

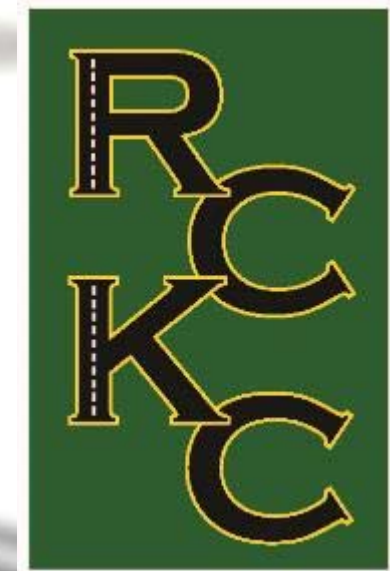
PROPOSAL 15-1: WHAT DOES IT MEAN FOR KALAMAZOO?

Road Commission of Kalamazoo County (RCKC)

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April 29, 2015

Kalamazoo Area Transportation Policy Committee Presentation



PROPOSAL 15-1

A proposal to amend the State Constitution to increase the sales/use tax from 6% to 7% to replace and supplement reduced revenue to the School Aid Fund and local units of government caused by the elimination of the sales/use tax on gasoline and diesel fuel for vehicles operating on public roads, and to give effect to laws that provide additional money for roads and other transportation purposes by increasing the gas tax and vehicle registration fees.

The proposed constitutional amendment would:

- Eliminate sales / use taxes on gasoline / diesel fuel for vehicles on public roads.
- Increase portion of use tax dedicated to School Aid Fund (SAF).
- Expand use of SAF to community colleges and career / technical education, and prohibit use for 4-year colleges / universities.
- Give effect to laws, including those that:
 - Increase sales / use tax to 7%, as authorized by constitutional amendment.
 - Increase gasoline / diesel fuel tax and adjust annually for inflation, increase vehicle registration fees, and dedicate revenue for roads and other transportation purposes.
 - Expand competitive bidding and warranties for road projects.
 - Increase earned income tax credit.

Should this proposal be adopted?

YES

NO

PROPOSAL 15-1 SUMMARY

AMEND THE STATE CONSTITUTION TO:

- Sales tax increase 6% to 7%
- Exempt sales of gasoline and diesel from sales tax after October 1, 2015
- Dedicate % of sales tax to the school aid fund
- Dedicate % of sales tax to revenue sharing with townships, cities and villages

GIVE EFFECT TO

- **House Bill 4539/Public Act (PA) 467** removes sales tax from gasoline
- **House Bill 5492/PA 474** eliminates sales and use tax on gasoline and fuel for operating vehicles
- **House Bill 5477/PA 468** converts 19 cents per gallon gasoline tax and 15 cents per gallon diesel tax into a 14.9% tax on wholesales price; tax alternative fuels such as compressed natural gas, at the same rate
- **House Bill 5493/PA 475** similar to 5477

GIVE EFFECT TO

- **House Bill 4630/PA 470**
 - eliminate depreciation related reductions in vehicle registration fees for cars bought after 2015
 - increase heavy truck fees
 - creates a surcharge for electric & hybrid vehicles
- **House Bill 5460/PA 473**
 - earmark up to \$3 million for new railroad grade crossings
 - warranty requirements for projects over \$1,000,000
 - authorize some cities to use a portion of MTF for public transit purposes

GIVE EFFECT TO

- **Senate Bill 847/PA 469**
 - earned Income Tax Credit from 6% to 20%
 - beginning 2016 Tax Year
 - increase Homestead Property Tax Credit for Senior Citizens/Disabled
- **Senate Bill 80/PA 476**
 - amend State School Aid Act
 - sets aside \$40 million for “at-risk schools”
 - requires greater disclosure of school district board and administrator expenses

Source: House Fiscal Agency

GIVE EFFECT TO HB 4251/PA 472

TOWNSHIP BIDDING

Competitive Bidding

- Townships contributing more than 50% to cost of county road project may require competitive bidding
- Road project is located entirely within the jurisdiction of a single township

