



*Chris Hackbarth*  
Michigan Municipal League

# Road Funding Debate Moves into the Driver's Seat

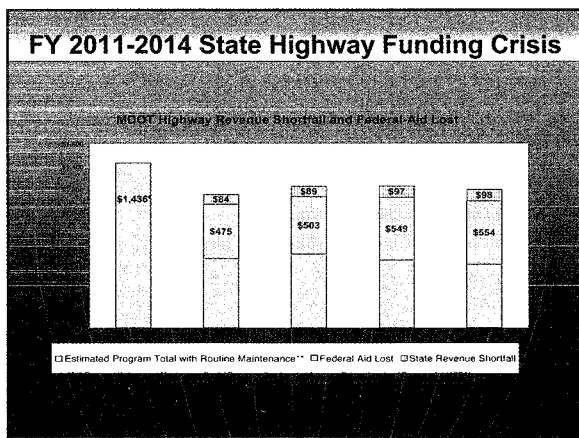
Road funding has been the focus of many discussions in the beginning months of the new year. Governor Granholm announced her budget in the middle of February and, as many predicted, the Transportation budget detailed a cut of nearly half of a billion dollars from the previous year! For the Fiscal Year that begins on October 1st, 2010, the Michigan Department of Transportation will be about \$85 million short of state transportation matching funds.

That \$85 million shortfall means that Michigan will leave about \$475 million on the table in Washington next year and \$2 billion over the next four years. This is the first time in re-

cent memory that Michigan will be unable to match all available federal road revenue. This loss will mean that Michigan drivers will leave about 50% of the federal gas tax dollars that they pay in Washington, for the feds to hand out to other states. Our money will be paving roads in places like Indiana, North Carolina and Texas.

In anticipation of these budget figures, the State Transportation Commission officially adopted a new Five-Year Plan for the department to follow. This new plan cuts or delays about 250 road and bridge projects, in every corner of the state.

As our economy has declined and gas prices have risen, the traditional sources of funding for Michigan roads have begun a drastic decline. During testimony before the House Appropriations Subcommittee on Transportation, MDOT Director Kirk Steudle explained how revenue in the Michigan Transportation Fund has dropped to Fiscal Year 1999 levels. Nothing in the current revenue estimates points to that situation getting any better. We are buying fewer new cars, driving less and buying less fuel. Demand for fuel further decreases with more efficient hybrid or electric vehicles, made possible by advanced battery manufacturing.



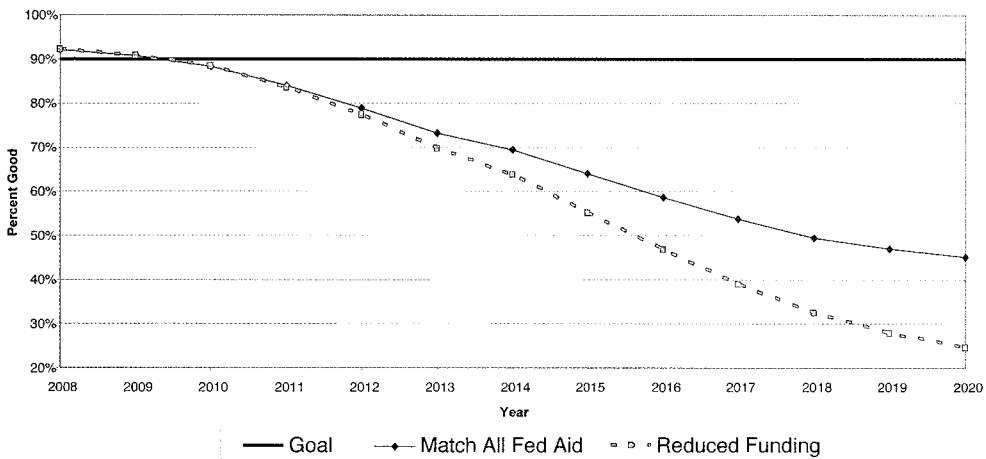
The Director further explained that, even if the Legislature adopts a budget that finds a way to match our full federal allotment, we will still be unable to maintain the highway system at the department's 90% Good Pavement Condition goal. In fact, the highway system will fall below 50% good condition by 2018, even with matching all federal aid.

