Michigan legislature defies popular vote against road tax hike

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The Michigan state legislature is moving to enact regressive consumption taxes to pay for the road construction efforts, in defiance of the overwhelming popular vote against such action in a referendum only two months ago.

Voters rejected Proposal 1 in May in a landslide 80 percent to 20 percent. It would have raised the sales tax from six to seven percent, and made numerous other changes in tax provisions, with the proceeds supposedly funding repair of the state's crumbling road system, one of the most dilapidated in the country.

Because the state sales tax is written into Michigan's constitution, the increase had to be approved by referendum. The other provisions were piggy-backed onto the tax increase in an effort to disguise it, but this maneuver failed.

Both Democratic and Republican parties and the Chamber of Commerce and other corporate lobbies backed passage of the sales tax increase in May. Michigan corporations have begun to find the deteriorating conditions of the highways an impediment to doing business and even to getting their own employees to work. But they insisted that the workers should pay the cost, rather than the wealthy.

The overwhelming rejection vote showed how isolated the state political establishment is from millions of hard-pressed working people who simply could not afford to pay more for everyday purchases.

Now the Republican-controlled legislature—which flatly rejects any increase in taxes on the wealthy or corporate business—is seeking to tax working people by another method.

The state senate passed a 15 cent per gallon hike in the state's gas tax to finance road construction spending. The state house of representatives is considering a different proposal, with the Republicans divided and the minority Democrats advancing their own plan. No agreement is likely until late summer or early fall, since the House is on recess for the next month.

The state senate bill would require $700 million in revenues from the state income tax to go to roads, but failed to specify which areas of the budget would be cut to pay for this. In effect, workers will be forced to pay for the road construction plan by having other state services cut. Such reallocation of public funds to patch holes in the budget has become a typical stop-gap measure in the US.

The role of the Democrats in this process is to posture as an opponent of the measures of the Republican-controlled Senate and House by calling for a tax increase on corporations to partially fund the reconstruction of roads. "We have seen that the Republicans have controlled every branch of government for 41/2 years and have failed to fix the roads," said House Minority Leader Tim Greimel, Democrat.

He went on to plead with the Republican majority, saying, "We recognize that Republicans and Democrats have different policy preferences. But we're very willing and eager to sit down with our Republican colleagues to reach a compromise, and they have not taken me up on the offer."

While imposing bankruptcy on Detroit and slashing spending for public services, including education, the Michigan state government has offered more large government-funded subsidies to corporations than any other in the country. It has showered money on the auto giants and other corporations while simultaneously robbing pensions, slashing healthcare and destroying education.

The infrastructure of the US is in a state of continual

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decay, especially notable in industrial cities like Detroit, Flint and Lansing. According to a 2013 “report card” from the American Society of Civil Engineers (ASCE), 22 percent of the state’s major roads are in poor condition.

According to the Transportation Asset Management Council (TAMF), the last decade has seen a ten percent increase in the amount of roads eligible for federal aid. 38 percent of roads in Michigan eligible for federal aid were rated as poor, while in the tri-county area, 38 percent in Oakland, 34 percent in Macomb and 29 percent in Wayne were rated as poor last year.

TAMF also states, “The number of traffic accidents is a measure of how effectively the road system is performing. Maintenance is required to keep roads and bridges performing as intended.” The dangerous state of the roads is paired with a terrible public transportation system, leaving workers with not much choice but to commute by their own transportation. Michigan also has the highest auto insurance rate in the country.

TAMF’s report of public transit in Michigan is bleak: “often the money used for the expansion is siphoned from funds allocated to maintenance. As a result, the physical condition of the infrastructure is declining. Some form of public transportation is available throughout the state, particularly in rural areas, but the capacities of most urban systems fail to meet demand.”

Michigan permits the heaviest truck weight of any other state—just more than half the federal weight limit. This allows for the distribution of cars and parts to auto and industrial companies, resulting in a promise by them to keep business in the state. This undoubtedly has a huge impact on the roads and infrastructure, but the companies largely responsible for the damage done are the same ones that will now not be funding their repair.

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