

# Gas tax 101: Why Michiganders pay high gas taxes for crummy roads

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(Photo: Associated Press)

LANSING, Mich. (Detroit Free Press/WZZM) — High fuel taxes and low spending on roads.

It's a nasty combination, but Michigan motorists can rightfully complain they pay some of the highest fuel taxes to drive on some of the lousiest roads.

According to national data, Michigan has the sixth-highest state taxes on gasoline but one of the lowest rates of investment on roads in the nation.

That's galling to motorists such as Norbert Kroll of Howell, who works as an engineer in Dearborn.

"What did they do with all that money?" Kroll asked. "We should have the sixth-best roads in the nation not the sixth-worst."

Why does Michigan have such high taxes on fuel but relatively low spending on roads?

"While it is true that we have one of the highest gas taxes in the country," explains MDOT spokesman John Richard, "a lot of that money does not go to roads."

Carl Davis, a senior analyst at the Institute on Taxation and Economic Policy in Washington, D.C., said Michigan is one of only four states, with Indiana, Illinois and Hawaii, that fully apply their general sales tax to fuel sales.

Of the 41.4 cents in state taxes Michigan motorists pay on a gallon of fuel, only 19 cents is a fuel tax dedicated to transportation. The other 22.4 cents is all sales tax, and under Michigan's

constitution, most of it goes to schools and local governments and very little of it can be spent on roads.

Remove that 22.4 cents from the equation and Michigan's 19-cent fuel tax ties with Arizona for ninth-lowest among the states.

"Including the sales tax skews Michigan tremendously," said Jeff Cranson, a spokesman for the Michigan Department of Transportation.

"It's very disingenuous of the AFP (Americans for Prosperity, an anti-tax group) and others to make the point about what we spend on fuel taxes without noting that as a matter of public policy, our state decided to use sales tax on fuel to fund other things so what you pay at the pump is not a true user fee for roads."

Davis said Michigan won't be alone if it significantly hikes its fuel taxes.

New Hampshire brought in a sharp increase this year and in 2013 six states, including Pennsylvania, either increased fuel taxes or moved away from a fixed cent-per-gallon tax to a percentage rate that allows for increases over time, as Michigan proposes to do, he said.

Davis said he agrees with those who say the day is coming when fuel taxes will not be able to pay for roads because of the growth in electric cars, hybrids and more efficient vehicles that use less fuel.

However, "I don't think we're there yet," he said.

According to 2014 statistics from the American Petroleum Institute, Michigan's state taxes on gasoline are exceeded only by California, New York, Connecticut, Hawaii and Pennsylvania.

And based on 2012 data from the Federal Highway Administration, Michigan ranks 33rd among states for the amount of investment per lane-mile of road; 47th for investment per vehicle mile driven, and dead last among the 50 states for investment per driver.

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*WZZM 13's Steve Zaagman also contributed to this article.*