

REVENUE IMPLICATIONS OF POTENTIAL TRANSPORTATION FUNDING PROPOSALS

**Presented to the
Senate Infrastructure Modernization Committee**



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<http://www.senate.michigan.gov/sfa/>

Table 1

**SUMMARY TABLE FOR "OPTION 1"
SENATE BILLS 87, 88, AND 148, AS INTRODUCED
(In Millions)**

	Total	General Fund	School Aid Fund	Michigan Transportation Fund	Constitutional Revenue Sharing	Comprehensive Transportation Fund	State Trunkline Fund	Other Funds
<u>Revenue Losses</u>								
Senate Bills 87 and 148 (Tax on Wholesale Price)	(\$969.8)	\$0.0	\$0.0	(\$969.8)	\$0.0	\$0.0	\$0.0	\$0.0
Senate Bill 88 (Revise Registration Fees)	(\$11.6)	(\$9.8)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$1.8)
Total Revenue Losses	(\$979.6)	(\$9.8)	\$0.0	(\$969.8)	\$0.0	\$0.0	\$0.0	(\$1.8)
<u>Additional Revenue Generated</u>								
Senate Bills 87 and 148 (Tax on Wholesale Price) ¹⁾	\$1,903.7	\$0.0	\$0.0	\$1,903.7	\$0.0	\$0.0	\$0.0	\$0.0
Senate Bill 88 (Revise Registration Fees)	\$657.9	\$0.0	\$0.0	\$657.9	\$0.0	\$0.0	\$0.0	\$0.0
Total Revenue Generated	\$2,561.6	\$0.0	\$0.0	\$2,561.6	\$0.0	\$0.0	\$0.0	\$0.0
Net Revenue Impact	\$1,581.9	(\$9.8)	\$0.0	\$1,591.7	\$0.0	\$0.0	\$0.0	(\$1.8)
¹⁾ Assumes average wholesale (rack) price of \$2.39 per gallon. Because the effective tax rate would be below the floor, the tax rate would equal 37 cents per gallon.								

Table 2

**SUMMARY TABLE FOR "OPTION 2"
SENATE JOINT RESOLUTION J AND SENATE BILLS 84, 85, 147, AND 149, AS INTRODUCED
(In Millions)**

	Total	General Fund	School Aid Fund	Michigan Transportation Fund	Constitutional Revenue Sharing	Comprehensive Transportation Fund	State Trunkline Fund	Other Funds
Revenue Losses								
Senate Bill 84 (Rec. Improvement Fund)	(\$18.9)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$18.9)
Senate Bills 85 and 147 (Eliminate fuel tax)	(\$924.0)	\$0.0	\$0.0	(\$924.0)	\$0.0	\$0.0	\$0.0	\$0.0
Senate Bill 149 (Change PA51 distribution of revenue)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Senate Joint Resolution J (Increase sales tax by 2%)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Revenue Losses	(\$924.0)	\$0.0	\$0.0	(\$924.0)	\$0.0	\$0.0	\$0.0	\$0.0
Revenue Generated								
Senate Bill 84 (Rec. Improvement Fund)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Senate Bills 85 and 147 (Eliminate fuel tax)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Senate Bill 149 (Change PA51 distribution of revenue)	(\$0.0)	\$0.0	\$0.0	(\$334.5)	\$0.0	\$0.0	\$141.0	\$193.5
Senate Joint Resolution J (Increase sales tax by 2%) ¹⁾	\$2,960.6	\$0.0	\$0.0	\$2,664.5	\$0.0	\$275.3	\$0.0	\$20.7
Total Revenue Generated	\$2,960.6	\$0.0	\$0.0	\$2,330.0	\$0.0	\$275.3	\$141.0	\$214.2
Net Revenue Impact	\$2,017.7	\$0.0	\$0.0	\$1,406.0	\$0.0	\$275.3	\$141.0	\$195.4

¹⁾ Assumes additional sales tax is levied on the same tax base as the 4% rate. Distributions assume 90% is allocated to transportation purposes other than comprehensive purposes. Pump price would decline by 7-12 cents per gallon. Based on average retail price under current law of \$3.86/gallon for gasoline, \$3.99/gallon for diesel.

