

Bond Case Briefs

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New Michigan Road-Funding Scheme: Issue \$10B in Teacher Pension Debt to Free Up Cash.

The latest idea to fix Michigan's crumbling roads is to float \$10 billion in bonds to pay down the state's long-term liability for school employee pensions, freeing up \$1 billion in the state's School Aid Fund that's currently diverted from classrooms to pensions.

Then, the newfound savings there would allow lawmakers to remove the sales tax on gasoline without impacting school funding, and raise the per-gallon gas tax by the same amount the sales tax generated — roughly 16 cents on a gallon of \$2.65 gas — so that the price at the pump doesn't noticeably increase for motorists.

Some of Michigan's most powerful businessmen came up with this scheme.

What could go wrong?

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Crain's Detroit Business

by Chad Livengood

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