

**SENATE FISCAL AGENCY
MEMORANDUM**

DATE: October 22, 2015
TO: Members of the Michigan Senate
FROM: Glenn Steffens, Fiscal Analyst
RE: House-Passed Road Funding Package as of 10-21-15

Please see the attached table regarding the fiscal impact of the House-passed road funding bills. If you have any questions, please do not hesitate to contact me.

In short, the package would be fully phased-in as of FY 2021-22, and upon full implementation, affect the following: the General Fund would see a reduction of \$805.8 million (this does not include possible income tax rate reductions under Senate Bill 414, which could amount to an additional loss of \$230.0 million for each 1/10 of a point); and the Michigan Transportation Fund would receive an additional \$1.21 billion, of which \$1.15 billion would be directed to road agencies.

/wm

c: Ellen Jeffries, Director
Bill Bowerman, Associate Director
David Ettinger, Senate Democratic Staff
Tom Davis, Senate Majority Policy

Senate Fiscal Agency Analysis of House-passed Road Funding Package

House-Passed Provisions as of 10-22-15

Fiscal Impact

(The House Plan would be Fully Phased-in FY 2021-22)

(Dollars in Millions)

Bill	Key Provisions	Impact on General Fund	Michigan Transportation Fund Distributions:						Rail Grade Crossing Fund	Recreation Improvement Fund
			State Trunkline Fund (MDOT)	County Road Agencies	Cities/Villages	Total Impact on Road Funding:	CTF (Public Transit)	Total Impact on Michigan Transportation Fund:		
4370	Earmarks Income Tax Revenue to Michigan Transportation Fund	\$0 in FY 2015-16; \$0 in FY 2016-17; \$0 in FY 2017-18; (\$150.0) in FY 2018-19; (\$325.0) in FY 2019-20; (\$600.0) in FY 2020-21 (\$600.0) in FY 2021-22	\$0 in FY 2015-16; \$0 in FY 2016-17; \$0 in FY 2017-18; \$58.7 in FY 2018-19; \$127.1 in FY 2019-20; \$234.6 in FY 2020-21 \$234.6 in FY 2021-22	\$0 in FY 2015-16; \$0 in FY 2016-17; \$0 in FY 2017-18; \$58.7 in FY 2018-19; \$127.1 in FY 2019-20; \$234.6 in FY 2020-21 \$234.6 in FY 2021-22	\$0 in FY 2015-16; \$0 in FY 2016-17; \$0 in FY 2017-18; \$32.7 in FY 2018-19; \$70.9 in FY 2019-20; \$130.8 in FY 2020-21 \$130.8 in FY 2021-22	\$0 in FY 2015-16; \$0 in FY 2016-17; \$0 in FY 2017-18; \$150.0 in FY 2018-19; \$325.0 in FY 2019-20; \$600.0 in FY 2020-21 \$600.0 in FY 2021-22	None	\$0 in FY 2015-16; \$0 in FY 2016-17; \$0 in FY 2017-18; \$150.0 in FY 2018-19; \$325.0 in FY 2019-20; \$600.0 in FY 2020-21 \$600.0 in FY 2021-22	None	None
	Homestead Exemption Modifications	\$0 in FY 2015-16; \$0 in FY 2021-22 \$0 in FY 2016-17; (\$35.5) in FY 2017-18; (\$205.8) in FY 2018-19; (\$205.8) in FY 2019-20; (\$205.8) in FY 2020-21;	None	None	None	None	None	None	None	None
414	Creates Trigger for Income Tax Rate Reduction Beginning January 1, 2018	Indeterminate Loss (Approximately \$230.0 million for each 1/10 of a point)	None	None	None	None	None	None	None	None
4736	Increases Registrations Fees by 40% for passenger and commercial vehicles	None	\$0 in FY 2015-16; \$126.7 in FY 2016-17; \$130.2 in FY 2017-18; \$132.0 in FY 2018-19; \$138.3 in FY 2019-20; \$142.2 in FY 2020-21; \$146.0 in FY 2021-22	\$0 in FY 2015-16; \$126.7 in FY 2016-17; \$130.2 in FY 2017-18; \$132.0 in FY 2018-19; \$138.3 in FY 2019-20; \$142.2 in FY 2020-21; \$146.0 in FY 2021-22	\$0 in FY 2015-16; \$70.6 in FY 2016-17; \$72.6 in FY 2017-18; \$73.6 in FY 2018-19; \$77.1 in FY 2019-20; \$79.3 in FY 2020-21; \$81.4 in FY 2021-22	\$0 in FY 2015-16; \$324.0 in FY 2016-17; \$333.0 in FY 2017-18; \$337.5 in FY 2018-19; \$353.7 in FY 2019-20; \$363.6 in FY 2020-21; \$373.5 in FY 2021-22	\$0 in FY 2015-16; \$36.0 in FY 2016-17; \$37.0 in FY 2017-18; \$37.5 in FY 2018-19; \$39.3 in FY 2019-20; \$40.4 in FY 2020-21; \$41.5 in FY 2021-22	\$0 in FY 2015-16; \$360.0 in FY 2016-17; \$370.0 in FY 2017-18; \$375.0 in FY 2018-19; \$393.0 in FY 2019-20; \$404.0 in FY 2020-21; \$415.0 in FY 2021-22	None	None
