

Transportation Revenue and Sales Tax Ballot Proposal

Communicating the Facts

January 29, 2015

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What would the proposed changes do?

All taxes paid at the pump would go to transportation and sales tax goes to schools & cities.



Enacted 2015 Transportation Package

- Fuel tax increase
 - Tax Rate for Gasoline & Diesel the same at 14.9%, although prices vary
 - Gasoline : 19 to 41 cents
 - Diesel fuel: 15 to 46 cents
 - New Diesel-equivalent tax on CNG
 - Remove 6% sales tax from fuel
- Registration fee increase of about 30% for:
 - New cars starting in 2016
 - Trucks over 26,000 lbs.
 - Takes effect over 3 to 14 years



Impact for Transportation Agencies

 May 5th Ballot

- \$1.2 billion/year more for MTF
 - 39% to county roads; 22% to city streets
- Grows with consumer prices; not more than 5¢/year
- Road-agency distributions rise by 60% in 2018
- \$112 million/year for CTF by 2018
- Early payment of STF debt service
- Flexible use of state aid for Detroit buses
- Improved road crossings on rural railroads
- No change to formula



Impact for Other Public Agencies

- \$300 million/year more for School Aid Fund
- \$100 million/year more for revenue sharing
- \$20 million/year more for DNR marinas and ORV trails
- Additional funding for community colleges

Impact for Individual Taxpayers

- Sales tax rises from 6 to 7%
- Gas tax increases; sales tax removed from fuel
 - Tax at pump rises up to 12¢/gallon in Oct. 2015
- Earned-income tax credit increased from 6 to 20% of federal credit; eligibility is broadened
- Registration fee increase of about 30% on new cars starting in 2016
- Registration fee on hybrid-drive cars increased by \$25/year
- Registration fee on electric cars & plug-in hybrids increased by \$75/year

Impact for Businesses

- Diesel fuel tax is increased; sales tax is removed from Diesel fuel
 - Total tax on Diesel fuel rises 12¢/gallon in October, 2015
- No registration fee increase on medium trucks
- Registration fee rises by \$600/year on typical heavy truck
- Sales tax rises on retail purchases
- Enlarged assistance to small-business development

Taxpayer Protection & Transparency

- Increase use of pavement warranties by local agencies, where possible
- County road agencies required to use competitive bidding for projects of a certain size
- Townships contributing more than 50% to cost of county road project may require competitive bid
- Performance-driven maintenance contracting by 7 largest road agencies

Safety

- Roadway conditions significant factor in 1/3 of Michigan traffic fatalities
 - 938 traffic fatalities in 2012
 - 4,620 traffic fatalities from 2008 through 2012
- Motor vehicle crashes cost Michigan \$8.1B/year
 - \$812 for each resident
- \$100M spent on highway safety improvements will save 145 lives over 10-year period

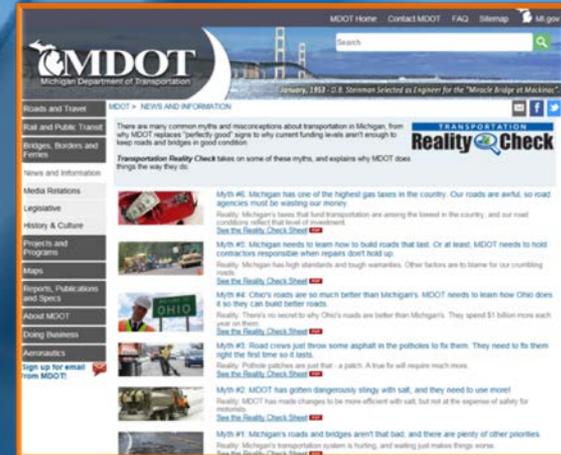
Requires Voter Approval

This happens only if the constitutional amendment is approved by voters on May 5th.

All proposed changes are tied to the outcome of the sales tax ballot referendum.

MDOT Communication Tools

- www.michigan.gov/roadfunding
- www.michigan.gov/realitycheck



www.michigan.gov/roadfunding

The screenshot shows the MDOT website with a navigation bar at the top containing links for MDOT Home, Contact MDOT, FAQ, Sitemap, and MI.gov. A search bar is also present. The MDOT logo is on the left, and a banner image of the Mackinac Bridge is on the right with the text: "January, 1953 - D.B. Steinman Selected as Engineer for the 'Miracle Bridge at Mackinac'".

