



# Road Funding Plans

## Background

Michigan's road infrastructure has long struggled with underfunding, leading to deteriorating road conditions, increased repair costs and a growing public safety concern. The last time the Legislature seriously addressed this issue was in 2015, when it approved a plan that allocated \$1.2 billion annually. However, this solution was short-term, relying heavily on registration fee increases and fuel tax increases. While the bonds from 2019 have provided some relief, Michigan is facing a looming "funding cliff" as these resources are set to run out.

## MAC's Efforts

- MAC supported the 9-bill package that removes sales tax on gas and replaces it with an equivalent gas tax dedicated to roads
- The package significantly favors local roads over state roads:
  - For FY2026-30: \$2.2 billion
    - 90 percent to local road agencies
      - County road commissions: \$883 million
      - Cities/villages: \$722 million
    - 10 percent to State Trunkline Fund: \$220 million
  - New Neighborhood Road Fund (NRF): \$375 million:
    - No match requirements for county or township expenditures from the NRF
    - \$100 million annually earmarked for the repair of closed, restricted and critical bridges
  - All counties to see at least a 97% increase in annual road funding
  - **Total new funding for counties: \$1.36 billion**

## Key Insights

- The House road funding plan prioritizes county road systems, dedicates taxes at the pump toward roads and holds schools and local units harmless from the cut in sale taxes.
- The longer we wait to invest, the more expensive the problem becomes.
- The influx of General Fund dollars is appreciated, but MAC remains concerned about future General Fund reductions to counties.
- MAC is open to changes to the plan, so long as the priority remains dedicating the bulk of the dollars to county roads and bridges.