GIVE EFFECT TO HB 5167/PA 471 PERFORMANCE

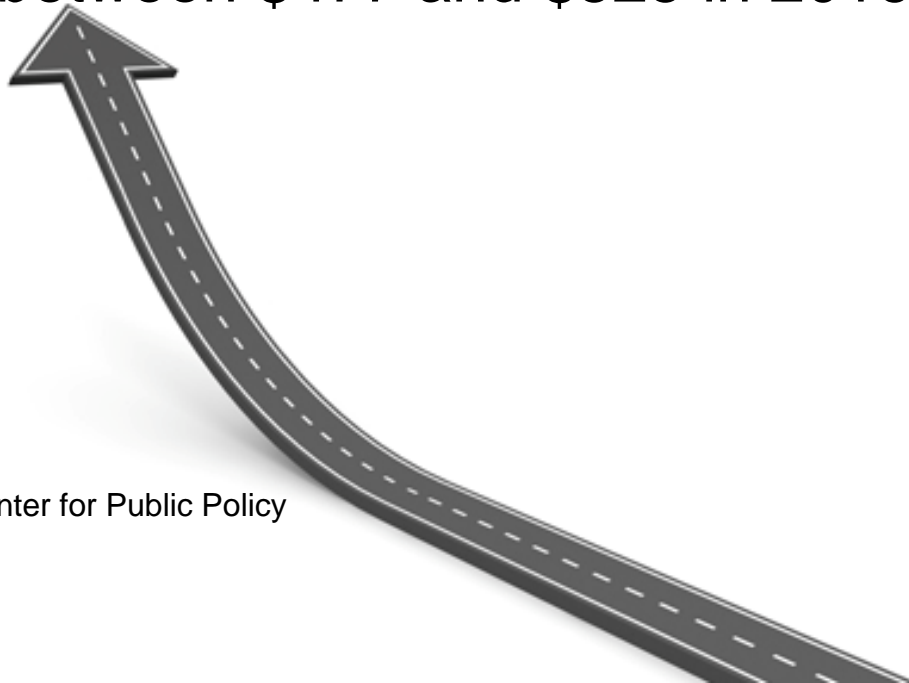
PA 51 Section 11c

- Pavement warranties where applicable
- MDOT and certain road agencies to develop and implement
 - a performance based maintenance system
 - a performance rating system
 - provide payment for some maintenance services based on outputs or outcomes
 - reporting requirements with new contracting requirements

WHAT WILL IT COST YOU?

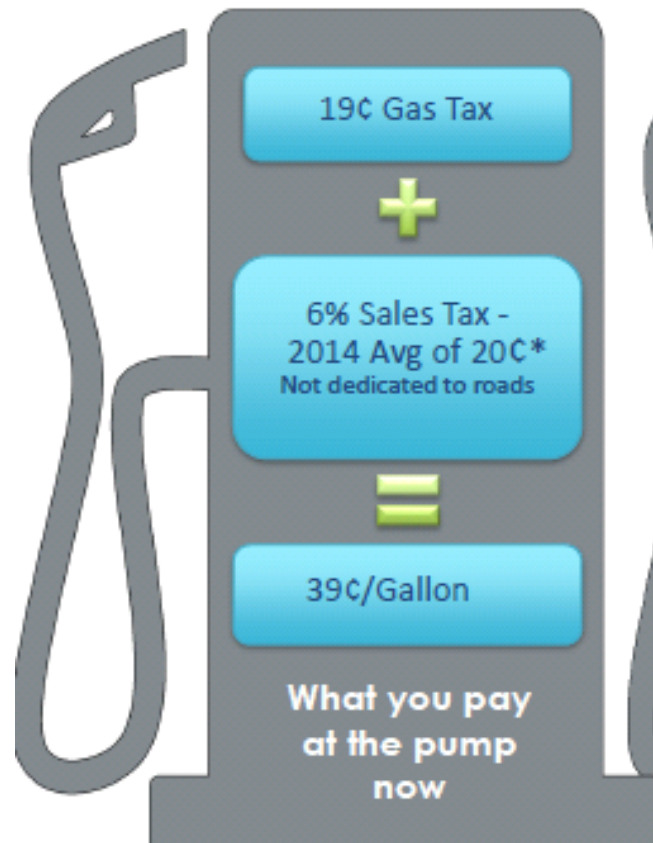
Based on data from the U.S. Census Bureau, Department of Transportation and Bureau of Labor Statistics, Proposal 1 would increase the tax burden of the typical Michigan household between \$477 and \$525 in 2016.