Left Navigation Menu:

- Roads and Travel
- Rail and Public Transit
- Bridges, Borders and Ferries
- News and Information
- Projects and Programs
- Maps
- Reports, Publications and Specs
- About MDOT
- Doing Business
- Aeronautics
- Sign up for email from MDOT!

Main Content Area:

MDOT

Transportation Funding: No Easy Fix

Time for Action on Infrastructure

The deteriorating condition of Michigan's roads and bridges is an issue in every part of the state. Years of under-investment, coupled with increased fuel efficiency, has eroded the funding available for transportation and accelerated the decline in pavement and bridge condition. Both state and local road agencies have taken steps to improve asset management, increase the effectiveness of existing investment, reduce costs, and employ innovative approaches that make the most of their limited funding. Despite these efforts, it's clear that without significant additional investment, our roads and bridges will only continue to get worse.

Improving the condition of Michigan's transportation infrastructure is a critical step needed to continue Michigan's reinvention. **It's time to take action on the need for additional transportation funding.**

[Just Fix the Roads Video](#)

Infrastructure in Decline

- Metro Region PDF
- University Region PDF
- Grand Region PDF
- Bay Region PDF
- Southwest Region PDF
- North Region PDF
- Superior Region PDF

Transportation Roundtable Discussions

Lawrence Technological University

Right Side:

Quick Links

- Title VI Nondiscrimination
- Tribal Governments
- Twitter Facebook YouTube
- Mi Drive
- State Map

Image Gallery:

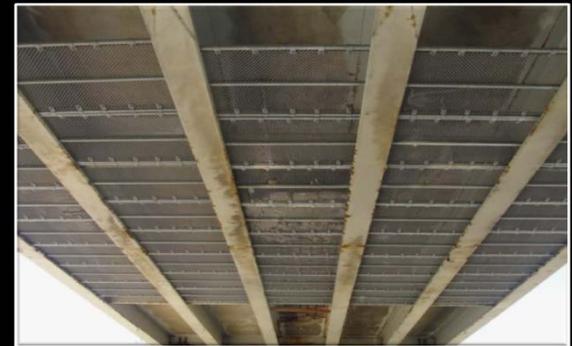
EB I-94 near M-60, University Region

Infrastructure in Decline Pictures

- Deteriorating road & bridge pictures from all regions
- Governor used these at press events last fall



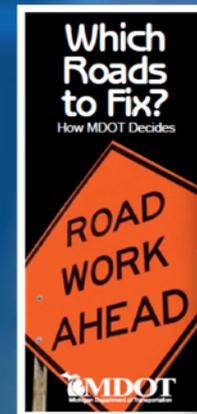
EB M-59 East of Williams Lake Road, White Lake Township, Oakland County
Old concrete pavement is crumbling at joint & potholes have developed



I-196 under M-63 (Hager Shore Road), Berrien County
Fallen Concrete from Deck on Top of the Mesh False Decking

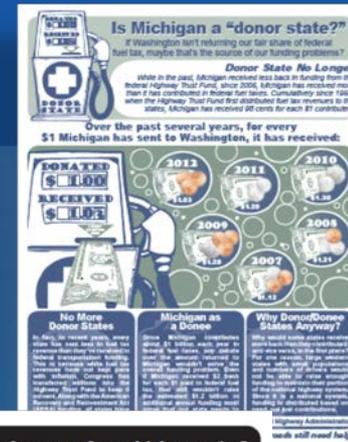
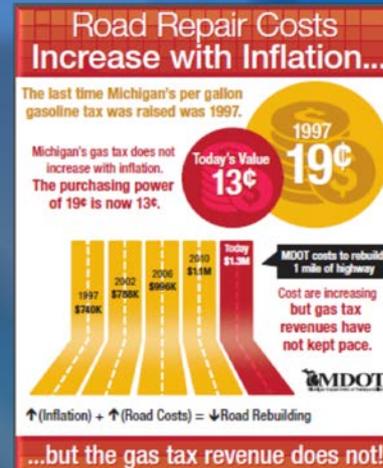
Brochures

- Making Michigan Move: Our Roads, Mobility & Economy
- How Michigan Funds Transportation
- Pavement – Designing, Building, and Maintaining Michigan State Highways
- Which Roads to Fix?
- Making Michigan Soar, Our Airports Connecting Michigan to the World
- Truck Weights in Michigan
- MDOT Efficiencies



Infographics

- Michigan Gas Tax
- Stability Needed for Transportation Funding
- Road Repair Costs Increase with Inflation...
- Is Michigan a “donor state?”
- Invest in roads or pay for vehicle repairs?
- The Average Cost of Maintenance
- How much do state roads need?