	Increases Registration Fees for Hybrid & Electric Vehicles	None	Indeterminate and Positive but Nominal in Short Term; likely increases over time	Indeterminate and Positive but Nominal in Short Term; likely increases over time	Indeterminate and Positive but Nominal in Short Term; likely increases over time	Indeterminate and Positive but Nominal in Short Term; likely increases over time	Indeterminate and Positive but Nominal in Short Term; likely increases over time	Indeterminate and Positive but Nominal in Short Term; likely increases over time	Indeterminate and Positive but Nominal in Short Term; likely increases over time	None
4610	Township-Mandated Bidding for Certain County Projects (previously passed by House)	None	None	Indeterminate	Indeterminate	Indeterminate	None	None	None	None
4611	Mandatory Bidding for Local Road Agency Projects for Construction & Preservation Projects Exceeding \$100,000 (previously passed by House)	None	None	Indeterminate	Indeterminate	Indeterminate	None	None	None	None
4737	Establishes Rail Grade Crossing Subsidy to Rail Crossing Owners	None	(\$1.1)	(\$1.1)	(\$0.5)	(\$2.7)	(\$0.3)	(\$3.0)	\$3.0	None
	Mandatory Warranties on Pavement Projects Exceeding \$2.0 million; Decrease MDOT Administrative Allowance from 10% to 7%	None	Indeterminate	Indeterminate	Indeterminate	Indeterminate	None	Indeterminate	None	None
4614	Establish New Sales Tax Formula for Alternative Fuels	Possible Negative but Nominal Impact	None	None	None	None	None	None	None	None
4738 & 4616	Increases Fuel Taxes from \$0.19/gallon (gas) & \$0.15/gallon (diesel) to \$0.223/gallon in FY 2018-19; Index Gasoline & Diesel Fuel Taxes to Inflation in FY 2022-23; Alternative Fuel Tax Parity	None	\$0 in FY 2015-16; \$0 in FY 2016-17; \$11.3 in FY 2017-18; \$69.6 in FY 2018-19; \$69.8 in FY 2019-20; \$69.8 in FY 2020-21; \$69.8 in FY 2021-22	\$0 in FY 2015-16; \$0 in FY 2016-17; \$11.3 in FY 2017-18; \$69.6 in FY 2018-19; \$69.8 in FY 2019-20; \$69.8 in FY 2020-21; \$69.8 in FY 2021-22	\$0 in FY 2015-16; \$0 in FY 2016-17; \$6.3 in FY 2017-18; \$38.8 in FY 2018-19; \$38.9 in FY 2019-20; \$38.9 in FY 2020-21; \$38.9 in FY 2021-22	\$0 in FY 2015-16; \$0 in FY 2016-17; \$28.9 in FY 2017-18; \$178.0 in FY 2018-19; \$178.6 in FY 2019-20; \$178.5 in FY 2020-21; \$178.5 in FY 2021-22	\$0 in FY 2015-16; \$0 in FY 2016-17; \$3.2 in FY 2017-18; \$19.8 in FY 2018-19; \$19.8 in FY 2019-20; \$19.8 in FY 2020-21; \$19.8 in FY 2021-22	\$0 in FY 2015-16; \$0 in FY 2016-17; \$32.1 in FY 2017-18; \$197.8 in FY 2018-19; \$198.4 in FY 2019-20; \$198.3 in FY 2020-21; \$198.3 in FY 2021-22	None	\$0 in FY 2015-16; \$0 in FY 2016-17; \$0 in FY 2017-18; \$2.8 in FY 2018-19; \$2.8 in FY 2019-20; \$2.8 in FY 2020-21; \$2.8 in FY 2021-22
Total Fiscal Impact:		Not including potential effects of SB 414: \$0 in FY 2015-16; \$0 in FY 2016-17; (\$35.5) in FY 2017-18; (\$355.8) in FY 2018-19; (\$530.8) in FY 2019-20; (\$805.8) in FY 2020-21; (\$805.8) in FY 2021-22	\$0 in FY 2015-16; \$125.6 in FY 2016-17; \$140.4 in FY 2017-18; \$259.2 in FY 2018-19; \$334.1 in FY 2019-20; \$445.5 in FY 2020-21; \$449.3 in FY 2021-22	\$0 in FY 2015-16; \$125.6 in FY 2016-17; \$140.4 in FY 2017-18; \$259.2 in FY 2018-19; \$334.1 in FY 2019-20; \$445.5 in FY 2020-21; \$449.3 in FY 2021-22	\$0 in FY 2015-16; \$70.6 in FY 2016-17; \$78.4 in FY 2017-18; \$144.6 in FY 2018-19; \$186.4 in FY 2019-20; \$248.5 in FY 2020-21; \$250.6 in FY 2021-22	\$0 in FY 2015-16; \$321.8 in FY 2016-17; \$359.2 in FY 2017-18; \$663.0 in FY 2018-19; \$854.6 in FY 2019-20; \$1,139.5 in FY 2020-21; \$1,149.2 in FY 2021-22	\$0 in FY 2015-16; \$39.9 in FY 2017-18; \$57.0 in FY 2018-19; \$59.9 in FY 2020-21; \$61.0 in FY 2021-22	\$0 in FY 2015-16; \$357.5 in FY 2016-17; \$399.1 in FY 2017-18; \$720.0 in FY 2018-19; \$913.4 in FY 2019-20; \$1,199.4 in FY 2020-21; \$1,210.2 in FY 2021-22	\$3.0	\$0 in FY 2015-16; \$0 in FY 2016-17; \$0 in FY 2017-18; \$2.8 in FY 2018-19; \$2.8 in FY 2019-20; \$2.8 in FY 2020-21; \$2.8 in FY 2021-22