Table 3

**SUMMARY TABLE FOR "OPTION 3"
ELIMINATE SALES TAX ON MOTOR FUEL, REPLACE WITH EXCISE TAX, INCREASE SALES AND USE TAXES 1%
WITH HOLD-HARMLESS PROVISIONS
(In Millions)**

	Total	General Fund	School Aid Fund	Michigan Transportation Fund	Constitutional Revenue Sharing	Comprehensive Transportation Fund	State Trunkline Fund	Other Funds
Revenue Losses								
Eliminate Sales Tax on Motor Fuels ¹⁾	(\$1,077.0)	(\$126.2)	(\$770.1)	(\$26.9)	(\$105.0)	(\$48.8)	\$0.0	\$0.0
Increase Motor Fuel Excise Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Increase Sales and Use Taxes by 1%	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Revenue Losses	(\$1,077.0)	(\$126.2)	(\$770.1)	(\$26.9)	(\$105.0)	(\$48.8)	\$0.0	\$0.0
Revenue Generated								
Eliminate Sales Tax on Motor Fuels	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Increase Motor Fuel Excise Tax ²⁾	\$1,077.0	\$0.0	\$0.0	\$1,077.0	\$0.0	\$0.0	\$0.0	\$0.0
Increase Sales and Use Taxes by 1%	\$1,305.3	\$381.4	\$770.1	\$0.0	\$105.0	\$48.8	\$0.0	\$0.0
Total Revenue Generated	\$2,382.3	\$381.4	\$770.1	\$1,077.0	\$105.0	\$48.8	\$0.0	\$0.0
Net Revenue Impact	\$1,305.3	\$255.2	\$0.0	\$1,050.1	\$0.0	\$0.0	\$0.0	\$0.0
¹⁾ Assumes average retail price of \$3.86/gallon for gasoline, \$3.99/gallon for diesel. ²⁾ Per gallon excise tax would rise to 40 cents/gallon on gasoline, 37 cents/gallon on diesel. Pump price would be unchanged.								

Table 4

**SUMMARY TABLE FOR "OPTION 4"
INCREASE SALES AND USE TAXES 1%, AND EARMARK THE INCREASE TO TRANSPORTATION
(In Millions)**

	Total	General Fund	School Aid Fund	Michigan Transportation Fund	Constitutional Revenue Sharing	Comprehensive Transportation Fund	State Trunkline Fund	Other Funds
Revenue Losses								
No Changes	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Revenue Losses	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Revenue Generated								
Increase Sales and Use Taxes by 1% ¹⁾	\$1,398.3	\$0.0	\$0.0	\$1,398.3	\$0.0	\$0.0	\$0.0	\$0.0
Total Revenue Generated	\$1,398.3	\$0.0	\$0.0	\$1,398.3	\$0.0	\$0.0	\$0.0	\$0.0
Net Revenue Impact	\$1,398.3	\$0.0	\$0.0	\$1,398.3	\$0.0	\$0.0	\$0.0	\$0.0

¹⁾ Expanded sales tax would be levied on the current "2% base", which excludes residential utilities but includes motor fuels.

Table 5

**SUMMARY TABLE FOR "OPTION 5"
SENATE JOINT RESOLUTION A AND SENATE BILLS 13 AND 14, AS INTRODUCED
(In Millions)**

	Total	General Fund	School Aid Fund	Michigan Transportation Fund	Constitutional Revenue Sharing	Comprehensive Transportation Fund	State Trunkline Fund	Other Funds
Revenue Losses								
Senate Bills 13 and 14 (Eliminate fuel tax)	(\$942.9)	\$0.0	\$0.0	(\$924.0)	\$0.0	\$0.0	\$0.0	(\$18.9)
Increase Sales & Use Taxes by 1% (SJR A)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Revenue Losses	(\$942.9)	\$0.0	\$0.0	(\$924.0)	\$0.0	\$0.0	\$0.0	(\$18.9)
Revenue Generated								
Senate Bills 13 and 14 (Eliminate fuel tax)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Increase Sales & Use Taxes by 1% ¹⁾ (SJR A)	\$1,480.3	\$0.0	\$0.0	\$1,480.3	\$0.0	\$0.0	\$0.0	\$0.0
Total Revenue Generated	\$1,480.3	\$0.0	\$0.0	\$1,480.3	\$0.0	\$0.0	\$0.0	\$0.0
Net Revenue Impact	\$537.4	\$0.0	\$0.0	\$556.2	\$0.0	\$0.0	\$0.0	(\$18.9)