White Papers

- Plain Facts about MDOT's Revenue, Cost-Cutting & Investment
- Special Message on Revitalization of Michigan's Deteriorating Infrastructure
- Fast Facts
- Michigan's Truck-Weight Law & Truck-User Fees



STATE OF MICHIGAN
EXECUTIVE OFFICE
LANSING

RICK OSTROM
GOVERNOR

BRUCE CALLEY
COMMISSIONER

October 26, 2011

A Special Message from Governor Rick Ostrom:
Reinvigorating Michigan's Infrastructure: Better Roads Drive Better Jobs

To Michiganders and the Michigan Legislature:

I. Introduction

Over the past ten months, we have taken important steps to turn Michigan's economy around. But as so many in Michigan know we still have a long way to go. Today we take yet another bold step forward to help ensure our economic prosperity, now and in the future.

Reinvigorating Michigan's Infrastructure: Better Roads Drive Better Jobs

A sound and modern infrastructure is vital to attracting and retaining jobs. The state that put the world on wheels needs to continue to be a transportation leader in order to stay competitive in today's global economy. We need a modern transportation system that moves people and goods safely, reliably, and efficiently in order to increase productivity and our quality of life. We need a multi-modal system that will serve the movements of a new, more urban, more tech-savvy, and more active generation. We need water and sewer systems that support and protect Michigan's rich environment and water resources. We need to integrate our broadband telecommunications network and connect every business and every household to the Internet.

The challenge is simple. Michigan's infrastructure is deteriorating from a lack of investment. If we are going to reinvent Michigan's economy, we have to reinvest in Michigan's infrastructure.

For the first time ever transportation revenues are declining. Simply put, better fuel economy and higher gas prices lead to lower road revenues from the tax that we pay. At the same time, the cost of materials and labor continue to rise, seriously undermining our ability to keep up.

In 2006, a Transportation Funding Task Force recommended doubling Michigan's transportation investment, and warned strongly that doing nothing was unacceptable. At the time, members of the State Legislature made proposals for increased funding for transportation, and found support on all sides of the political spectrum, but nothing happened. And this year, a bipartisan House Transportation Committee workshop undertook more hearings, conducting once again that while doing nothing is a decision, it is the wrong one. The following graph illustrates the deterioration of our system at today's level of investment.

Performance/Results

- MDOT Economies, Efficiencies & Innovations
- MDOT Continues to Work to Maximize Michigan's Resources Despite Funding Shortfalls

The screenshot shows the MDOT website with a navigation menu on the left and a main content area. The article headline is "MDOT continues to work to maximize Michigan's resources despite funding shortfalls". The text below the headline discusses the Transportation Scorecard and the department's focus on accountability and measurable results. It also mentions the department's performance in achieving specific transportation-related goals.

