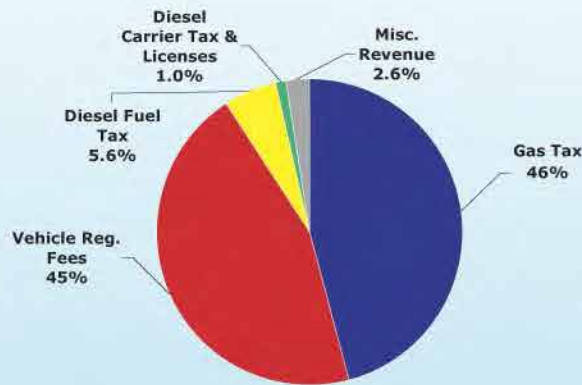


What's The MTF?

The Michigan Transportation Fund (MTF) is a separate fund set up and maintained by the Michigan state treasury to be used in the maintenance and construction of the state's roads, highways and bridges.

How Is The MTF Funded?

Below is a pie chart depicting the various sectors that are funding the MTF. According to the state Constitution, at least 90% of the MTF must be used towards roads.



What's Wrong With The MTF?

Ranking State Fuel Tax Rates

	Gasoline Tax - Rank	Diesel Tax - Rank
Michigan	\$0.19 - 30	\$0.15 - 42
Ohio	\$0.28 - 8	\$0.28 - 8
Illinois	\$0.19 - 30	\$0.21 - 23
Wisconsin	\$0.31 - 5	\$0.31 - 4

25-Year History Of The Gas Tax

- Raised from 11 to 13 cents - 1983
- Raised to 15 cents - 1984
- Raised to 19 cents - 1997

Links.

Transportation Asset Management Council
www.michigan.gov/tamc

TRIP (A National Transportation Research Group)*
www.tripnet.org/docs/MI_TRIP_PR_03-28-12.pdf

Road Commission for Oakland County
www.rcocweb.org

Oakland County Business Roundtable
www.advantageoakland.com/Expand/BRT

Want to Contact Your Local or State Representative?

Michigan House of Representatives
www.house.mi.gov/mhrpublic/

MICHIGAN'S

ROAD-FUNDING DILEMMA

A comprehensive look at a MAJOR problem plaguing our great state.

Put together by...

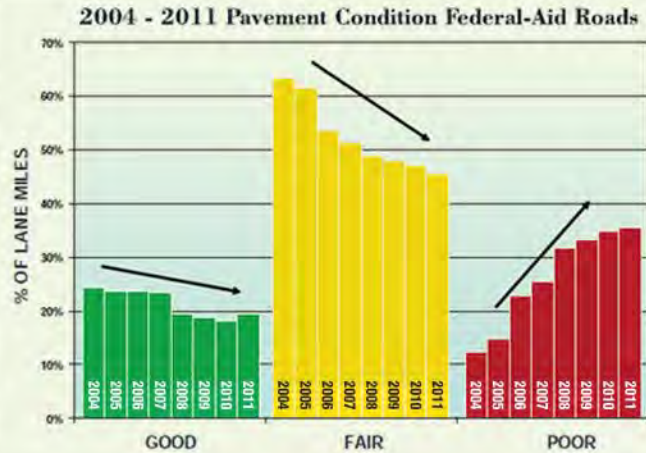
The Transportation Committee of the Oakland County Business Roundtable



A Problem That's Only Getting Worse.

The figures below paint a picture that residents of the great state of Michigan have known for years...Our roads are in terrible condition. The reality of the situation is...They're only getting worse.

If you look at the graphs below, you'll notice that the amount of roads listed in "poor" condition has climbed from nearly 12% in 2004 to 35% in 2011. This is a trend that needs to stop.



How Poor Roads Affect You.