¹⁾ Assumes additional sales tax is levied on the same tax base as the 4% rate. Pump price would decline by 11-15 cents per gallon. Based on average retail price under current law of \$3.86/gallon for gasoline, \$3.99/gallon for diesel.

Table 6

**VALUE OF EXEMPTING SELECT SERVICES FROM SALES TAXES, FY 2013-14
(In Millions)**

Service List	FY 2013-14 - Full Year			Cumulative Total
	Consumer	Business	Total	
1. For-Profit Recreation	\$178.2	\$4.0	\$182.2	\$182.2
2. Cable at 1%	\$18.5	\$1.8	\$20.4	\$202.6
3. Satellite at 6%	\$47.7	\$4.7	\$52.4	\$255.0
4. Travel Arrangement/Reservation Services	\$12.9	\$7.1	\$20.0	\$275.0
5. Personal Care (Excluding Hair Cuts)	\$18.5	\$0.0	\$18.5	\$293.5
6. Other Personal Services	\$63.2	\$0.0	\$63.2	\$356.7
7. Mini-warehouse/Self Storage	\$8.4	\$0.0	\$8.4	\$365.1
8. Transit and Ground Passenger (Limo/Cab)	\$25.6	\$12.8	\$38.4	\$403.5
9. Service Contracts	\$31.8	\$0.0	\$31.8	\$435.2
10. Landscaping	\$31.9	\$22.8	\$54.7	\$489.9
11. Carpet/Upholstery	\$4.2	\$3.0	\$7.2	\$497.1
12. Dry Cleaning/Laundry	\$26.1	\$14.1	\$40.2	\$537.3
13. Pet Care Services (Excluding Veterinary)	\$11.6	\$0.0	\$11.6	\$548.9
14. Personal Veterinary Services	\$13.5	\$0.0	\$13.5	\$562.4
15. Lobbying/Public Relations Agencies	\$0.0	\$20.9	\$20.9	\$583.3
16. Repair and Maintenance	\$188.8	\$122.5	\$311.3	\$894.6

Table 7

IMPACT OF INCREMENTAL CHANGES TO EXISTING TAX LAW						
Tax	FY 2013-14 Revenue (In Millions)	Rate	Change	Revenue Per Change (In Millions)	Funds Affected	Revenue Stability
Individual Income Tax	\$8,079.9	4.25%	Rate 0.1%	\$203.6	General, School Aid	Growing
			Earmark Numerator 0.01	\$23.2	General, School Aid	Growing
			Expand Base	Depends	General, School Aid	Growing
			Reduce Credits	Depends	General	Growing
Sales/Use Tax	\$8,717.7	6.00%	Rate 1.0% (4% Base)	\$1,480.3	Variable (GF, SAF)	Growing
			Rate 1.0% (2% Base)	\$1,398.3	Variable (GF, SAF)	Growing
			Expand Base	Depends	General, School Aid	Growing
Corporate Income Tax	\$980.0	6.00%	Rate 0.5%	\$81.7	General	Volatile/Growing
			Pass-through tax 1.75%	\$312.8	General	Volatile/Growing
Cigarette/Other Tobacco Products	\$929.9	\$2/pack, 32% Wholesale Price	10% increase	\$91.1	Variable (GF, SAF)	Declining
Insurance Premium Tax	\$319.0	Varies	10% increase	\$31.9	General	Growing
MBT	(\$605.4)	Multiple	Rate increases	Depends	General	Declining
Severance Tax	\$55.0	Oil 6.6%, Gas 5%, other 4%	10% increase	\$5.5	General	Volatile
Liquor	\$42.9	4.00%	Rate 0.5%	\$5.4	General, School Aid	Slow growth
State Education Tax	\$1,818.6	6 mills	1 mill	\$303.1	School Aid	Slow growth
Real Estate Transfer Tax	\$183.5	0.75%	Rate 0.25%	\$61.2	School Aid	Volatile
Casino Tax	\$111.0	8.10%	Rate 1.0%	\$13.7	School Aid	Slow growth
Vehicle Registrations	\$905.0	Varies	Rates	Depends	MTF	Slow growth
			Tax expenditures	\$165.0	MTF	Slow growth
Motor Fuel Tax (Gasoline)	\$812.5	\$0.19/gallon	\$0.01/gallon	\$42.8	MTF	Declining
Motor Fuel Tax (Diesel)	\$130.0	\$0.15/gallon	\$0.01/gallon	\$8.7	MTF	Declining
Sales Tax	\$98.5	27.9% of vehicle related sales at rate of 1%	Change earmark	Depends	CTF	Slow growth

