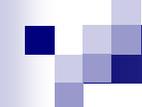


Transportation Funding Mechanisms and Systems



Michigan Surface Transportation Revenue Collection Statutes

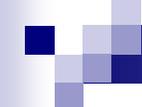
Motor Fuel Tax: PA 403 of 2000

Motor Carrier Fuel Tax: PA 119 of 1980

Vehicle Registration Tax: PA 300 of 1940

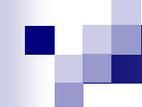
Motor Bus Transportation: PA 432 of 1982

General Sales Tax Act: PA 167 of 1933



Michigan Surface Transportation Revenue Distribution Statute

Motor Fuel Revenue Distribution and
Expenditure: PA 51 of 1951

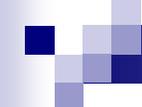


Federal Surface Transportation Statutes

- Title 23, United States Code of Federal Regulations (CFR)
- Title 49, United States CFR
- SAFETEA-LU
 - Safe, Accountable, Flexible, Efficient Transportation Equity Act: a Legacy for Users

Federal Surface Transportation Statutes

- Portion of other federal acts also apply:
 - Transportation Equity Act for the 21st Century
 - Intermodal Surface Transportation Efficiency Act of 1991
 - National Highway System Designation Act of 1995
 - And others...



Aviation Revenue Collection and Distribution

State Aviation Law

- Aeronautics Code: Act 327 of 1945

Federal Aviation Law

- VISION 100, Century of Aviation Reauthorization Act
- Airport and Airway Revenue Act of 1970

Michigan Transportation Funding: Aviation System Snapshot

- 488 landing facilities
 - ⇒ 235 public use
- 18,610 active pilots
- 7,400 registered aircraft
- 30 scheduled airlines
- 6 military aviation facilities



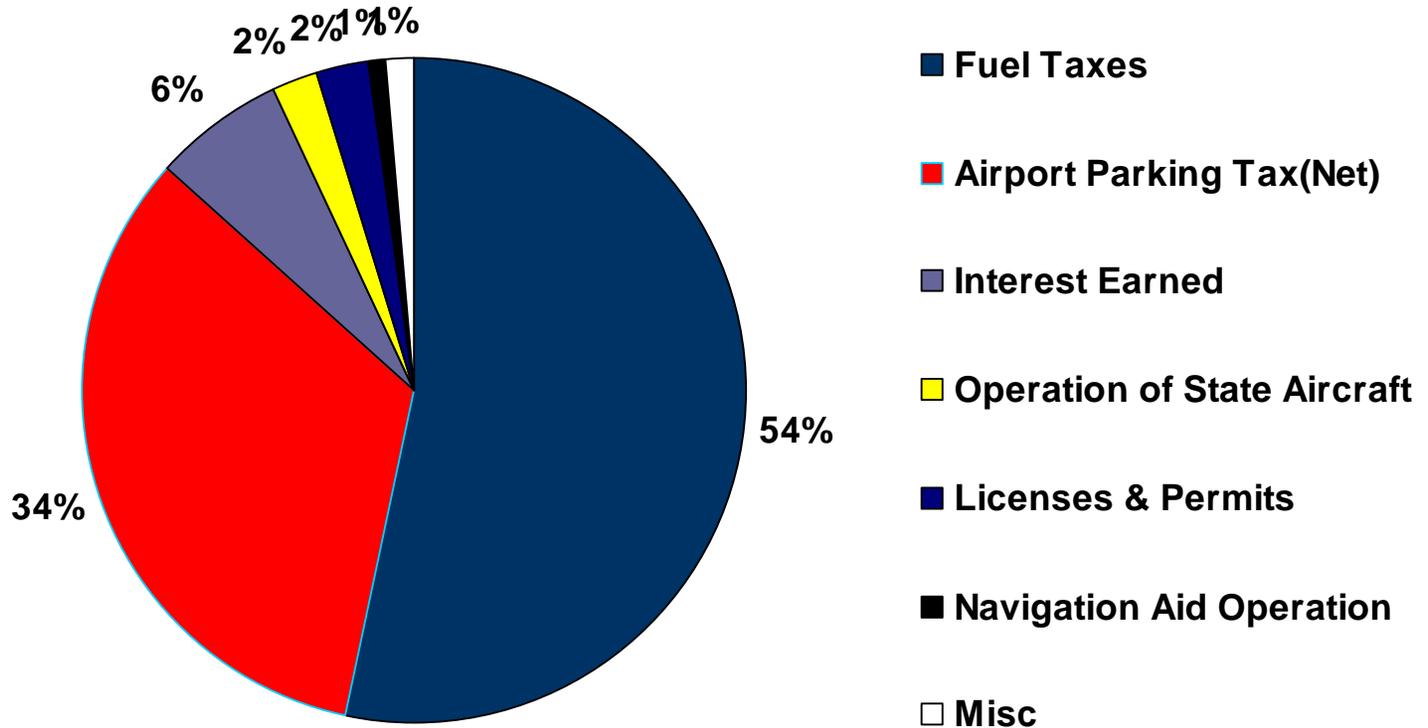
Michigan Transportation Funding: Aviation System Snapshot

Air Carrier Airports



2005: 41 million passengers

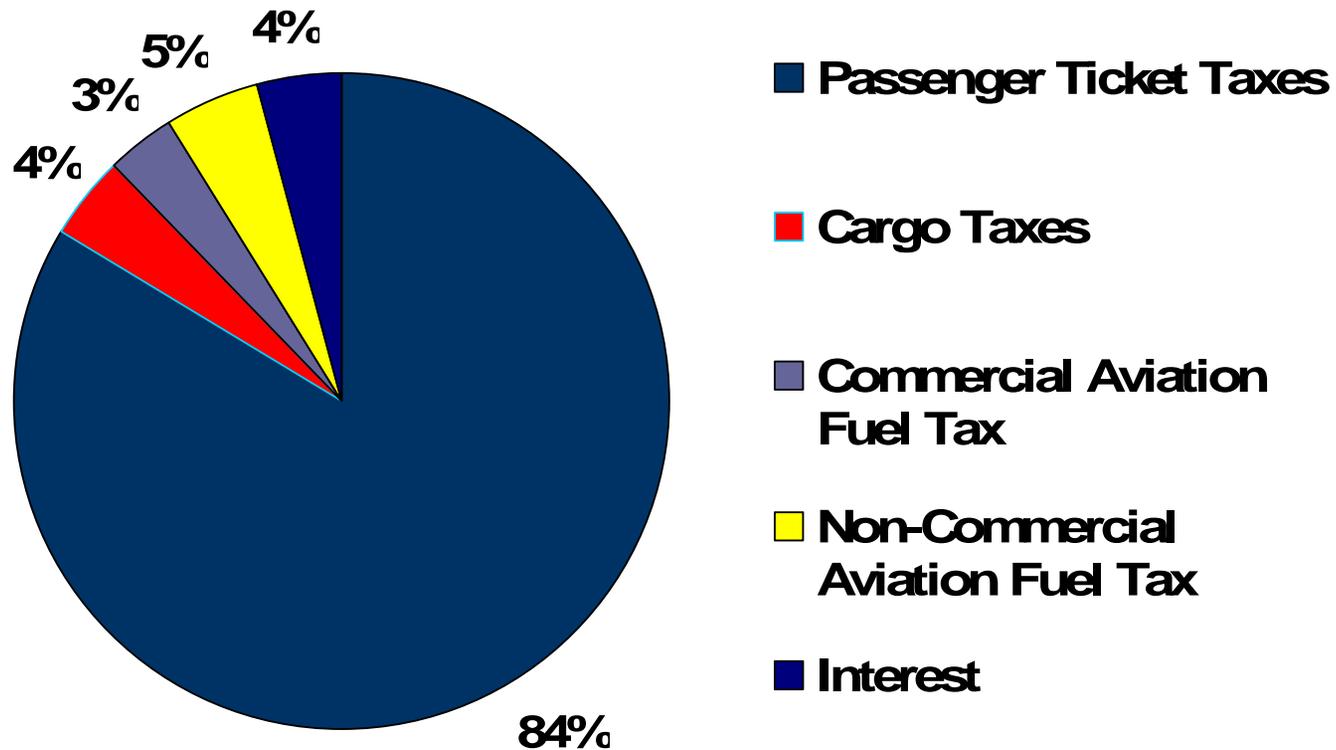
Michigan Transportation Funding: State Aeronautics Fund Revenue Sources



Source: MDOT Bureau of Aeronautics

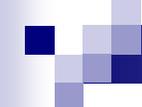
FY 2005

Federal Airport & Airway Trust Fund Revenue Sources





Michigan Surface Transportation Revenue and Distribution



Michigan Surface Transportation Revenue Sources

Two main sources:

- Motor-fuel taxes
- Vehicle-registration taxes

Minor sources:

- Other liquid fuels
- Some title fees

COLLECTION and DISTRIBUTION of MICHIGAN ROAD-USER FEES

Under Act 51 of 1951 as amended, and Related Acts.

