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## **Michigan Sends Road Funding Proposal to Voters.**

After several years, Gov. Rick Snyder has finally convinced lawmakers to spend more money on roads. There's one hitch: The state's voters have to approve the deal in May.

Like most governors, Michigan's Rick Snyder spends a lot of time trying to burnish the image of his state. Among its highlights, Snyder touts a 48 percent increase in automobile manufacturing in the last four years, a turnaround in state finances and Detroit's quick exit from bankruptcy.

But there is one thing about Michigan that the Republican governor is downright negative about: the roads. They are "rotten," Snyder told legislators during his State of the State speech last week, citing plywood under overpasses to catch falling concrete and the growing number of potholes on Michigan streets. On average, he said, Michiganders pay \$132 more per year in car repairs than their neighbors in Indiana. "No one in Michigan," he added, "likes our roads and bridges."

It is a message Snyder has been repeating for years, but now, after a brutal winter tore up the state's already ravaged roads last year, he's finally making headway on the issue. A broad coalition of Republicans and Democrats approved a last-minute deal in December to raise spending on roads by \$1.2 billion, as long as voters approve a 1-cent sales tax hike — from 6 percent to 7 percent — in May.

Snyder used his annual State of the State address to lawmakers to lobby for the ballot measure. The package passed by the legislature is a complex one, but the governor focused primarily on its potential to increase safety. "Vote yes so we can have safer roads," he said. "Vote yes so we can get rid of those crumbling bridges and crumbling roads. Vote yes so we can have stronger schools and local governments. Vote yes so we can have tax relief for low-income people. There are only good reasons to vote yes."

Not everyone, of course, supports the measure. The campaign over the initiative has barely begun, but already the Michigan chapter of Americans for Prosperity, a conservative antitax group, is fighting it. Annie Patnaude, the group's deputy state director, said Michigan roads need to be improved, but legislators ought to use existing state revenues to do it rather than using a "massive tax hike." "Politicians and special interests are coming back to citizens and asking for more," she said, "when they need to do a better job with the money they already have."

But a lot more is riding on the outcome of the ballot measure than simply road funding. If voters give it a green light, it will trigger other provisions, including an increase in motor vehicle registration fees and a change in how the state spends taxes collected on the sale of gasoline and diesel fuel. The package requires online retailers to collect sales taxes. And it eliminates the sales tax on gasoline but increase fuel taxes. In other words, rather than requiring customers to pay taxes by the gallon at the pump, the measure would tax fuel on a percentage basis at the wholesale level.

These changes are meant to achieve a more straightforward allocation of tax money overall. The taxes customers pay when buying fuel, for example, will help transportation. The money they pay in sales taxes would help schools, social programs and other spending paid out of the state's general

fund.

Other changes were included in the package to attract support in the legislature, where a supermajority was needed to put the sales tax hike on the ballot. For example, it would also provide an additional \$300 million for schools; an extra \$100 million for transit and local governments; and a restoration of cuts to the state earned income tax credit made in 2011.

Patnaude, from Americans for Prosperity, said her group plans to highlight all of the ways the proposal would hit Michigan residents in the pocketbook. "This is not just a sales tax hike," she said. "It's a gas tax hike. It's an increase in registration fees. A huge chunk of this tax hike does not go to roads."

While turnout for the spring election is expected to be small, the Michigan Infrastructure and Transportation Association, a construction trade organization, has already told its members it has raised \$2 million for the campaign and is shooting for \$5 million. "Michigan citizens," the group said, "will have a once in a lifetime opportunity to really make a difference in the way our state funds roads, schools and local governments."

Gilda Jacobs, the president and CEO of the Michigan League for Public Policy, which advocates on behalf of poor residents, is pushing for passage of the sales tax hike as well. The restoration of the state's earned income tax credit, she said, could help offset those costs for low-income residents. The ballot measure also helps low-income residents with their transportation needs, she said, because it would increase money for public transportation and would improve the condition of the state's roads. "It impacts everybody," she said. "But for a low-income person to have their tire blow out means more of their personal income has to be used to replace their tire than my personal income."

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BY DANIEL C. VOCK | JANUARY 28, 2015