Table 8

**SUMMARY TABLE FOR "SAMPLE COMBINATION 1"
REPLACING SALES TAX REVENUE WITH PUMP PRICE OF GAS UNCHANGED
(In Millions)**

	Total	General Fund	School Aid Fund	Michigan Transportation Fund	Constitutional Revenue Sharing	Comprehensive Transportation Fund	State Trunkline Fund	Other Funds
Revenue Losses								
Eliminate Sales Tax on Motor Fuels ¹⁾	(\$1,077.0)	(\$126.2)	(\$770.1)	(\$26.9)	(\$105.0)	(\$48.8)	\$0.0	\$0.0
Total Revenue Losses	(\$1,077.0)	(\$126.2)	(\$770.1)	(\$26.9)	(\$105.0)	(\$48.8)	\$0.0	\$0.0
Revenue Generated								
Increase SET 2.4 mills	\$727.4	\$0.0	\$727.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Reduce GF Grant to SAF	\$0.0	\$130.0	(\$130.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Increase Revenue Sharing Payments	(\$0.0)	(\$77.6)	\$0.0	\$0.0	\$77.6	\$0.0	\$0.0	\$0.0
Change CTF earmark of sales of transportation-related items to 58.6%	\$0.0	(\$48.8)	\$0.0	\$0.0	\$0.0	\$48.8	\$0.0	\$0.0
<u>Expand Sales Tax to:</u>								
Cable (1% tax, change from 5% to 6%)	\$20.4	\$3.4	\$14.9	\$0.0	\$2.0	\$0.0	\$0.0	\$0.0
Satellite TV (6% tax, from 0% to 6%)	\$52.4	\$8.7	\$38.4	\$0.0	\$5.2	\$0.0	\$0.0	\$0.0
For-Profit Recreation Activities (Expand tax base)	\$201.6	\$33.6	\$147.8	\$0.0	\$20.2	\$0.0	\$0.0	\$0.0
Increase corporate income tax rate to 6.5%	\$81.7	\$81.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Increase Motor Fuel Tax ²⁾	\$1,077.0	\$0.0	\$0.0	\$1,077.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Revenue Generated	\$2,160.5	\$131.0	\$798.7	\$1,077.0	\$105.0	\$48.8	\$0.0	\$0.0
Net Revenue Impact	\$1,083.5	\$4.8	\$28.6	\$1,050.1	\$0.0	\$0.0	\$0.0	\$0.0

¹⁾ Assumes average retail price of \$3.86/gallon for gasoline, \$3.99/gallon for diesel.

²⁾ Per gallon excise tax would rise to 40 cents/gallon on gasoline, 37 cents/gallon on diesel. Pump price would be unchanged.