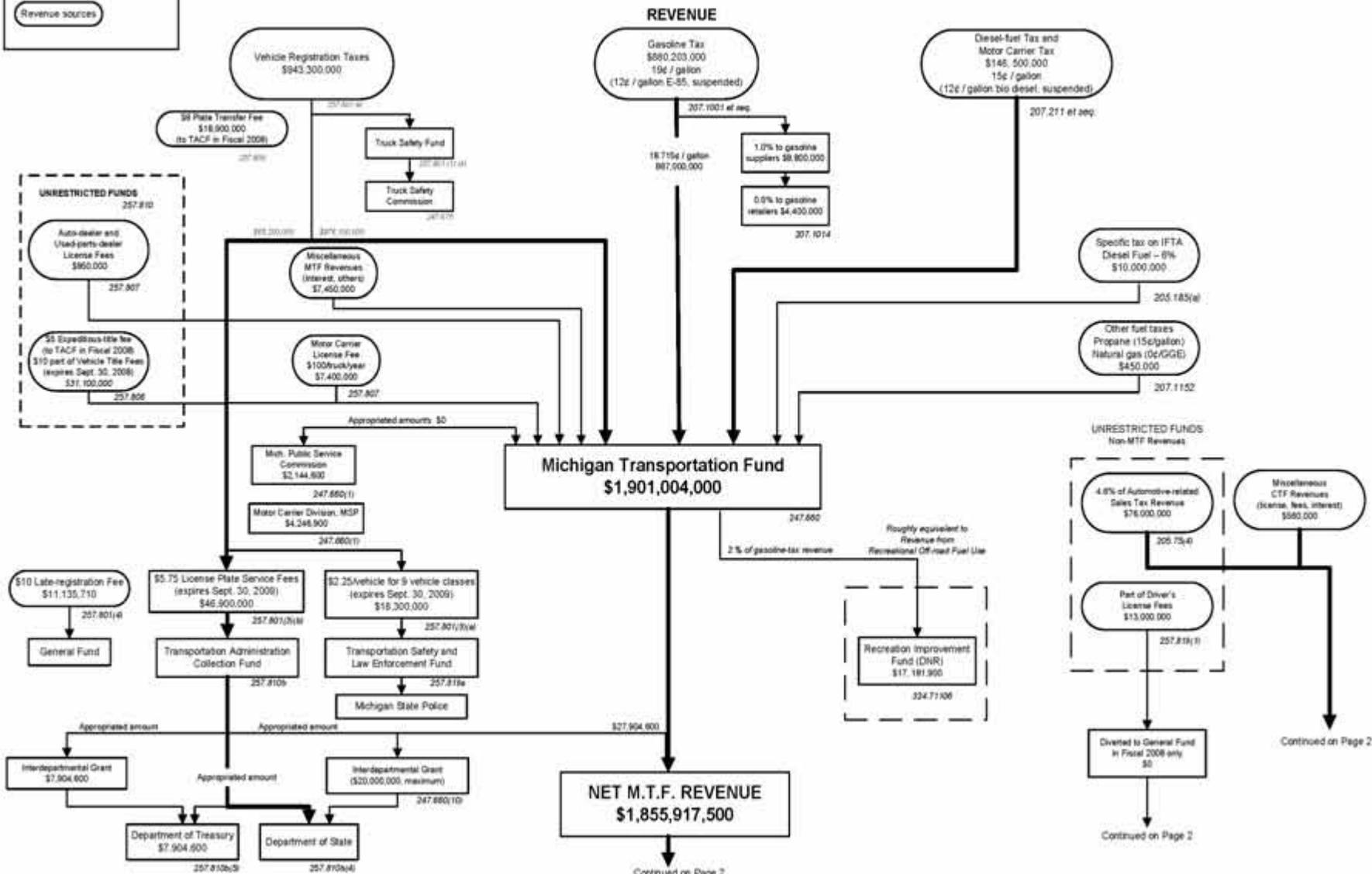
State funds only, federal aid not shown

Showing amounts for Fiscal 2008, as appropriated, based on ERFD estimates of December 20, 2007
Fiscal 2008 budgets, license-plate revenues for Fiscal 2005, and other sources.

LEGEND

Annual amounts over \$50 million
dollars in in bold lines: **_____**

Revenue sources



“Upstream” Shrinkage of MTF Revenues

1½ per cent of gasoline tax is uncollected

\$13.2 million/year

Two per-truck taxes

\$9.4 million/year

\$8.00 per car registration surcharge

\$65 million/year

\$10.00 “late” fee

\$11 million/year

Interdepartmental transfers

- \$20,000,000 to Dept. of State
- \$7,904,600 to Dept. of Treasury
- \$1,261,300 to Legislative Auditor General and for environmental permits for all agencies
- Others for routine functions

LEGEND

Annual amounts over \$50 million dollars in in bold lines: **_____**

Revenue sources

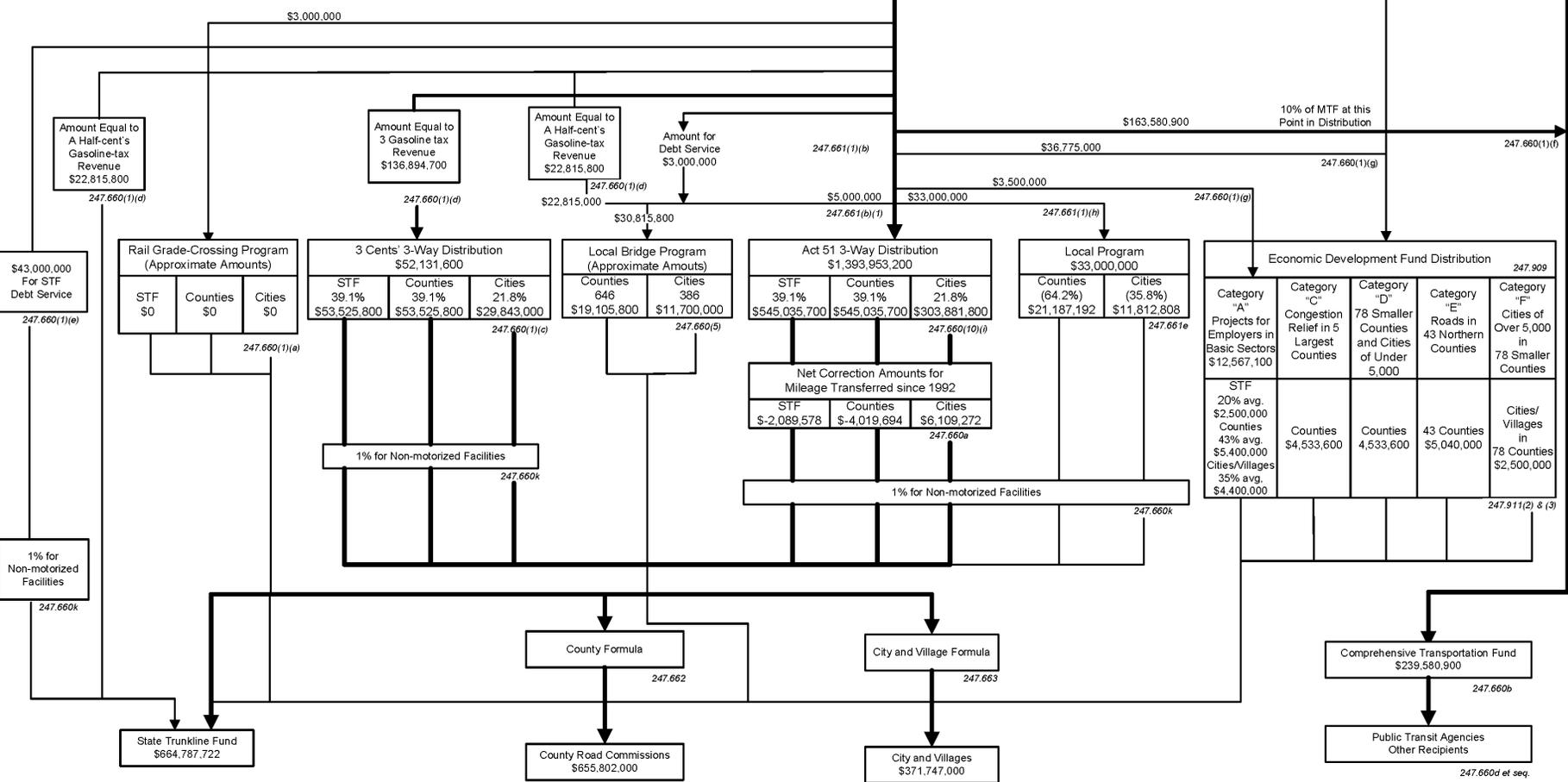
Continued from Page 1

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Continued from Page 1

NET M.T.F. REVENUE
\$1,855,917,500

DISTRIBUTION

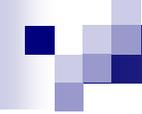


Effective 4-way Distribution 34.4%

County Formula 33.9%

City and Village Formula 19.2%

Comprehensive Transportation Fund 12.4%



Act 51 Distribution Formula

Divides the Michigan Transportation Fund 4 ways—

- County road commissions
- Villages and cities
- MDOT
- Comprehensive Transportation Fund

Road and Bridge System Snapshot

- 119,570 Route Miles
- 10,811 Bridges
- 103 Billion Vehicle Miles Traveled
- 617 Road Agencies
 - 533 Cities and Villages
 - 83 Counties
 - MDOT

Michigan “Legal” Systems

Act 51 divides Michigan roads into—

- State trunklines
- County primary roads
- County local roads
- City and village major streets
- City and village local streets



Local-agency Formulas

Distribute county and city shares among—

- 83 county road commissions
- 533 villages and cities

County Formula

- **9% for urban areas**
 - Local-road mileage
 - Primary-road mileage X6
- **67% for primary roads**
 - 75% by value of vehicle registrations
 - 10% by primary-road mileage
 - 15% 1/83 to each county
- **25% for local roads**
 - 65% local-road mileage
 - 35% population outside cities

City and Village Formula

- 60% by population
- 40% by street mileage
 - 25% for local streets
 - 75% for major streets, weighted by city population



Grant Programs

- Local Bridge
- Transportation Economic Development Fund
- Rail Grade Crossing

County/city shares vary from year to year.

