

Aviation Funding in Michigan from Fuel Sales and Excise Taxes

The Michigan Aeronautics Commission is responsible for the general supervision of all aeronautics within the state of Michigan. They are empowered by State Law to make rules and regulations governing all airports, flight schools, and other aeronautical activities. One of the main activities is to run the Michigan Airport Improvement Program (AIP). This program provides access to Federal and Local funding matches to improve the state airport infrastructure. This program represents one the best Return on Investment of any program in the state. However, continued downward pressure may cause cuts to the program.



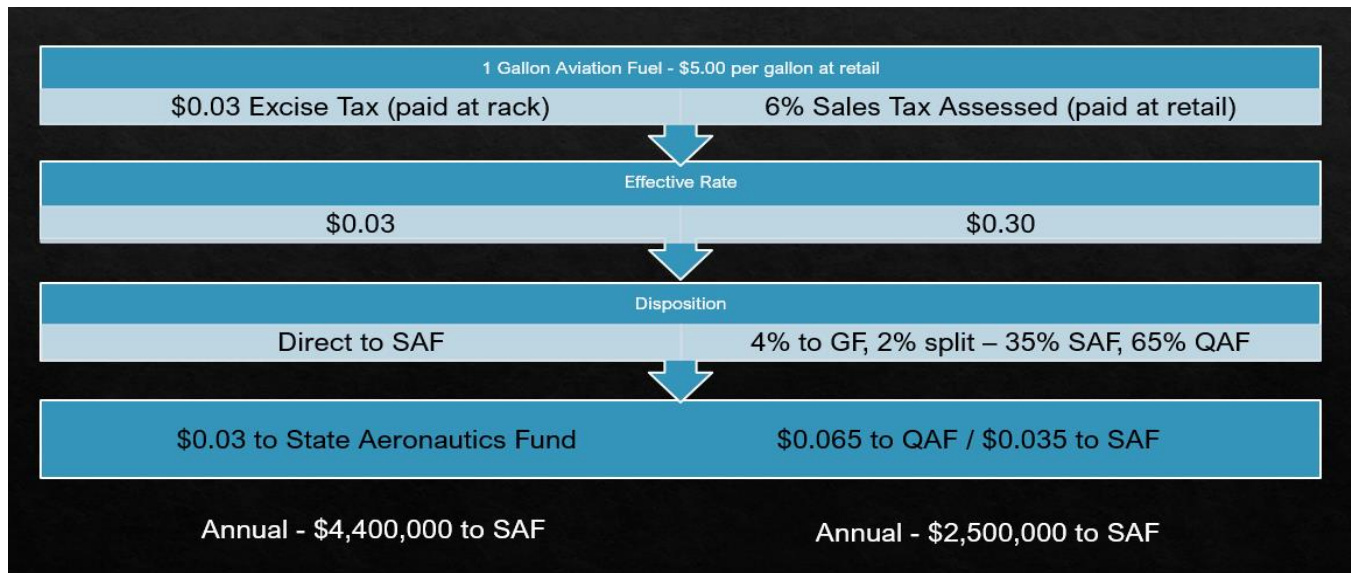
Planned MAC FY'21 Revenue Sources

- Registration & License Fees - \$500,000
- Airport Parking Tax - \$6,000,000
- Aviation Fuel Excise Tax - \$4,400,000
- Aviation Fuel Sales Tax - \$2,500,000

Planned MAC FY'21 Budget

- Aviation Services – Funds Aeronautics Operations (Staff, Non-AIP Programs) - \$5,500,000
- Air Fleet Operations – State Aircraft Operations - \$1,000,000
- Airport Improvement Program (Capital Outlay) - \$2,000,000 (Provides ~\$100M in federal funding match)
- Air Service Program – Assistance for non-AIP eligible costs (ARFF, Marketing, Equipment) - \$50,000

Aviation Fuel Mechanism



Conclusion

It is in MBAA members best interest to have a strong and well-funded MAC. This will prove especially challenging in the post Covid-19 era. Currently 4% of the sales tax associated with aviation fuel ends up in the State General Fund. Since all funding for aeronautics comes from the SAF, NO State General Fund resources are utilized for airports. There has been discussion to attempt to change motor vehicle sales tax to allow the full 6% to fix the roads. Should the legislature go that direction, the natural move would be to ask for a similar change for aviation. This would allow 6% to come to the SAF, rather than only 2%. **It should be noted that the 2% is split with the Qualified Airport Fund (QAF) set up for the purpose of direct assistance to Detroit Metropolitan - Wayne County Airport.** MBAA and GCSI will continue to monitor the situation and will be ready to assist when needed.