Table 9

**SUMMARY TABLE FOR "SAMPLE COMBINATION 2"
REPLACING SALES TAX REVENUE WITH PUMP PRICE OF GAS UNCHANGED
(In Millions)**

	Total	General Fund	School Aid Fund	Michigan Transportation Fund	Constitutional Revenue Sharing	Comprehensive Transportation Fund	State Trunkline Fund	Other Funds
Revenue Losses								
Eliminate Sales Tax on Motor Fuels ¹⁾	(\$1,077.0)	(\$126.2)	(\$770.1)	(\$26.9)	(\$105.0)	(\$48.8)	\$0.0	\$0.0
Total Revenue Losses	(\$1,077.0)	(\$126.2)	(\$770.1)	(\$26.9)	(\$105.0)	(\$48.8)	\$0.0	\$0.0
Revenue Generated								
Increase SET 2.9 mills	\$879.0	\$0.0	\$879.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Reduce GF Grant to SAF	\$0.0	\$130.1	(\$130.1)					
Increase Revenue Sharing Payments	\$0.0	(\$105.0)	\$0.0	\$0.0	\$105.0	\$0.0	\$0.0	\$0.0
Change CTF earmark of sales of transportation-related items to 58.6%	\$0.0	(\$48.8)	\$0.0	\$0.0	\$0.0	\$48.8	\$0.0	\$0.0
Increase income tax rate to 4.30%, effective Oct. 1	\$91.9	\$70.0	\$21.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Increase MBT tax rate/Surcharge	\$79.9	\$79.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Increase Motor Fuel Tax ²⁾	\$1,077.0	\$0.0	\$0.0	\$1,077.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Revenue Generated	\$2,127.8	\$126.2	\$770.7	\$1,077.0	\$105.0	\$48.8	\$0.0	\$0.0
Net Revenue Impact	\$1,050.8	\$0.0	\$0.7	\$1,050.1	\$0.0	\$0.0	\$0.0	\$0.0

¹⁾ Assumes average retail price of \$3.86/gallon for gasoline, \$3.99/gallon for diesel.

²⁾ Per gallon excise tax would rise to 40 cents/gallon on gasoline, 37 cents/gallon on diesel. Pump price would be unchanged.

Table 10

**SUMMARY TABLE FOR "SAMPLE COMBINATION 3"
REPLACING SALES TAX REVENUE WITH PUMP PRICE OF GAS UNCHANGED
(In Millions)**

	Total	General Fund	School Aid Fund	Michigan Transportation Fund	Constitutional Revenue Sharing	Comprehensive Transportation Fund	State Trunkline Fund	Other Funds
Revenue Losses								
Eliminate Sales Tax on Motor Fuels ¹⁾	(\$1,077.0)	(\$126.2)	(\$770.1)	(\$26.9)	(\$105.0)	(\$48.8)	\$0.0	\$0.0
Total Revenue Losses	(\$1,077.0)	(\$126.2)	(\$770.1)	(\$26.9)	(\$105.0)	(\$48.8)	\$0.0	\$0.0
Revenue Generated								
Increase SET 2.9 mills	\$879.0	\$0.0	\$879.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Reduce GF Grant to SAF	\$0.0	\$140.0	(\$140.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Increase Revenue Sharing Payments	\$0.0	(\$105.0)	\$0.0	\$0.0	\$105.0	\$0.0	\$0.0	\$0.0
Change CTF earmark of sales of transportation-related items to 58.6%	\$0.0	(\$48.8)	\$0.0	\$0.0	\$0.0	\$48.8	\$0.0	\$0.0
Increase income tax rate to 4.35%, effective Oct. 1	\$183.8	\$140.1	\$43.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Increase Motor Fuel Tax ²⁾	\$1,077.0	\$0.0	\$0.0	\$1,077.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Revenue Generated	\$2,139.8	\$126.2	\$782.7	\$1,077.0	\$105.0	\$48.8	\$0.0	\$0.0
Net Revenue Impact	\$1,062.7	\$0.0	\$12.6	\$1,050.1	\$0.0	\$0.0	\$0.0	\$0.0
¹⁾	Assumes average retail price of \$3.86/gallon for gasoline, \$3.99/gallon for diesel.							
²⁾	Per gallon excise tax would rise to 40 cents/gallon on gasoline, 37 cents/gallon on diesel. Pump price would be unchanged.							