Comprehensive Transportation Fund

■ Constitution:

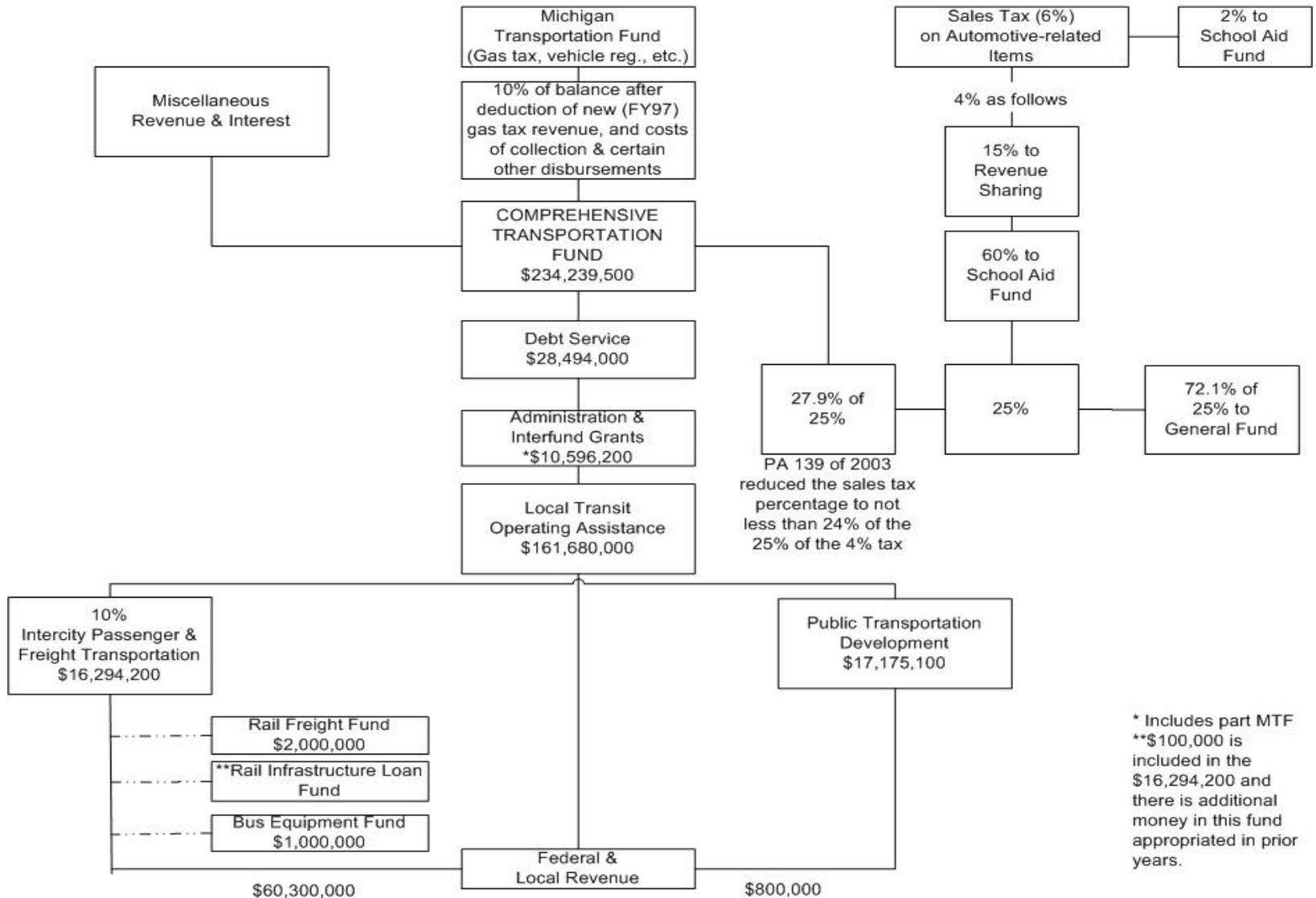
- Not less than 90% for roads and bridges
- “The balance, if any...shall be used exclusively for...comprehensive transportation purposes as defined by law.”

Comprehensive Transportation Fund (CTF)

CTF Revenue

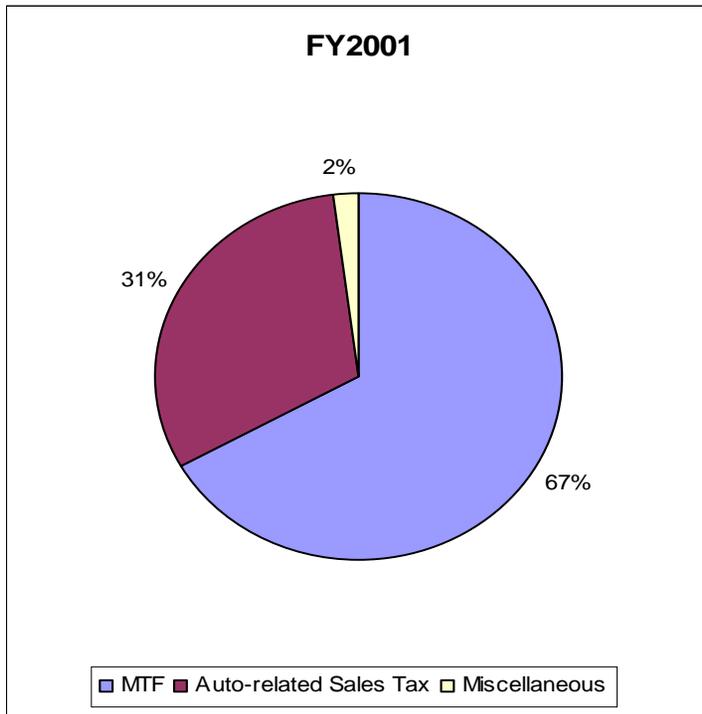
- Michigan Transportation Fund (MTF)
 - Act 51 distribution to CTF is 10%
- State sales tax on automotive-related items
 - “at least 24%” of 25% of sales tax on motor fuels and auto-related parts
 - Not subject to Constitutional restrictions

**FY 2005 APPROPRIATED
COMPREHENSIVE TRANSPORTATION FUND**

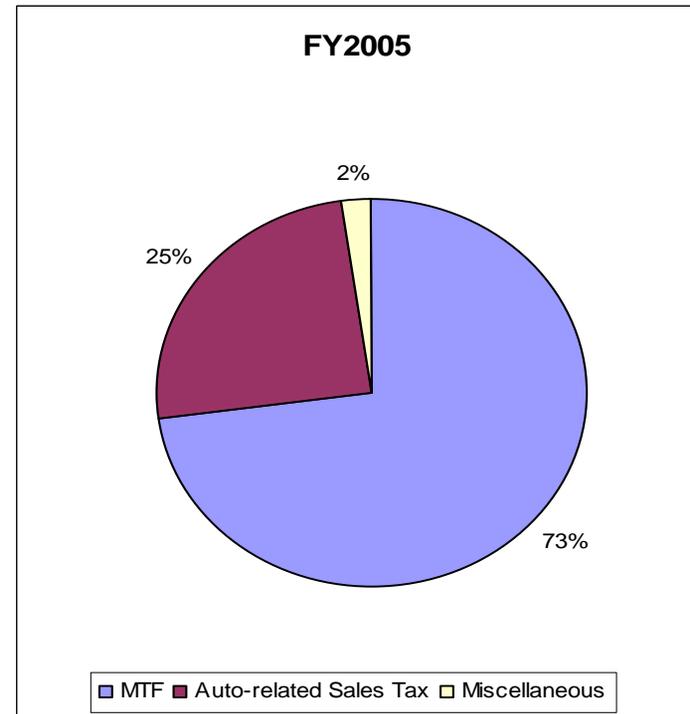


* Includes part MTF
 **\$100,000 is included in the \$16,294,200 and there is additional money in this fund appropriated in prior years.

