

► **TO THE POINT** Monroe News 5-17-15

A small gas tax increase and allocation from the Michigan Catastrophic Claims Association fund could be the right formula for fixing Michigan's roads.

A better idea for fixing roads

Michigan legislators are trying to devise a new road repair plan now that the state's voters resoundingly defeated the most recent proposal.

Many ideas are being discussed, but some make more sense than others.

Among them is a plan from state Rep. Peter J. Lucido, R-Shelby Township, who proposes funding road and infrastructure repairs by tapping an existing and under-used multi-billion-dollar state fund.

The plan suggests using a combination of the interest earned and the principal from the Michigan Catastrophic Claims Association (MCCA) fund to fix the roads. The MCCA revenue comes from annual \$186 a vehicle charges included in auto insurance payments.

The MCCA fund is used to reimburse auto insurance companies for personal injury protection claims that exceed \$530,000 for a single accident. That doesn't often happen so, each year, the fund grows by about \$1 billion. In 1998, then-Gov. John Engler arranged to refund about \$180 a vehicle to state drivers because the fund surplus continued to far outstrip claims.

"Currently there's almost \$18 billion in assets in the fund," said Rep. Lucido. "We're paying almost \$200 per car per year into this fund and it's time we start putting it to better use, as safety is a key issue. By fixing the roads and making them safer, we will reduce the number of accidents that potentially lead to the kinds of serious injuries covered by this fund."

"This fund continues to stockpile money," he said. "We've seen it returned to taxpayers in the past. Why not use it to fix the roads? How much money do we need to have in this fund before enough is enough?"

Indeed, the state could tap the fund for \$1 billion a

year for five years without putting a real dent in the surplus. And the concept is not unheard of considering that the Michigan Natural Resources Trust Fund has a cap of \$500 million. Once the fund hits that level, any additional money goes to the Michigan State Parks Endowment Fund.

Legislators also could add a small increase in the gas tax. The timing is right because gas prices have dropped and stabilized a bit and it appears they will be stable for a while. A gas tax also is more of a direct road-user tax than the broad statewide sales tax increase that had been built into the recently defeated ballot proposal. A higher fuel tax, combined with higher registration fees for commercial trucks that weigh more than 26,000 pounds, could generate at least another \$500 million.

The combined additional \$1.5 billion would be a good start to bolster existing road maintenance allocations.

Cluttering a proposal with numerous other types of new fees and taxes to be used for other purposes besides roads only will complicate and confuse the issue. Indeed, that is a major reason the ballot proposal was defeated overwhelmingly. We don't need another ballot proposal, just a simple lawmaker-approved proposal in which all the money goes to roads, over a period limited to five years. That's something legislators and their constituents should be able to support without reservations.

The time limit also would provide a good test of whether such an annual commitment of funds actually would make a meaningful difference in the quality of the state's roads, or whether it would need to be tweaked going forward.