Speakers Plan 11/02/15
Estimated New Revenue By Fiscal Year
(new revenue in millions)

Components of Plan:
Gasoline Tax: Increase rate 7.3 cents 1/1/17, index to inflation 1/1/22,
Diesel Tax: Diesel parity (same rate as gasoline tax) 1/1/2017 and beyond
Auto Registration Fees: Increase 20% in 1/1/17
Truck Registration Fees: Increase 20% in 1/1/17
New Registration Tax Surcharge for Electric Vehicles
Assumes 2 percent inflation each year
Homestead Property Tax Changes:
- Property tax as % of rent increased from 20% to 23% in TY18
- HH Resource phase out range increased from $41,000-$50,000 to $51,000-$60,000 in TY18
- Max credit increased from $1,200 to $1,500 in TY18
- Income % decreased from 3.5% to 3.2% in TY18
- Indexing for $135,000 TV cap, HH Resources & Max Credit begins in TY21 (FY22)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Motor Fuel Tax Rate Increase						
Gasoline Tax Rate Increase (cents/gal) Before Indexing		7.3	7.3	7.3	7.3	7.3
Gasoline Tax Rate Increase (cents/gal) Due to Indexing	$ -	0.0	0.0	0.0	0.0	0.0
New Gas Tax Revenue Before Indexing	**$ -**	**$ 230.4**	**$ 312.7**	**$ 311.2**	**$ 309.6**	**$ 308.1**
New Gas Tax Revenue Due to Indexing		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Diesel Tax Rate Increase (cents/gal) Before Indexing		11.3	11.3	11.3	11.3	11.3
Diesel Tax Rate Increase (cents/gal) Due to Indexing		0.0	0.0	0.0	0.0	0.0
New Diesel Tax Revenue before Indexing	**$ -**	**$ 76.1**	**$ 92.9**	**$ 93.8**	**$ 94.7**	**$ 95.6**
New Diesel Tax Revenue Due to Indexing		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Motor Fuel Tax Rate Increase	**$ -**	**$ 306.5**	**$ 405.6**	**$ 405.0**	**$ 404.3**	**$ 403.7**
Vehicle Registration Fees:						
New Auto Registration Fee Revenue	**$ -**	**$ 118.4**	**$ 160.2**	**$ 163.4**	**$ 166.7**	**$ 170.0**
New Truck Registration Fee Revenue	**$ -**	**$ 27.5**	**$ 28.0**	**$ 28.6**	**$ 29.1**	**$ 29.7**
Electric Vehicle Surcharge	**$ -**	**$ 0.8**	**$ 1.1**	**$ 1.2**	**$ 1.3**	**$ 1.4**
Total Vehicle Registration Fee New Revenue	**$ -**	**$ 146.7**	**$ 189.3**	**$ 193.2**	**$ 197.1**	**$ 201.1**
Total New Revenue From Transportation Taxes	**$ -**	**$ 453.2**	**$ 594.9**	**$ 598.1**	**$ 601.4**	**$ 604.8**
Individual Income Tax New Earmark to Transportation	**$ -**	**$ -**	**$ -**	**$ 150.0**	**$ 325.0**	**$ 600.0**
Total New Revenue for Transportation	**$ -**	**$ 453.2**	**$ 594.9**	**$ 748.1**	**$ 926.4**	**$ 1,204.8**
Homestead Property Tax Credit Changes	**$ -**	**$ -**	**$ -**	**$ (206.0)**	**$ (206.0)**	**$ (206.0)**
GF/GP Reduction in Revenue	**$ -**	**$ -**	**$ -**	**$ (356.0)**	**$ (531.0)**	**$ (806.0)**
Net Tax Increase	**$ -**	**$ 453.2**	**$ 594.9**	**$ 392.1**	**$ 395.4**	**$ 398.8**

Prepared By: Office of Revenue and Tax Analysis, Michigan Department of Treasury

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Income Tax Reduction
Inflation Multiplier at 1.425
Rate Adjustment Begins January 1, 2023 with FY 2021 Base Year

Rate cut if GF/GP cumulative growth exceeds inflation times 1.425.

Fiscal Year	Current GF/GP Estimate	Income Tax Cut HPTC Index in '21	Income Tax Cut Income Tax Rollback	Income Tax Cut Total	Tax Rate
2016	$9,991.8	$0.0	$0.0	$0.0	4.25%
2017	$10,234.1	$0.0	$0.0	$0.0	4.25%
2018	$10,603.5	$0.0	$0.0	$0.0	4.25%
2019	$10,833.6	-$206.0	$0.0	-$206.0	4.25%
2020	$11,054.0	-$206.0	$0.0	-$206.0	4.25%
2021	$11,188.7	-$206.0	$0.0	-$206.0	4.25%
2022	$11,613.0	-$210.1	$0.0	-$210.1	4.25%
2023	$12,052.7	-$223.8	-$86.4	-$310.2	4.21%
2024	$12,508.2	-$228.3	-$224.4	-$452.7	4.16%
2025	$12,980.1	-$232.9	-$351.7	-$584.5	4.12%
2026	$13,469.0	-$247.0	-$481.0	-$728.0	4.08%
2027	$13,975.5	-$252.0	-$621.4	-$873.4	4.04%
2028	$14,500.2	-$257.0	-$770.7	-$1,027.7	4.00%

Assumptions and Inputs

- Earmark to Transporation $150 million in FY 2019, $325 million in FY 2020, and $600 million for FY 2021-28.
- GF/GP estimates are Administration numbers for 2016-28 adjusted for tax cuts.
- HPTC indexing starts for TY 2021.
- January 2023 rate adjustment compares growth and inflation from FY 2021.
- GF/GP baseline growth of 3.6% for 2020 through 2028.
- Baseline income tax gross receipts grow at 3.3% beyond 2015.
- Refunds grow at 3.0%.
- Inflation assumed to 2.0% per year.

Prepared By: Office of Revenue and Tax Analysis, Michigan Department of Treasury
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