Comprehensive Transportation Fund: Revenue Sources



FY2001 Total: \$237.5 million



FY2005 Total: \$229.4 million

CTF Distribution

- The CTF supports three major program areas as defined in Act 51:
 - Local Transit Operating Assistance;
 - Public Transportation Development; and
 - Intercity Passenger and Freight

CTF Distribution

- Act 51 contains priorities for distribution:
 - Debt service obligations;
 - Cost of administration;
 - Local bus operating assistance; and,
 - Other programs.
- Act 51 mandates a minimal level of funding for several CTF funded programs.

Comprehensive Transportation Fund: Public Transit

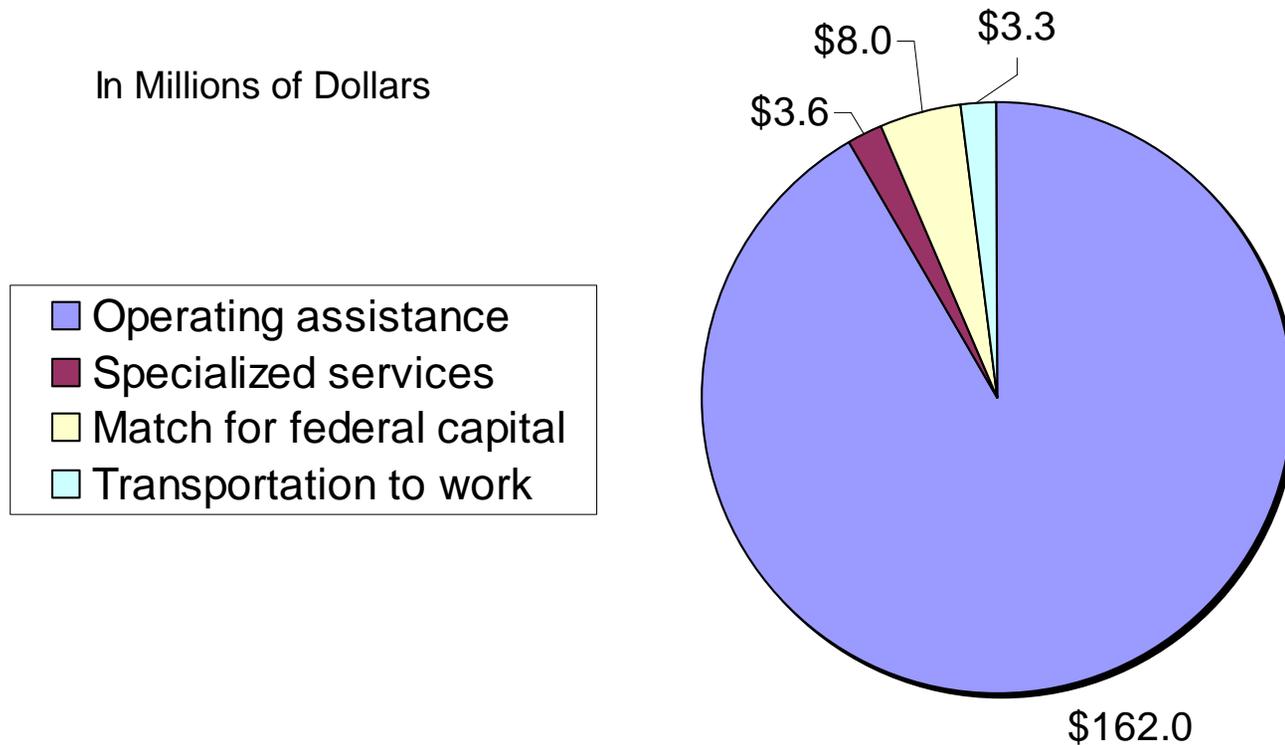


System Snapshot:

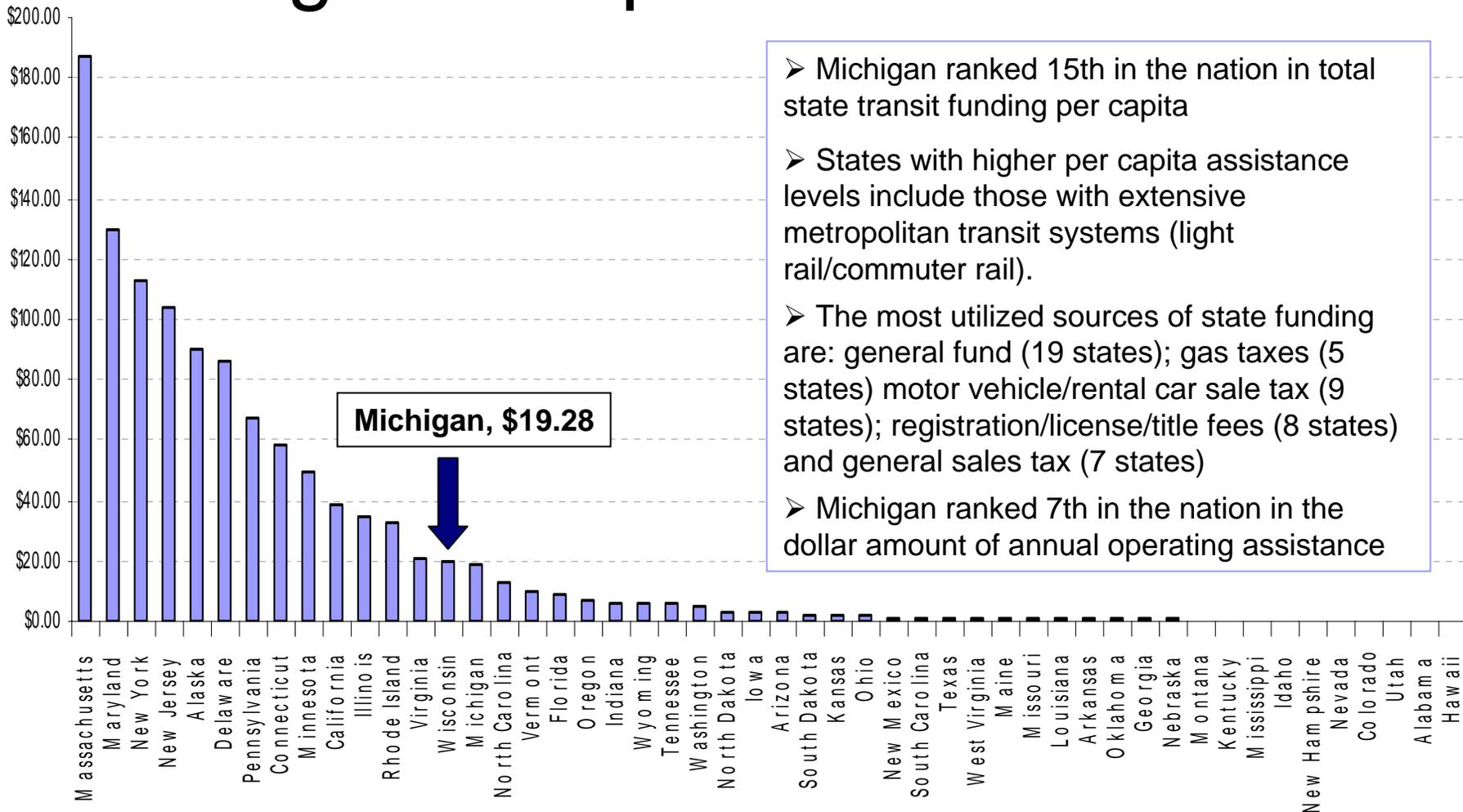
- 79 Transit Agencies
- 40 Specialized Service Agencies
- 85.6 million passengers annually
- 3,410 passenger vehicles
- All 83 counties have demand response service
- 18 of the 83 counties also have fixed route service
- 60 counties have countywide service with varying service levels
- Limited regional service in some areas

Local Public Transit

State Appropriated Funding - FY 2005



Benchmark: 2005 State Transit Funding Per Capita



- Michigan ranked 15th in the nation in total state transit funding per capita
- States with higher per capita assistance levels include those with extensive metropolitan transit systems (light rail/commuter rail).
- The most utilized sources of state funding are: general fund (19 states); gas taxes (5 states) motor vehicle/rental car sale tax (9 states); registration/license/title fees (8 states) and general sales tax (7 states)
- Michigan ranked 7th in the nation in the dollar amount of annual operating assistance

Local Public Transit

■ Local Funding

- Property tax millage only source of dedicated local funding
- General fund contributions are at discretion of municipality
- Farebox is about 20% of the local funding

Local Public Transit

■ Other transit programs

- Marine passenger – two systems provide connectivity (CTF funds: \$458,000 capital assistance, \$1.3 million operating assistance)
- MichiVan – state subsidized vanpool program for work related trips (\$195,000 CTF funds, \$1.03 million federal CMAQ funds)