Table 11

**SUMMARY TABLE FOR "SAMPLE COMBINATION 4"
REPLACING SALES TAX REVENUE WITH PUMP PRICE OF GAS UNCHANGED
(In Millions)**

	Total	General Fund	School Aid Fund	Michigan Transportation Fund	Constitutional Revenue Sharing	Comprehensive Transportation Fund	State Trunkline Fund	Other Funds
Revenue Losses								
Eliminate Sales Tax on Motor Fuels ¹⁾	(\$1,077.0)	(\$126.2)	(\$770.1)	(\$26.9)	(\$105.0)	(\$48.8)	\$0.0	\$0.0
Total Revenue Losses	(\$1,077.0)	(\$126.2)	(\$770.1)	(\$26.9)	(\$105.0)	(\$48.8)	\$0.0	\$0.0
Revenue Generated								
Expand Sales Tax to:								
Cable (1% tax, change from 5% to 6%)	\$20.4	\$3.4	\$14.9	\$0.0	\$2.0	\$0.0	\$0.0	\$0.0
Satellite TV (6% tax, from 0% to 6%)	\$52.4	\$8.7	\$38.4	\$0.0	\$5.2	\$0.0	\$0.0	\$0.0
For-Profit Recreation Activities	\$201.6	\$33.6	\$147.8	\$0.0	\$20.2	\$0.0	\$0.0	\$0.0
Travel Arrangement/Reservation Services	\$20.0	\$3.3	\$14.7	\$0.0	\$2.0	\$0.0	\$0.0	\$0.0
Personal Care (Excluding Hair Cuts)	\$18.5	\$3.1	\$13.6	\$0.0	\$1.8	\$0.0	\$0.0	\$0.0
Other Personal Services	\$63.2	\$10.5	\$46.3	\$0.0	\$6.3	\$0.0	\$0.0	\$0.0
Mini-warehouse/Self Storage	\$8.4	\$1.4	\$6.2	\$0.0	\$0.8	\$0.0	\$0.0	\$0.0
Transit and Ground Passenger (Limo/Cab)	\$38.4	\$6.4	\$28.2	\$0.0	\$3.8	\$0.0	\$0.0	\$0.0
Service Contracts	\$31.8	\$5.3	\$23.3	\$0.0	\$3.2	\$0.0	\$0.0	\$0.0
Landscaping	\$54.7	\$9.1	\$40.1	\$0.0	\$5.5	\$0.0	\$0.0	\$0.0
Carpet/Upholstery	\$7.2	\$1.2	\$5.3	\$0.0	\$0.7	\$0.0	\$0.0	\$0.0
Dry Cleaning/Laundry	\$40.2	\$6.7	\$29.5	\$0.0	\$4.0	\$0.0	\$0.0	\$0.0
Pet Care Services (Excluding Veterinary)	\$11.6	\$1.9	\$8.5	\$0.0	\$1.2	\$0.0	\$0.0	\$0.0
Personal Veterinary Services	\$13.5	\$2.2	\$9.9	\$0.0	\$1.3	\$0.0	\$0.0	\$0.0
Lobbying/Public Relations Agencies	\$20.9	\$3.5	\$15.4	\$0.0	\$2.1	\$0.0	\$0.0	\$0.0
Repair and Maintenance	\$311.3	\$51.9	\$228.3	\$0.0	\$31.1	\$0.0	\$0.0	\$0.0
Increase Revenue Sharing Payments	\$0.0	(\$13.6)	\$0.0	\$0.0	\$13.6	\$0.0	\$0.0	\$0.0
Change CTF earmark of sales of transportation-related items to 58.6%	\$0.0	(\$48.8)	\$0.0	\$0.0	\$0.0	\$48.8	\$0.0	\$0.0
Increase Real Estate Transfer Tax to 1.0%	\$61.2	\$0.0	\$61.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Increase income tax rate to 4.30%, effective Oct. 1	\$91.9	\$70.0	\$21.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Increase earmark of Income Tax Revenue to SAF to 1.026% divided by the tax rate	\$0.0	(\$32.4)	\$32.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Increase Motor Fuel Tax ²⁾	\$1,077.0	\$0.0	\$0.0	\$1,077.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Revenue Generated	\$2,144.1	\$127.5	\$785.7	\$1,077.0	\$105.0	\$48.8	\$0.0	\$0.0
Net Revenue Impact	\$1,067.1	\$1.3	\$15.6	\$1,050.1	\$0.0	\$0.0	\$0.0	\$0.0

¹⁾ Assumes average retail price of \$3.86/gallon for gasoline, \$3.99/gallon for diesel.

