

# Michigan government can afford to spend more on roads

Spending interests object to redirecting priorities in state budget

By James M. Hohman | December 2024

Rep. Matt Hall, R-Richland Township, drafted a plan to spend more money on roads. He would redirect the state's corporate income tax revenue to transportation and away from corporate handouts. He would also replace the sales tax levied on fuel with a fuel tax that goes to roads. His proposal would put a lot more into roads without raising taxes.

Government spending interests are skeptical.

The teachers union and other school spending interests sent out a memo stating, "Michigan students cannot afford to sacrifice their education to pave our roads." Hall said that schools would face no reductions in spending; any losses that occur would accrue to the state's general fund.

Spending interests have used the roads as an excuse to raise money for themselves. A May 2015 ballot proposal would have raised taxes by \$2 billion to spend \$1.2 billion on roads. In 2019, Gov. Gretchen Whitmer proposed raising taxes by \$2.5 billion to

spend \$1.9 billion in roads and \$600 million for other priorities. Voters rejected the 2015 proposal by a vote of 80%-20%, and the governor's plan failed to receive legislative support. Both ideas, however, had support of spending interests because they support road funding plans that raise taxes.

“**Lawmakers can afford to move money from current spending categories to road repair.**”

Hall's proposal does not raise taxes. It redirects priorities for the state's revenue.

State government collects more money than it used to. State revenue increased from \$27.4 billion to \$41.6 billion over the past decade, an 18% increase when adjusted for inflation. Tax collections are up, and this lets lawmakers pursue many items on their wish list.

Schools benefited from this increase. State funding of schools increased from \$11.5 billion to \$19.3 billion over the decade, a 31% increase. The school interests who are worried about Hall's proposal have been favored more than the roads.

The state can afford to increase spending on roads without taking it out of schools, in part due to waste in the state budget. Lawmakers blew \$2 billion on pork projects in the last budget and another \$1 billion on pork projects in the recent budget. Pork — letting individual lawmakers direct funds to the special interests of their choice — ought to be less important than making sure the roads get fixed faster than they fall apart.

District grants are less of a priority than corporate handouts. Lawmakers authorized \$4.6 billion in corporate handouts this term. Taxing money from everyone to give it to select companies is ineffective at creating jobs, unfair to businesses and taxpayers, and expensive. This money could be put to better uses elsewhere, and the Hall proposal would do that.

The proposal presents questions of importance rather than affordability. Lawmakers can afford to move money from current spending categories to road repair. They have more revenue, and they ought to reassess their current priorities. Fixing roads would be a better way to spend the state's growing resources.

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