Comprehensive Transportation Fund: Intercity Passenger Rail

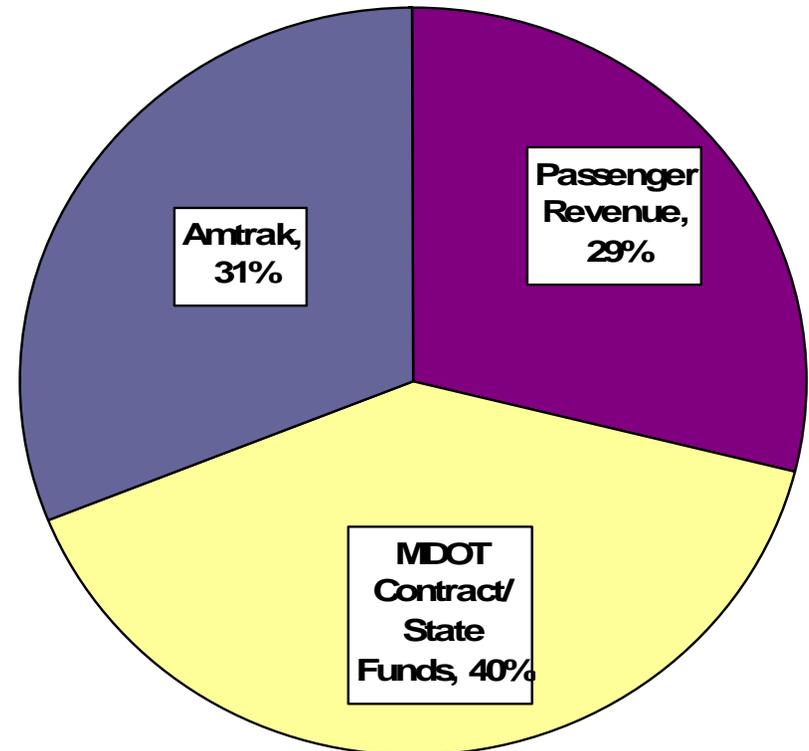


Intercity Rail Snapshot:

- **Carrier:** National Railroad Passenger Corporation (Amtrak)
- **3 Passenger Rail Routes in Michigan:**
 - Blue Water (state supported)
 - Pere Marquette (state supported)
 - Wolverine (non state supported)
- **Total passengers for FY2005- 614,600**

Comprehensive Transportation Fund: Passenger Rail

- Passenger Revenues, Amtrak and an MDOT contract provide the revenues for two routes
- Additional revenues/ investments not included in chart:
 - Amtrak supported Wolverine Service (amount unknown)
 - Federal revenues and CTF match used for improvements in high speed rail corridor – Detroit to Chicago
 - CTF and (minimal) federal revenues used for station improvements



FY2005 Total Operating Costs – MDOT Contract Routes
Total: \$17.9 million

Comprehensive Transportation Fund: Intercity Bus System

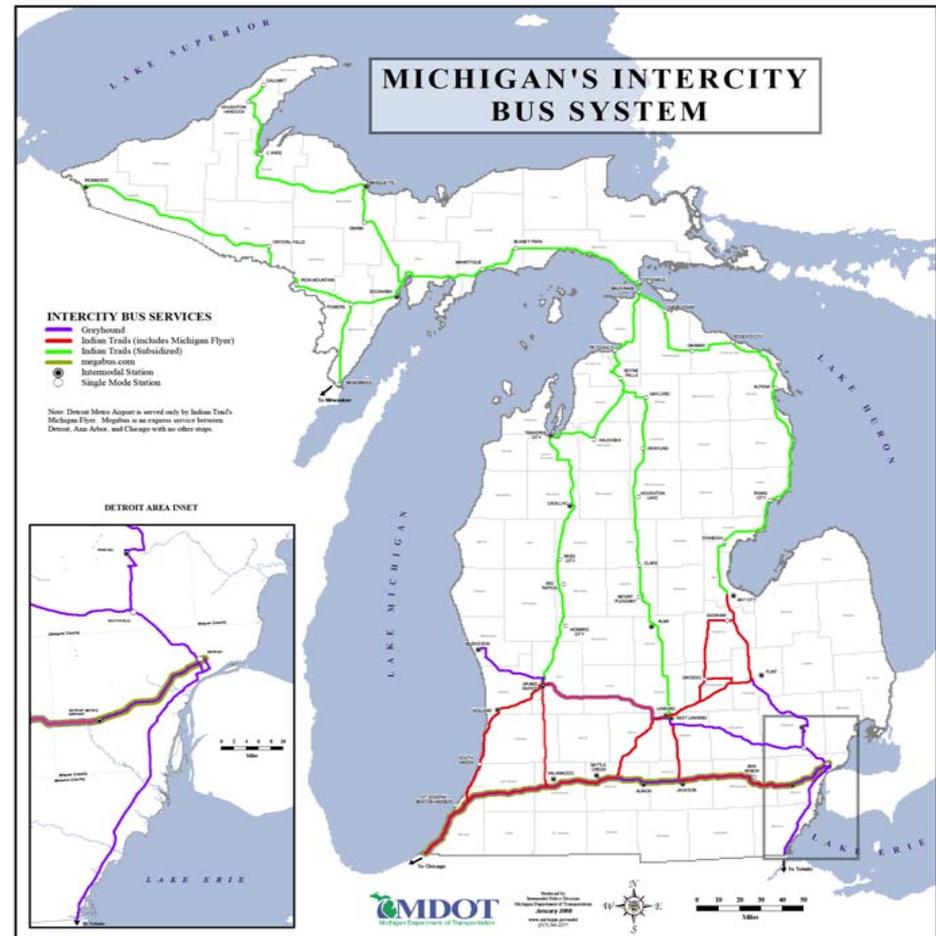
System Snapshot

Carriers:

Greyhound Lines, Inc.
Indian Trails Inc.
Megabus.com

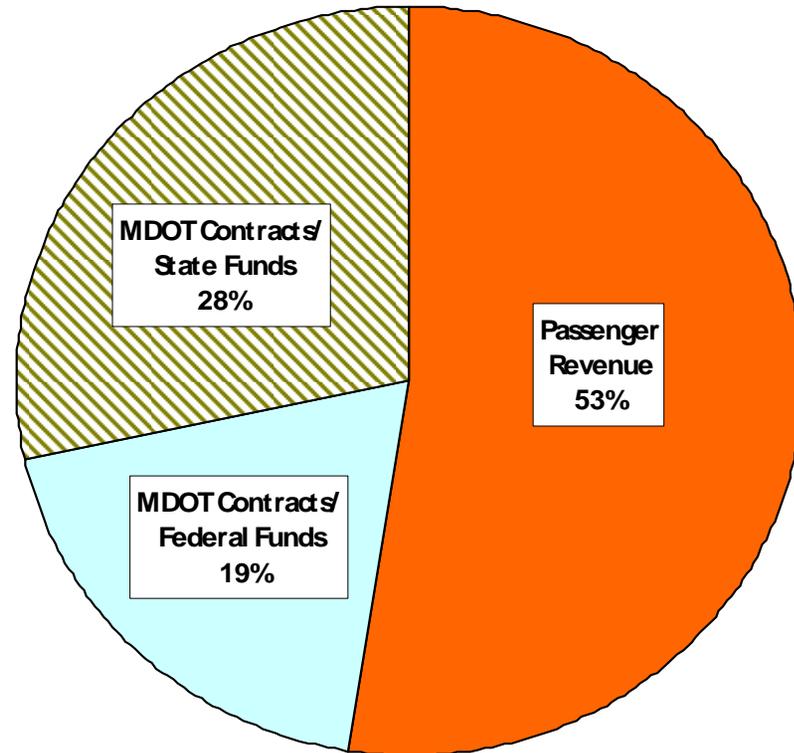
Network: Connects to national intercity bus network at Chicago & Milwaukee and with passenger rail at several locations.

2005 Passengers:
FY2005- 85,223 on state-assisted routes



Comprehensive Transportation Fund: Intercity Bus

- MDOT contracts for service on five routes using state and federal funds
- Additional investments/revenues not included in chart:
 - CTF revenues used to procure motor coaches leased to carriers
 - CTF and federal funds revenues used for terminal improvements
 - Private carrier supported routes in southern Michigan



FY2005 Total Operating Costs – MDOT Contract Routes
Total: \$2.9 million

Comprehensive Transportation Fund: Rail Freight

System Snapshot

- Approximately 3590 miles of track
- 26 Operators
- In 2003, carried nearly 120 million tons of freight
- Value of movements are estimated to exceed \$162B



Comprehensive Transportation Fund: Waterborne Commerce

System Snapshot

- 3,200 miles of shoreline
- 90 ports- 40 commercial
- In 2003, handled more than 78 million tons of freight
- Value of movements estimated to exceed \$5B