Inadequate roads, highways and bridges currently represent a financial burden to the average Michigan household of \$3,014 annually in the form of traffic crashes, delays caused by traffic congestion, extra vehicle operating costs due to driving on rough roads, and in the cost to repair state's structurally deficient bridges*. If the state continues to invest in its transportation system at the current funding levels, TRIP, a national transportation research group, calculates that by 2022, the cost per household will rise to \$3,649. However, if Michigan invests in roads and bridges at a level that would achieve a significant improvement in road and bridge conditions and performance, by 2022 the average annual household cost of inadequate roads, highways and bridges will decline to \$1,745.

If the state continues to invest in its transportation system at the current funding levels, the TRIP report calculates that the annual cost of this investment from 2012 to 2022 will be an average of \$303 per household. But if Michigan invests in roads and bridges at a level that would achieve a significant improvement in road and bridge conditions and performance, the average investment per Michigan household will be \$1,122 annually from 2012 to 2022.

There's No Free Lunch.

Michigan has the 8th largest public road system in the nation. One would think that with a system that large, funding for the system would also have to be ranked pretty high. Actually, the exact opposite is true. The table below lists where Michigan ranks in per-capita expenditures over various sectors. Even with the 8th largest road system nationally, Michigan ranks nearly last in funding for that same system.

Per Capita State & Local Expenditures (Michigan's Rank in the Nation)

	1964	1974	1984	1988	1992	2008
Health	5	8	9	3	12	13
Education	11	7	10	7	11	9
Welfare	31	5	3	8	17	32
ROADS	43	44	42	44	49	42

Costs Up. Funding Down.

With the costs of vital materials increasing over the past decade, you'd expect to see an increase in funds to offset this jump. However, that's NOT the case. Revenues for the Road Commission for Oakland County have actually decreased by 5.3% during the same time period.

RCOC Cost Increase Examples FY 01 - FY 11

Diesel Fuel	379%
Gasoline	393%
Asphalt	202%
Cold Patch	157%
Salt	197%
Plow Blades	236%
Traffic Signal Cabinet	325%

Operating Revenues -5.3%

What Can We Do?

SHORT-TERM SOLUTIONS

1. Converting Gas & Diesel Taxes to Wholesale

One proposal would be to increase the tax on gas from the current rate of 19 cents/gallon to 28.3 cents per gallon. This is projected to raise \$541 million annually, but this is contingent on travel trends and future fuel efficiency.

This proposal would increase the tax on diesel fuel and on liquid petroleum gas used to propel motor vehicles from current rate of 15 cents per gallon to 28.3 cents per gallon. Under provisions of the proposal, the Michigan Dept. of Treasury would adjust these tax rates each quarter based on a calculation of 10.1% of the average wholesale price of unleaded regular gasoline.

The proposal would also establish a floor tax rate of 28.3 cents per gallon and ceiling tax rate of 40 cents per gallon. This would limit the fluctuation in the tax rate between the floor and ceiling tax rates by limiting the quarterly changes in tax rates to no more than one cent per gallon up or down as compared to the previous year's calendar quarter.

2. Increasing Registration Fees

This proposal would increase statewide registration fees for most passenger vehicles by 67%. Weight-based fees for commercial trucks would increase by 25%.

This legislation would raise an estimated \$500 million for transportation purposes

LONG-TERM SOLUTIONS

1. Access Fees by Usage and Weight

The new federal Corporate Average Fuel Economy (CAFE) standards for the automobile industry will have an effect on gasoline tax revenues in the future. According to the Southeast Michigan Council of Governments, the effect of the 54.5 mpg standard will be a loss of \$147 million in 2025 for the seven county region. The loss in the year 2040 is estimated to be \$205 million. Such annual losses will have a devastating impact on road agencies' ability to adequately maintain the region's road network.

The most logical way to replace these funds is a Mileage Based User Fee (MBUF) system. The miles driven and the weight of the vehicle are the two factors that determine the wear and tear on roads and should determine the amount of the fee that each vehicle pays.

How You Can Help.

If you agree with us that something should be done about Michigan's roads, please contact your state legislators and urge them to support increased road funding.