²⁾ Per gallon excise tax would rise to 40 cents/gallon on gasoline, 37 cents/gallon on diesel. Pump price would be unchanged.

Table 12

**SUMMARY TABLE FOR "SAMPLE COMBINATION 5"
REPLACING SALES TAX REVENUE WITH PUMP PRICE OF GAS UNCHANGED
(In Millions)**

	Total	General Fund	School Aid Fund	Michigan Transportation Fund	Constitutional Revenue Sharing	Comprehensive Transportation Fund	State Trunkline Fund	Other Funds
Revenue Losses								
Eliminate Sales Tax on Motor Fuels ¹⁾	(\$1,077.0)	(\$126.2)	(\$770.1)	(\$26.9)	(\$105.0)	(\$48.8)	\$0.0	\$0.0
Total Revenue Losses	(\$1,077.0)	(\$126.2)	(\$770.1)	(\$26.9)	(\$105.0)	(\$48.8)	\$0.0	\$0.0
Revenue Generated								
Increase income tax rate to 4.30%, effective Oct. 1	\$91.9	\$70.0	\$21.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Adopt "pass-through" tax to equalize rate with CIT	\$312.8	\$312.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Expand Sales Tax to:								
Cable (1% tax, change from 5% to 6%)	\$20.4	\$3.4	\$14.9	\$0.0	\$2.0	\$0.0	\$0.0	\$0.0
Satellite TV (6% tax, from 0% to 6%)	\$52.4	\$8.7	\$38.4	\$0.0	\$5.2	\$0.0	\$0.0	\$0.0
For-Profit Recreation Activities	\$201.6	\$33.6	\$147.8	\$0.0	\$20.2	\$0.0	\$0.0	\$0.0
Travel Arrangement/Reservation Services	\$20.0	\$3.3	\$14.7	\$0.0	\$2.0	\$0.0	\$0.0	\$0.0
Personal Care (Excluding Hair Cuts)	\$18.5	\$3.1	\$13.6	\$0.0	\$1.8	\$0.0	\$0.0	\$0.0
Other Personal Services	\$63.2	\$10.5	\$46.3	\$0.0	\$6.3	\$0.0	\$0.0	\$0.0
Mini-warehouse/Self Storage	\$8.4	\$1.4	\$6.2	\$0.0	\$0.8	\$0.0	\$0.0	\$0.0
Transit and Ground Passenger (Limo/Cab)	\$38.4	\$6.4	\$28.2	\$0.0	\$3.8	\$0.0	\$0.0	\$0.0
Service Contracts	\$31.8	\$5.3	\$23.3	\$0.0	\$3.2	\$0.0	\$0.0	\$0.0
Landscaping	\$54.7	\$9.1	\$40.1	\$0.0	\$5.5	\$0.0	\$0.0	\$0.0
Carpet/Upholstery	\$7.2	\$1.2	\$5.3	\$0.0	\$0.7	\$0.0	\$0.0	\$0.0
Dry Cleaning/Laundry	\$40.2	\$6.7	\$29.5	\$0.0	\$4.0	\$0.0	\$0.0	\$0.0
Pet Care Services (Excluding Veterinary)	\$11.6	\$1.9	\$8.5	\$0.0	\$1.2	\$0.0	\$0.0	\$0.0
Increase Revenue Sharing Payments	\$0.0	(\$48.2)	\$0.0	\$0.0	\$48.2	\$0.0	\$0.0	\$0.0
Change CTF earmark of sales of transportation-related items to 58.6%	\$0.0	(\$48.8)	\$0.0	\$0.0	\$0.0	\$48.8	\$0.0	\$0.0
Increase Real Estate Transfer Tax to 1.0%	\$61.2	\$0.0	\$61.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Increase earmark of Income Tax Revenue to SAF to 1.13% divided by the tax rate	\$0.0	(\$272.9)	\$272.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Increase Motor Fuel Tax ²⁾	\$1,077.0	\$0.0	\$0.0	\$1,077.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Revenue Generated	\$2,111.2	\$107.6	\$772.7	\$1,077.0	\$105.0	\$48.8	\$0.0	\$0.0
Net Revenue Impact	\$1,034.2	(\$18.5)	\$2.6	\$1,050.1	\$0.0	\$0.0	\$0.0	\$0.0

¹⁾ Assumes average retail price of \$3.86/gallon for gasoline, \$3.99/gallon for diesel.