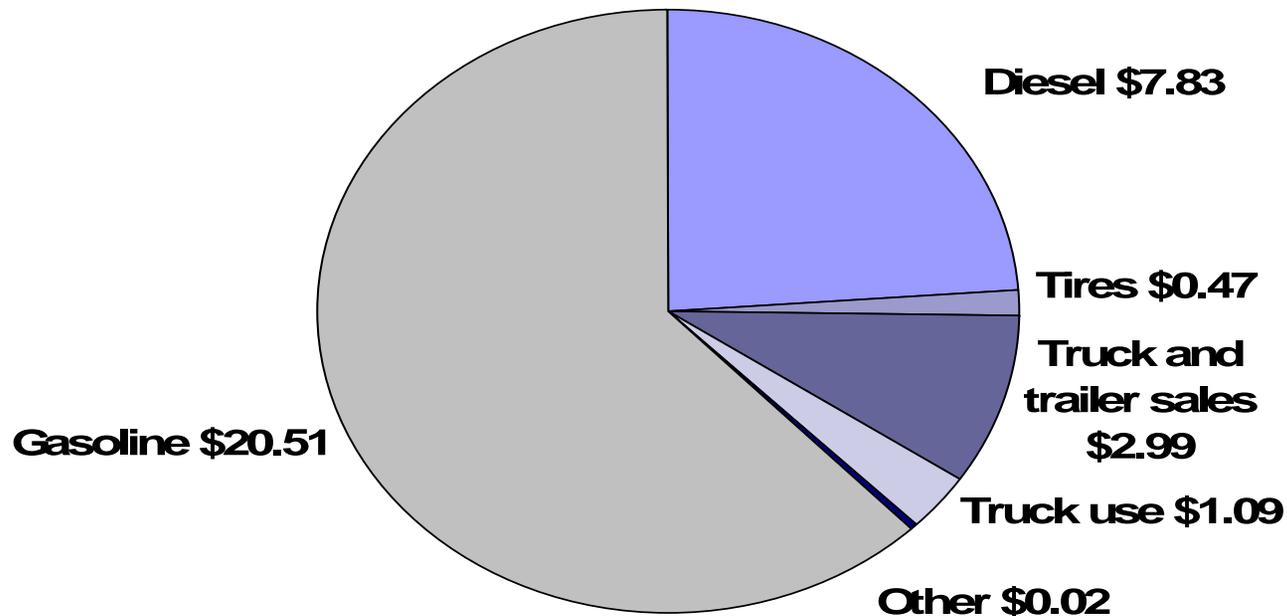
Federal Funds and Programs

Federal Surface Transportation Funding

- Multiyear Authorizations
- Establishes funding levels (and tax rates)
- Sets national transportation policy
 - Direction and priorities for spending
- SAFETEA-LU 2005-09

Highway Trust Fund

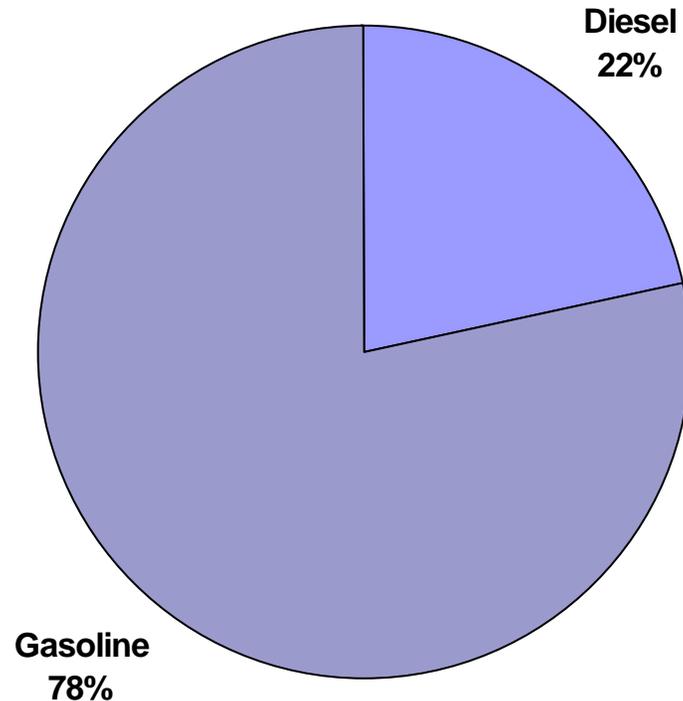
Highway Account Income - 2005



Total 2005 Income \$32.9 Billion

Highway Trust Fund

Mass Transit Account - FY 2005



Total 2005 Income \$5.2 Billion

Federal Perspective

- Federal Highway Program Focuses on
 - Federal Functional Classification of roads
 - Not jurisdiction (as in Act 51)
 - Urbanized/Non-Urbanized Areas
 - Not cities, villages, and counties (as in Act 51)



Federal-aid Highway Program

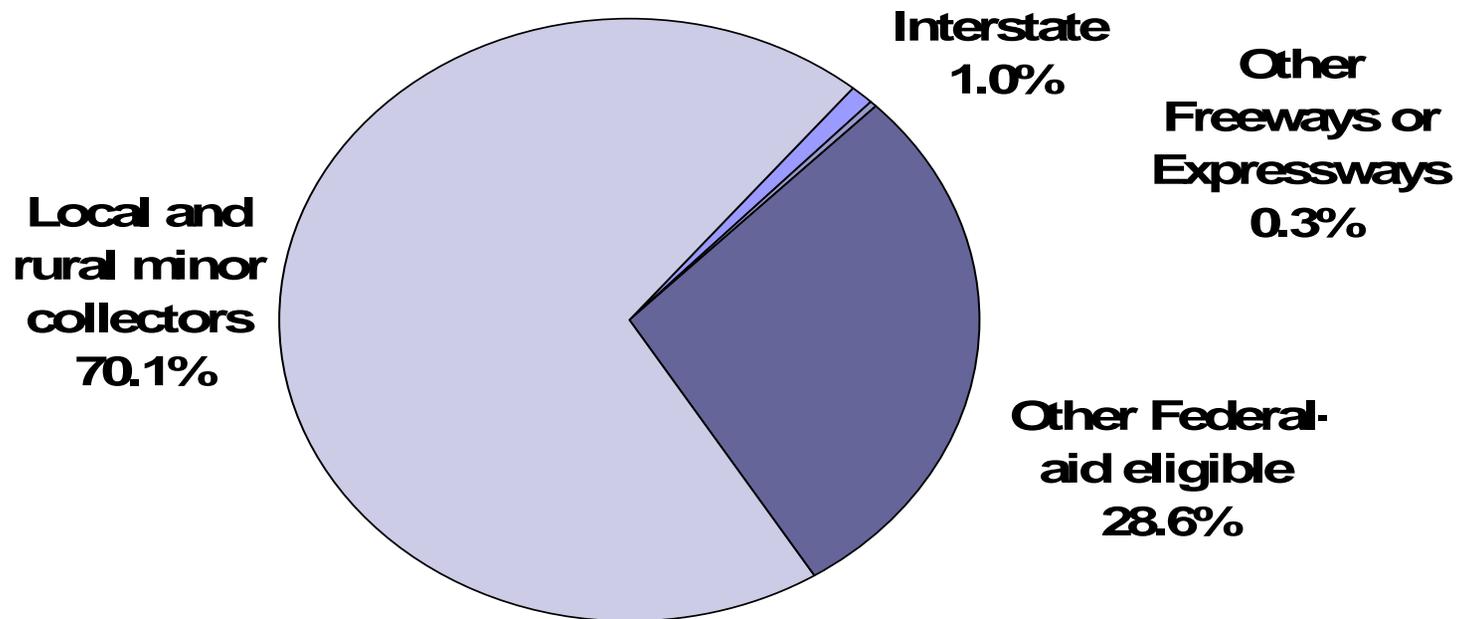
- Federally assisted, state administered
- Funding tied to specific systems
- Capital program – states pay for maintenance
- Matching funds requirements