MDOT Economies, Efficiencies and Innovations 3/18/2014

Cumulative list of reported savings: 2010 to 2014

		MDOT Cumulative Annual 2014 Savings	\$84,300,524
		MDOT Total Cumulative Savings (Annual and One-Time Savings)	\$170,270,108
		Cumulative Total Savings to MDOT, Partners and Customers	\$154,130,138
Year	Description	Estimated or Actual Annual Savings	One-Time Savings
2014	Construction 2 jobs - more than 600 users (managers, inspectors, materials, etc.) using e-construction techniques and social computers have reduced costs, materials, and time, conservatively saving \$21,430,000.	\$21,430,000	
2014	Bond Refinancing - Refinanced \$10.7M of CTF bonds for interest savings of \$917,040 over remaining life of bonds. The bulk of these savings to occur in FY14 of \$788,519. The benefit of these savings are 2/3 to Aeronautics and 1/3 to CTF.		\$788,519
		2014 Subtotal to date	\$21,430,000
		2014 MDOT Savings to date	\$22,218,519
2010	2 Bridge Project - Additional savings on 2-bridge project using Construction Manager/General Contractor (CMGC) process, completion scheduled for late 2014. Previously reported \$2.48 million in savings in 2012.		\$1,160,000
2010	Blindfold Veterans Program - MDOT currently employs 8 disabled veterans through a program where their salary is paid by PHEVA for up to five years. Based on previous calculations, this is expected to save the Department \$300,000 in 2013.		\$300,000
2010	International Bridge - Bridge maintenance crews completed work in-house for 40% less than the estimate from an out-side contractor.		\$153,064
2010	Mobile LEAS - surveying projects using mobile LEAS could reduce surveying costs by 40%. A project in the Bay Region used this new technology to survey a 7 mile stretch of rural roadway for an upcoming project. The technology reduced on-site hours and mobile processing work and saved approximately \$43,000.		\$43,000
2010	Office Space Consolidation - Achieved cost savings from office space consolidation of \$728,514/year through the cancellation of 2 leases in the Lansing area (Lansing TRC 0242,847, Previous 0488,867).	\$728,514	
2010	i-STEP - Electronic State Transportation Improvement Program (i-STEP) allows MPOs to enter project information into a web-based application. Between \$1,000 to \$14,000 saved by removing the duplication of effort and allowing MPOs to enter the data for local projects.		\$14,000
2010	Sign Recycling - Recycling old signs and then re-using them cuts the cost of signs by approximately 50%. This program is a pilot project between MDOT and MSU. For details, see: http://www.mdot.state.mi.us/signrecycling	\$87,000	
2010	AdLib Connect - Using Adobe Connect for web meetings, training, and seminars to reduce travel expenses.	\$786,510	
2010	Aggregate Source Inventory - This 600+ page document was printed and distributed annually. It has been converted to an online database which is continuously updated, eliminating the printing costs.	\$25,000	
2010	Prequalified Aggregate Suppliers - There is a page in the Aggregate Source Inventory that is updated on a daily basis, which lists industry who is prequalified and for what expenses. Having this up to date for online has saved at least \$4,500 in MDOT staff time.	\$4,500	

www.michigan.gov/realitycheck

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Search



January, 1953 - D.B. Steinman Selected as Engineer for the "Miracle Bridge at Mackinac".

MDOT > NEWS AND INFORMATION

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TRANSPORTATION Reality Check

There are many common myths and misconceptions about transportation in Michigan, from why MDOT replaces "perfectly good" signs to why current funding levels aren't enough to keep roads and bridges in good condition.

Transportation Reality Check takes on some of these myths, and explains why MDOT does things the way they do.

Myth #6: Michigan has one of the highest gas taxes in the country. Our roads are awful, so road agencies must be wasting our money.
Reality: Michigan's taxes that fund transportation are among the lowest in the country, and our road conditions reflect that level of investment.
[See the Reality Check Sheet PDF](#)

Myth #5: Michigan needs to learn how to build roads that last. Or at least, MDOT needs to hold contractors responsible when repairs don't hold up.
Reality: Michigan has high standards and tough warranties. Other factors are to blame for our crumbling roads.
[See the Reality Check Sheet PDF](#)

Myth #4: Ohio's roads are so much better than Michigan's. MDOT needs to learn how Ohio does it so they can build better roads.
Reality: There's no secret to why Ohio's roads are better than Michigan's. They spend \$1 billion more each year on them.
[See the Reality Check Sheet PDF](#)

Myth #3: Road crews just throw some asphalt in the potholes to fix them. They need to fix them right the first time so it lasts.
Reality: Pothole patches are just that - a patch. A true fix will require much more.
[See the Reality Check Sheet PDF](#)

Myth #2: MDOT has gotten dangerously stingy with salt, and they need to use more!
Reality: MDOT has made changes to be more efficient with salt, but not at the expense of safety for motorists.
[See the Reality Check Sheet PDF](#)

Myth #1: Michigan's roads and bridges aren't that bad, and there are plenty of other priorities.
Reality: Michigan's transportation system is hurting, and waiting just makes things worse.
[See the Reality Check Sheet PDF](#)

MDOT Reality Check Videos

- Myth #1: Michigan's roads and bridges aren't that bad, and there are plenty of other priorities.
- Myth #2: MDOT has gotten dangerously stingy with salt, and they need to use more!
- Myth #3: Road crews just throw some asphalt in the potholes to fix them. They need to fix them right the first time so it lasts.

TRANSPORTATION Reality Check

Myth #1: Michigan's roads and bridges aren't that bad, and there are plenty of other priorities.

Reality: Michigan's transportation system is hurting, and waiting just makes things worse.

TRANSPORTATION Reality Check

Myth #2: MDOT has gotten dangerously stingy with salt, and they need to use more!

Reality: MDOT has made changes to be more efficient with salt, but not at the expense of safety for motorists.