²⁾ Per gallon excise tax would rise to 40 cents/gallon on gasoline, 37 cents/gallon on diesel. Pump price would be unchanged.

Table 13

**SUMMARY TABLE FOR "SAMPLE COMBINATION 6"
REPLACING SALES TAX REVENUE AND LOWERING THE PRICE OF GAS
(In Millions)**

	Total	General Fund	School Aid Fund	Michigan Transportation Fund	Constitutional Revenue Sharing	Comprehensive Transportation Fund	State Trunkline Fund	Other Funds
Revenue Losses								
Eliminate Sales Tax on Motor Fuels ¹⁾	(\$1,077.0)	(\$126.2)	(\$770.1)	(\$26.9)	(\$105.0)	(\$48.8)	\$0.0	\$0.0
Total Revenue Losses	(\$1,077.0)	(\$126.2)	(\$770.1)	(\$26.9)	(\$105.0)	(\$48.8)	\$0.0	\$0.0
Revenue Generated								
Increase Motor Fuel Tax to 30 cents per gallon ²⁾	\$600.6	\$0.0	\$0.0	\$600.6	\$0.0	\$0.0	\$0.0	\$0.0
Change CTF earmark of sales of transportation-related items to 58.6%	\$0.0	(\$48.8)	\$0.0	\$0.0	\$0.0	\$48.8	\$0.0	\$0.0
<u>Expand Sales Tax to:</u>								
Cable (1% tax, change from 5% to 6.0%)	\$20.4	\$3.4	\$14.9	\$0.0	\$2.0	\$0.0	\$0.0	\$0.0
Satellite TV (6% tax, from 0% to 6.0%)	\$52.4	\$8.7	\$38.4	\$0.0	\$5.2	\$0.0	\$0.0	\$0.0
For-Profit/Collegiate Recreation Activities	\$206.6	\$34.4	\$151.5	\$0.0	\$20.7	\$0.0	\$0.0	\$0.0
Personal Care (Excluding Hair Cuts)	\$18.5	\$3.1	\$13.6	\$0.0	\$1.8	\$0.0	\$0.0	\$0.0
Other Personal Services	\$63.2	\$10.5	\$46.3	\$0.0	\$6.3	\$0.0	\$0.0	\$0.0
Mini-warehouse/Self Storage	\$8.4	\$1.4	\$6.2	\$0.0	\$0.8	\$0.0	\$0.0	\$0.0
Transit & Ground Passenger (Limo/Cab)	\$38.4	\$6.4	\$28.2	\$0.0	\$3.8	\$0.0	\$0.0	\$0.0
Increase Sales Tax to 6.75% ³⁾	\$981.2	\$0.0	\$564.2	\$343.4	\$73.6	\$0.0	\$0.0	\$0.0
Reduce GF Grant to SAF	\$0.0	\$90.0	(\$90.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Senate Bill 86 (Reduce Registration Tax Expenditures)	\$165.0	\$0.0	\$0.0	\$165.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Revenue Generated	\$2,154.7	\$109.2	\$773.3	\$1,109.0	\$114.4	\$48.8	\$0.0	\$0.0
Net Revenue Impact	\$1,077.7	(\$17.0)	\$3.2	\$1,082.1	\$9.4	\$0.0	\$0.0	\$0.0

¹⁾ Assumes average retail price of \$3.86/gallon for gasoline, \$3.99/gallon for diesel.

²⁾ Pump price would be approximately 10 cents a gallon less than under current law.

³⁾ Expanded sales tax would be levied on the current "2% base" plus the services listed above, but would exclude motor fuel. Additional sales tax revenue would be split 7.5% to constitutional revenue sharing, 35% to transportation, and 57.5% to School Aid.