Functional Classification

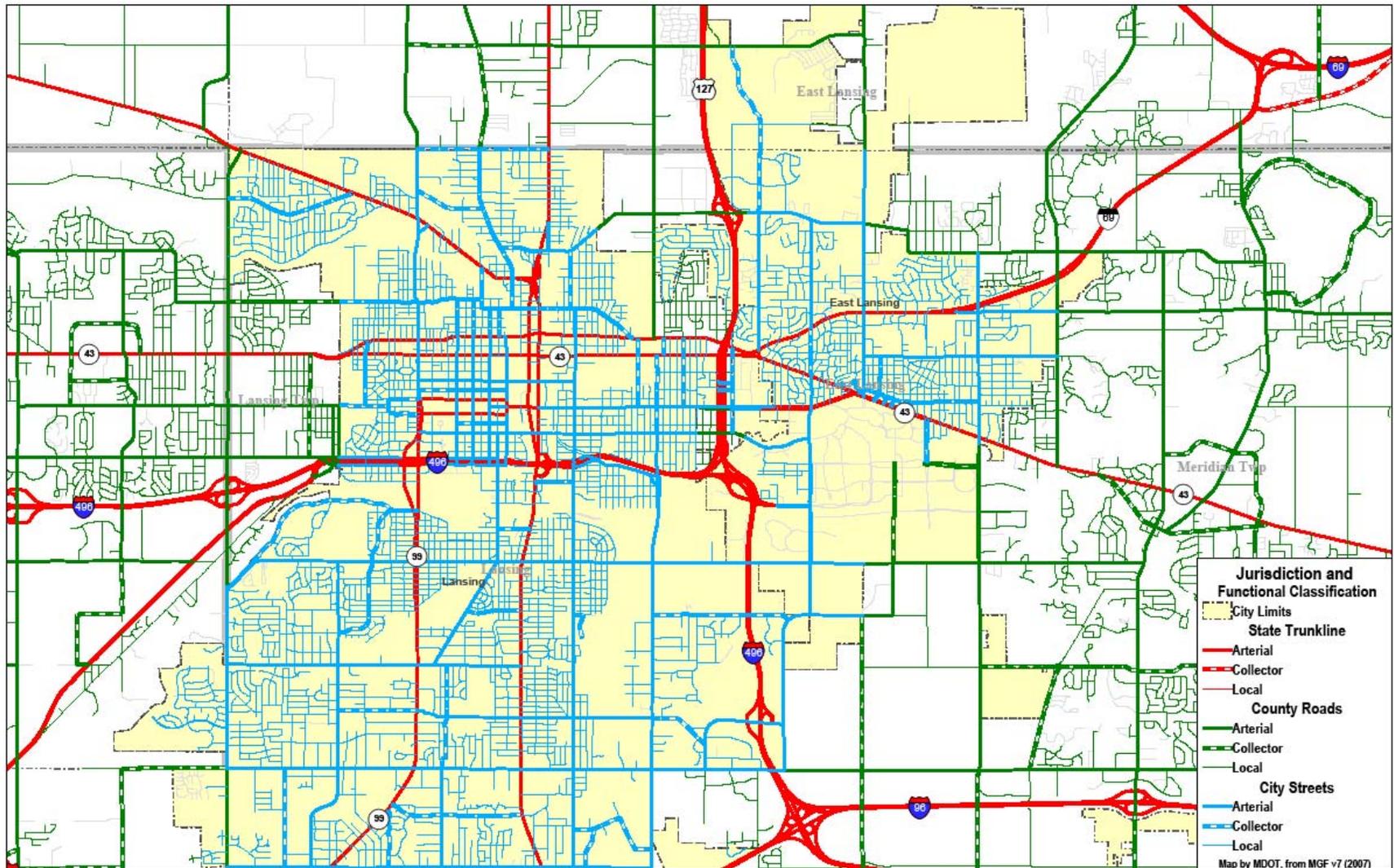
- Principle Arterials
- Minor Arterials
- Collectors
- Local Roads

Functional Classification Eligibility for Federal Funds



119,570 miles of public roads in Michigan
35,804 miles eligible for federal funds
83,766 miles not eligible for federal funds

Map of Federal-aid Eligible Roads in Lansing/East Lansing



Types of Federal Funding

■ **Apportionments**

- Distributed to all states according to formula established in law
- Generally used for a wide range of eligible projects

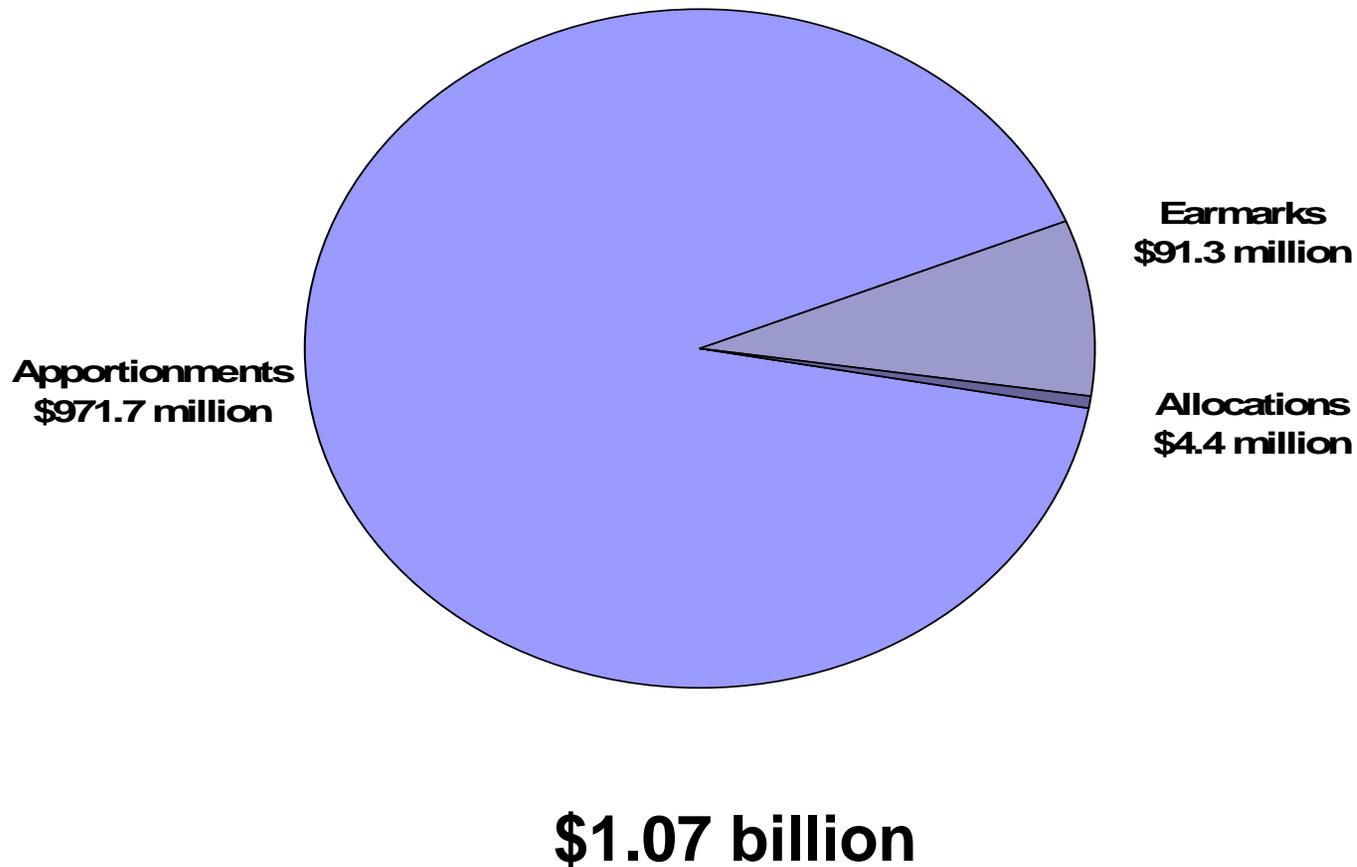
■ **Earmarks**

- Funding designated for specific project(s) – ex. Latson Road

■ **Allocations**

- Distributed to states or projects using criteria established in law or other competitive process – ex. Highways for Life

Michigan's FY 2005 Federal Highway Funding



Apportioned Highway Programs

FY 2005 Funding Levels

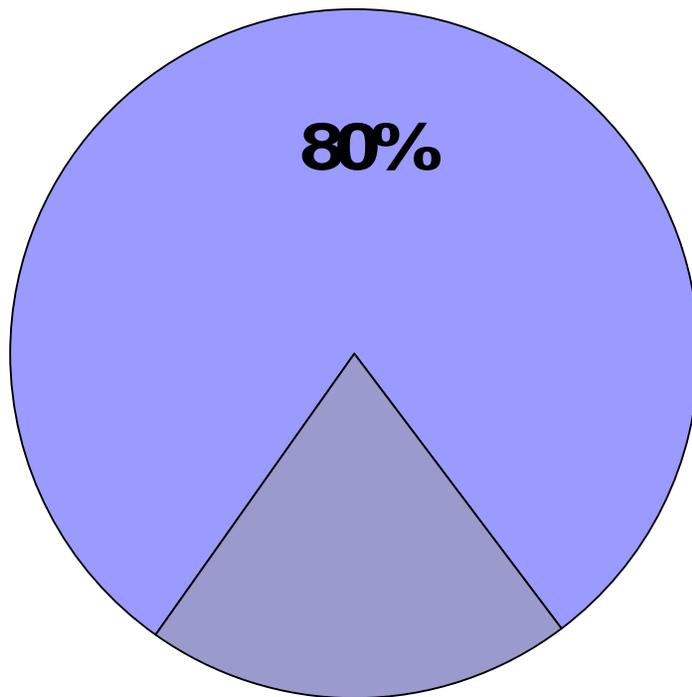
- Interstate Maintenance - \$159 million
- National Highway System – \$196 million
- Highway Bridge Program - \$159 million
- Congestion Mitigation and Air Quality - \$67 million
- Highway Safety Improvement Program - \$27 million
- Coordinated Border Infrastructure - \$18 million
- Metropolitan Planning - \$10 million
- Equity Bonus - \$74 million
- Surface Transportation Program - \$241 million

Interstate Maintenance Eligibilities

- Funds can be used for Interstate projects that involve:
 - Resurfacing
 - Restoring
 - Rehabilitating
 - reconstructing
- Funds can not be used to construct new single occupancy vehicle lanes, or in conjunction with certain toll projects
- Funds can not be used for routine maintenance