Source: Mackinac Center for Public Policy

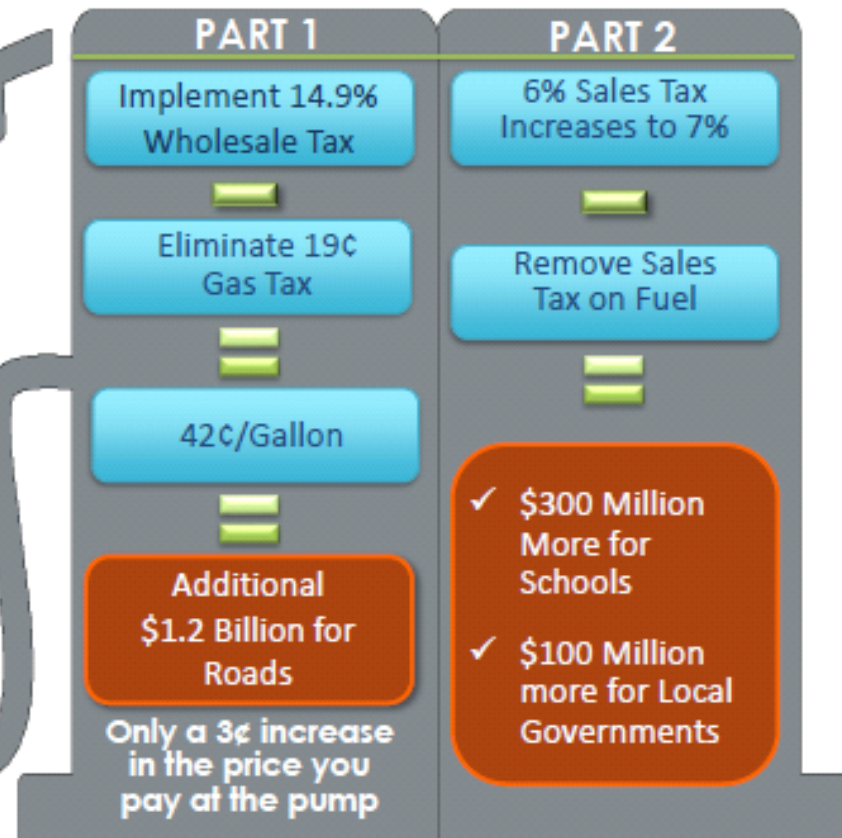


2015 Ballot Proposal

TODAY



OCTOBER 1, 2015



*Based on wholesale price of \$3.33/gal

CARS GO FARTHER, TAX DOESN'T

Inflation and better passenger vehicle fuel economy have eroded the 19-cents-a-gallon gas tax Michigan adopted 18 years ago:



Source: Senate Fiscal Agency analysis

(MLive.com)

Inflation and better passenger vehicle fuel economy have eroded the 19-cents-a-gallon gas tax Michigan adopted 18 years ago.



WHAT WILL IT MEAN TO KALAMAZOO COUNTY REVENUE SHARING?

- \$2,413,190.80
- Cities, Villages & Townships
 - 24 in Kalamazoo County

WHAT WILL IT MEAN TO THE ROAD COMMISSION?

- 2014 MTF: \$13,334,627
- Estimated 2016: \$16,362,076
- Estimated 2017: \$19,371,918
- Estimated 2018 & Beyond: \$22,381,761

WHAT WILL IT MEAN TO KALAMAZOO COUNTY?

Kalamazoo City/Village/RC	Existing MTF Revenue 2014	Estimated Year 1 2016	FY Estimated Year 2 2017	FY Estimated Year 3 FY 2018 +
Augusta	74,269	90,610	106,951	123,292
Climax	58,985	71,963	84,941	97,920
Galesburg	127,763	155,874	183,986	212,097
Kalamazoo	5,300,686	6,466,978	7,633,270	8,799,562
Parchment	131,414	160,328	189,243	218,157
Portage	3,544,954	4,324,937	5,104,921	5,884,905
Richland	47,002	57,343	67,685	78,027
Schoolcraft	127,790	155,907	184,024	212,141
Vicksburg	227,849	277,982	328,115	378,248
Road Commission	13,334,627	16,362,076	19,371,918	22,381,761
TOTAL:	\$22,975,339	\$28,123,998	\$33,255,054	\$38,386,110

- Source: County Road Association of MI

WHAT WILL IT MEAN TO KATS AREA?

	Existing MTF Revenue 2014	Estimated Year 1 2016	FY Estimated Year 2 2017	FY Estimated Year 3 FY 2018 +
Kalamazoo TOTAL:	\$22,975,339	\$28,123,998	\$33,255,054	\$38,386,110
Van Buren Road Comm	6,029,260	7,388,368	8,747,476	10,106,584
Lawton	160,225	195,479	230,732	265,986
Mattawan	189,954	231,749	273,544	315,339
Paw Paw	245,565	299,596	353,627	407,657
TOTAL:	6,625,004	8,115,192	9,605,379	11,095,566
OVERALL TOTAL:	\$29,600,343	\$36,239,190	\$42,860,433	\$49,481,676

- Source: KATS – Van Buren figures

QUESTIONS????

Thank you