For many years, MDOT, county road commissions, and city public works departments have done the best job possible... higher costs of materials, keeping bridges safe. For the most part, it's the worst of the deterioration and age. But now it's no longer because work is overdone. It's due to a rapidly increasing cost of materials... as the cost of materials has increased by over the past decade, while concrete and steel have risen.

Road Conditions Getting Worse

Several studies have indicated that Michigan's transportation system is in desperate need of greater investment. Currently, it's believed that at the state and local level the system needs \$1.6 billion more each year to keep the components in good condition.

A long-term funding solution is needed, because as roads and bridges deteriorate, the cost to repair them increases greatly. An estimate, state highways could be kept in good condition for about \$10 billion over 10 years. If we wait 10 years, roads and bridges will need more extensive work, resources will be more expensive, and the overall cost rises to \$25 billion.

Everyone wants good roads and safe bridges. The question is, can we afford to wait until they fall apart to fix them?

For more on this transportation myth, visit www.michigan.gov/realitycheck

TRANSPORTATION Reality Check

Myth #2: MDOT has gotten dangerously stingy with salt, and they need to use more!

Reality: MDOT has made changes to be more efficient with salt, but not at the expense of safety for motorists.

It is one of MDOT's main reasons for fighting winter weather, and along with plows to keep Michigan's roads and bridges as clear of ice and snow as possible. And when winter drivers, one of the best things motorists can do to "drive safe" but certainly as a vehicle too, but it's not a cure-all for winter roads.

Rising salt prices and decreasing funding over the past decade prompted MDOT to implement new "variable salting" procedures. These include setting application guidelines for winter conditions, using weather stations to better target areas that will benefit most from salt, pre-wetting the salt so it sticks to the road and melts existing ice, and allowing plow trucks to 25 mph when applying salt to prevent it from bouncing and scattering off the roadway. These guidelines help conserve overall salt use, saving money, while at the same time making sure more of the salt that's applied gets to where it does the most good.

There are some times when MDOT and its contracted county road commissions and municipal public works departments will head off on the salt. During normal winter conditions, when temperatures are between 20 and 30 degrees, salt works great for melting snow and ice so plows can take every inch off the roadway. Below 20 degrees, however, salt takes longer to work and may freeze the speed of which it's applied. Below 10 degrees the roads freeze even faster, making them slick and slippery than if salt hadn't been applied in the first place. In these conditions, it's safer not to use salt, but use instead.

Use of salt is primarily dictated by prevailing winter conditions, and each year we use hundreds of thousands of tons. Safety is MDOT's top concern for winter maintenance, and we continue to use salt when and where it's the best tool for the job.

MORE SALT
Salt is not always the cure for slippery roads!

For more on this transportation myth, visit www.michigan.gov/realitycheck

TRANSPORTATION Reality Check

Myth #3: Road crews just throw some asphalt in the potholes to fix them. They need to fix them right the first time so it lasts!

Reality: Pothole patches are just that -- a patch. A true fix will require much more.

Birth of a Pothole

Potholes are troubling for everyone, drivers and maintenance crews alike. Drivers certainly don't like the damage potholes can do to their cars, and maintenance crews certainly don't like trying to keep up with the ever-growing number of cracks forming in Michigan's roads.

Potholes form when water gets through the road surface into the ground beneath it. When that water freezes, it expands and pushes the pavement up. When the ground thaws, vehicles push back down, breaking the pavement and forming a pothole. Since thawing and freezing water is the cause of potholes, it's no surprise that most of them appear in the spring.

This particularly hard winter, coupled with an aging road system and a history of underinvestment, is resulting in a record year for potholes in Michigan.

Fixing potholes is similar to putting a bandage on a gaping wound -- it slows the bleeding, but doesn't repair the damage. Cold-patch asphalt will fill the hole so it won't drain into it, but it's not a true repair and does nothing to keep water out.

Potholes are often wet and oily, and usually are filled with road salt and fragmented pavement. Filling a pothole to last would involve diverting traffic, sealing up the hole with water or bitumen, cleaning out debris, drying the hole, and then filling it with hot-bitumen asphalt. Because of the sheer number of potholes that need repair, crews work as fast as they can to give quality cold-patch into as many holes as they can while minimizing the impact on traffic. It's impossible to keep up with the more than 100,000 potholes.

The best way to prevent potholes is to keep roads in better condition in the first place. This will require far greater investment than any patching today.

For more on this transportation myth, visit www.michigan.gov/realitycheck

Questions?



www.michigan.gov/roadfunding

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