

GAS TAX

•**6% Sales Tax:** As a percentage of the sale of fuel, sales tax revenues fluctuate with the cost of gas. The 6% Sales Tax on fuel does NOT go towards Transportation. It goes to the State's General Fund and is used for Education.

•**19¢ Federal Gas Tax:** The Federal Government places a 19¢ per gallon tax on gas. This is a flat tax and does not increase with the cost of gas. As a donor state, for every \$1 sent to Washington we receive 92¢ in federal funding. These funds are for projects at state, county and local levels, and have matching amounts that must be met by the applying agency. **Over 75% of the available funds are taken by MDOT.** (With decreased funding from the MTF, many agencies may not be able to meet the match requirement. Unmatched funds are returned to Washington for distribution to other states.)

•**19¢ State Gas Tax:** This is a user fee to support transportation. A flat rate of 19¢ per gallon is placed on gas, which does not increase with rising gas costs. When gas is more expensive, people drive less which decreases the amount of gas tax collected. More fuel efficient cars also leads to lower gas tax receipts. **The 19¢ State Gas Tax is a major component of the Michigan Transportation Fund (MTF) which is the main funding source for road commissions.** The MTF also is funded by a 14¢ per gallon diesel fuel tax, and by license and registration fees. Between 2005-2010, the MTF steadily declined.

(Other state agencies that siphon funds from the MTF prior to its distribution to MDOT, Road Commissions, and Cities & Villages include: the Secretary of State, the Dept. of Treasury, the State Police, the DNRE, State Parks, as well as others.)