The bottom line is that the analysis from 2008's Transportation Funding Task Force report was dead on...without new revenues, Michigan's road network will become a drag on our economy. Recognizing these needs, State Senator Jud Gilbert (R-Port Huron) moved Senate Bill 862, which would increase the state diesel tax by four cents, out of his committee at the end of 2009. This increase would put the diesel tax in parity with the state's existing gasoline tax. This remains on the Senate floor awaiting action.

In late January 2010, State Representatives Richard Ball (R-Laingsburg) and Pam Byrnes (D-Chelsea) introduced a package of bills (House Bills 5768 - 5770) that would increase the gas tax by eight cents, to .27 cents per gallon, by 2013. The Bills further provide a corresponding increase in the diesel tax over that same time period. These bills are in the House Transportation Committee. Finally, at the end of February, State Representative George Cushingberry (D-Detroit) introduced House Bill 5897 to increase the state's vehicle registration fee structure by 90% over the next four years. The fiscal analyses completed so far value the full gas and diesel tax increases at nearly \$450 million per year. An analysis of the vehicle registration increase bill hasn't been completed yet, but the current registration fees are expected to bring in over \$850 million next year. A 90% increase could be worth another \$750 million a year, once fully phased in.

## Reduced Highway Program Impacts Preserving the Highway System

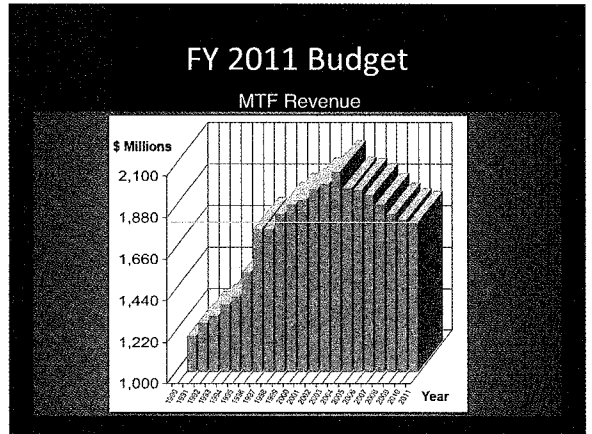
Pavement Condition Forecast Comparison  
Match All Federal Aid vs. Reduced Funding Strategies



**Increased inability to sustain the pavement goal**

In preparation for debate on the gas tax and to build a public awareness of the crisis within the coming transportation budget, House Transportation Committee Rep. Byrnes scheduled a series of three public committee hearings around the state this spring. These hearings highlight the impact of the 250 delayed projects on local economies and the damage that will be done if Michigan leaves its federal gas tax money unmatched in Washington. The first hearing was March 8th in Traverse City, followed by a late March hearing in the Kalamazoo area and an early April hearing in Washtenaw County.

This budget crisis has brought a variety of groups together to push the Legislature to resolve this problem, not by simply cobbling together a plan to give MDOT their match, but to put in place a comprehensive, long-term solution to Michigan's road funding needs at the local, county and state level. The Michigan Municipal League, along with groups like the County Road Association of Michigan, MDOT,



the Michigan Infrastructure & Transportation Association, the Michigan Public Transportation Association and the Michigan Chamber of Commerce, are moving forward on many fronts to convince the Legislature to take action now.

There are many ways you can help these efforts. Please log on to the Drive MI website at [www.DriveMI.org](http://www.DriveMI.org) and sign the online petition to show legislators your support for investing in Michigan's infrastructure. Attend Transportation budget or gas tax committee hearings to express your support for increased funding. Attend the MML's Capital Conference on April 13 and 14 in Lansing, where Transportation funding and policy changes will be a key focus. Finally, talk to your state legislators. Stop by your Senator or Representative's district office or coffee hours, talk to them when you see them at local events, and make sure that your council and mayor or president are doing the same.

By working together, we can make sure that our voices are heard. Please call me or email with any questions or for more information on the advocacy efforts that are taking place.

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