

**Legislative Report for MAT**  
**Judy Augenstein, Legislative Consultant**  
**December 2008**

After 10 months of deliberations the Transportation Funding Task Force (TFTF) has released their report. The task force was appointed by Governor Jennifer Granholm and the Legislature to find ways to fix crumbling roads without a general tax hike. The report contends that the state needs to at least double its current investment in transportation to prevent a loss of up to \$1 billion in federal funds each year and to maintain Michigan's highways, roads, bridges, passenger transportation, freight transportation and aviation systems. The report states that taking some of the actions recommended by TFTF would create jobs/economic activity, attract business, increase revenue and provide better transportation services.

The changes recommended by the TFTF that seem most suitable for getting through the Legislature in lame duck appear to be changing the state's fuel tax from a retail based tax to a wholesale tax and hiking vehicle registration fees. Accomplishing the changes the report calls for in the lame duck session would require strong leadership by the Governor with active support by the legislature. An aggressive public relations would most likely be added to the mix.

Most members of the TFTF agree that the problem would be more expensive the longer the problem is not addressed. Some insiders believe the lame duck session would provide the best opportunity to at least begin the debate.

The TFTF report recommendations include:

Increasing vehicle registration fees and eliminating registration discounts.

Converting or raising the 19 cent per gallon gas tax.

Raising the 15 cent a gallon diesel tax to align it with the gas tax.

Increasing the state's 6 percent sales tax by a penny, to 7 cents on the dollar and dedicating the extra money to transportation needs.

Redirecting all of the sales tax on motor fuel taxes to transportation, rather than sending some to K-12 schools.

Increasing the aviation fuel tax.

Abolishing aviation fuel tax refund to airlines.

Enabling toll financed reconstruction, expansion or new construction of highways.