuel sales. Some road interests feel that the advantage of a percentage fee would be it would ebb and flow with the price of gas. It would build an automatic inflationary increase as the price of gas goes up. That is something that the road lobby has wanted for years, but never been able to achieve.

The road special interests are working behind the scenes to stage a lame duck vote on the funding issue to take advantage of the 44 term limited House members who have nothing to lose by voting for a new revenue enhancement package after the election.