



Source: City CAFR
 * = Estimated / Projected

Indicator Description:

Historically the State of Michigan gasoline tax has been levied at a rate of \$0.15 per gallon and is then distributed to cities and villages in accordance with two formulas: 75% allocated to major roads and 25% allocated to local streets; distribution is based 60% on population and 40% on miles of public roads.

In order to improve the roads in the State of Michigan, former-Governor Engler introduced “Build Michigan II.” In FY 1997, the Michigan Legislature approved a transportation funding package that included a four-cent-per-gallon increase (to \$0.19 per gallon) in the state motor fuels tax. The revenues generated by the additional four cents per gallon are distributed according to the following formula: one-cent to the critical bridge fund for state projects only and three-cents through the current Act 51 distribution formula.

Trend Analysis:

Fluctuation in Act 51 revenues vary depending upon the strength of the state economy, actual gasoline tax revenues, vehicle registrations, and statutory changes. The City of Rochester Hills major road and local street programs are severely dependent upon this revenue source. In FY 2010, gasoline tax revenues are anticipated to represent 65% of major road revenues and 16% of local street revenues (due to significant contributions from the General Fund and Major Road Funds to support local street construction and operations). The current forecast provides for a 3% decline in this revenue source due to a decline in state vehicle registrations and a decrease in the projected number of gallons of gasoline sold based on decreasing Statewide population and price volatility.