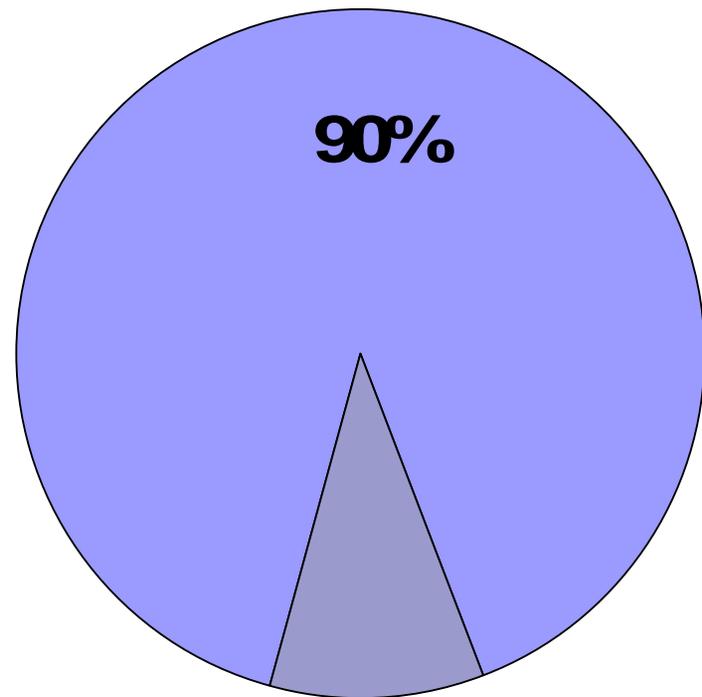
Federal Share for Highway Projects

NHS, STP, Bridge
CMAQ, EB



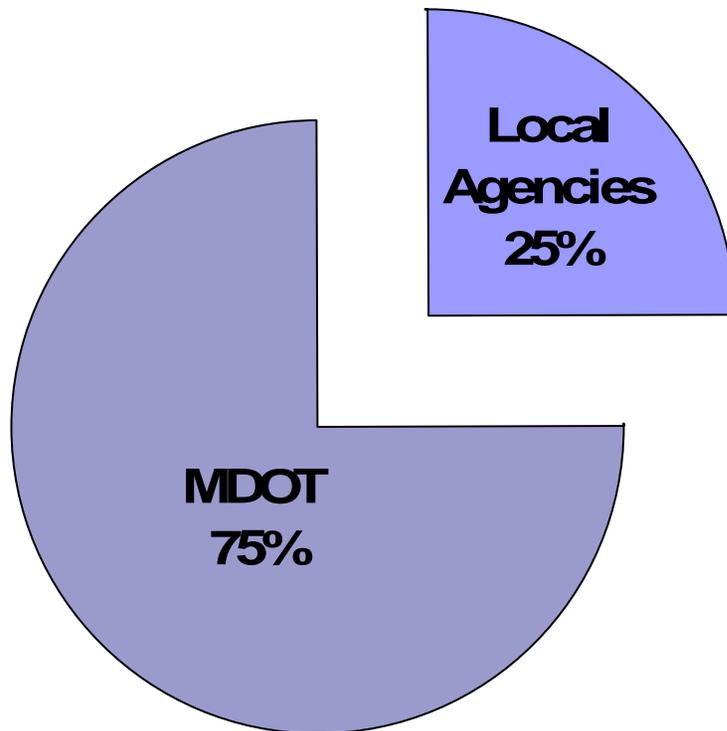
Matching Share

IM, HSIP



Matching Share

Michigan Law

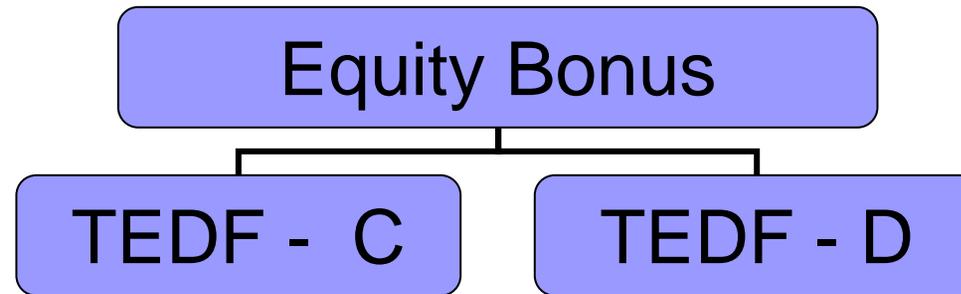


MCL 247.660

Excludes:

1. CMAQ
2. Bridge
3. Enhancement
4. Earmarks
5. Allocations
6. Funds awarded
Competitively
7. Transit

Michigan Law



MCL 247.660 (3)

Transportation Economic Development Fund

31.5% of Equity Bonus to TEDF

15% to Cat. C

16.5% to Cat. D

Michigan Law

MCL 247.661 (c)

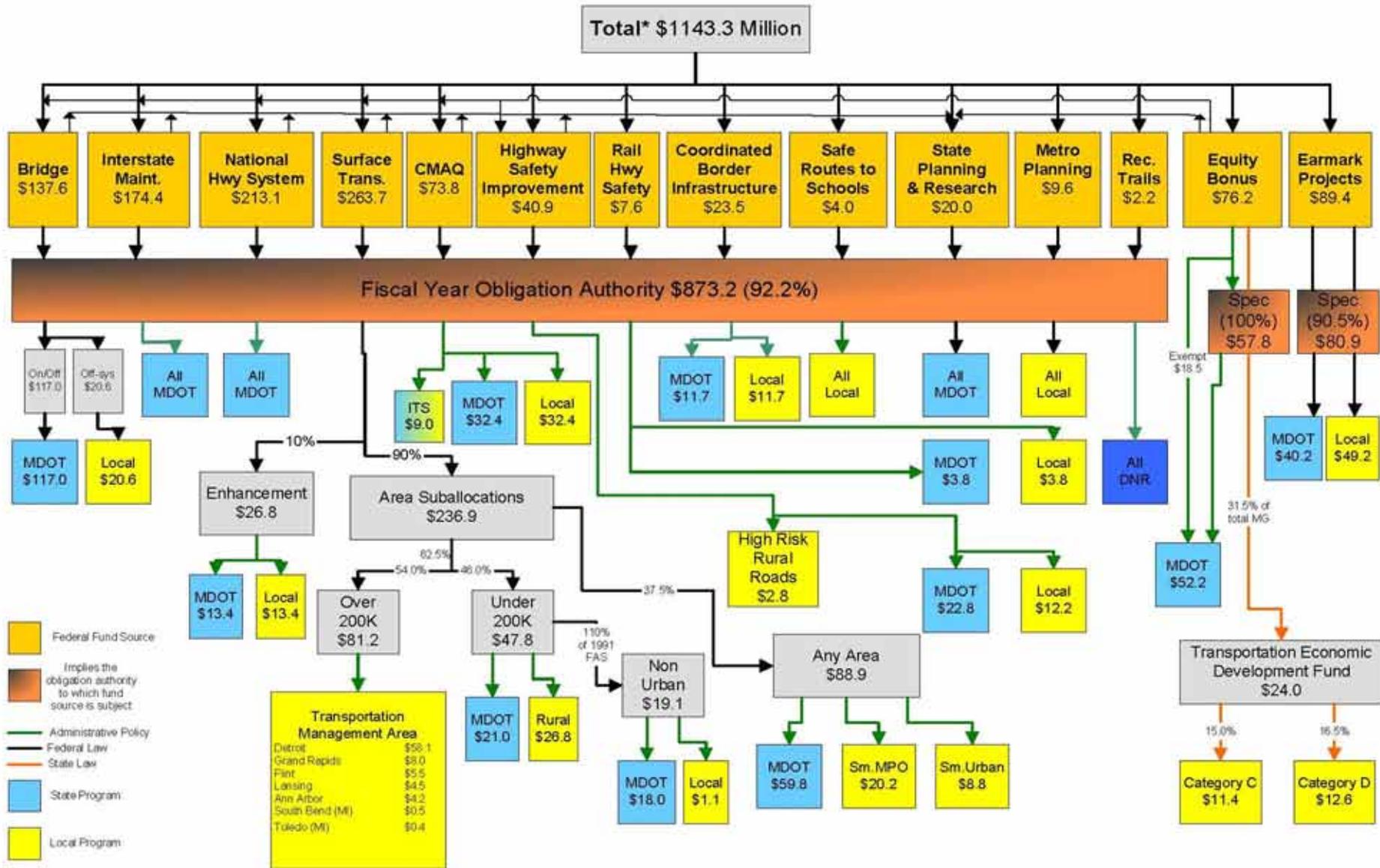
Rail Crossing Mandate

30% of state rail
grade crossing
funds and matched
federal funds

< MDOT <

50% of state rail
grade crossing
funds and matched
federal funds

FEDERAL AID TO HIGHWAYS PROGRAM - MICHIGAN, FY 2007

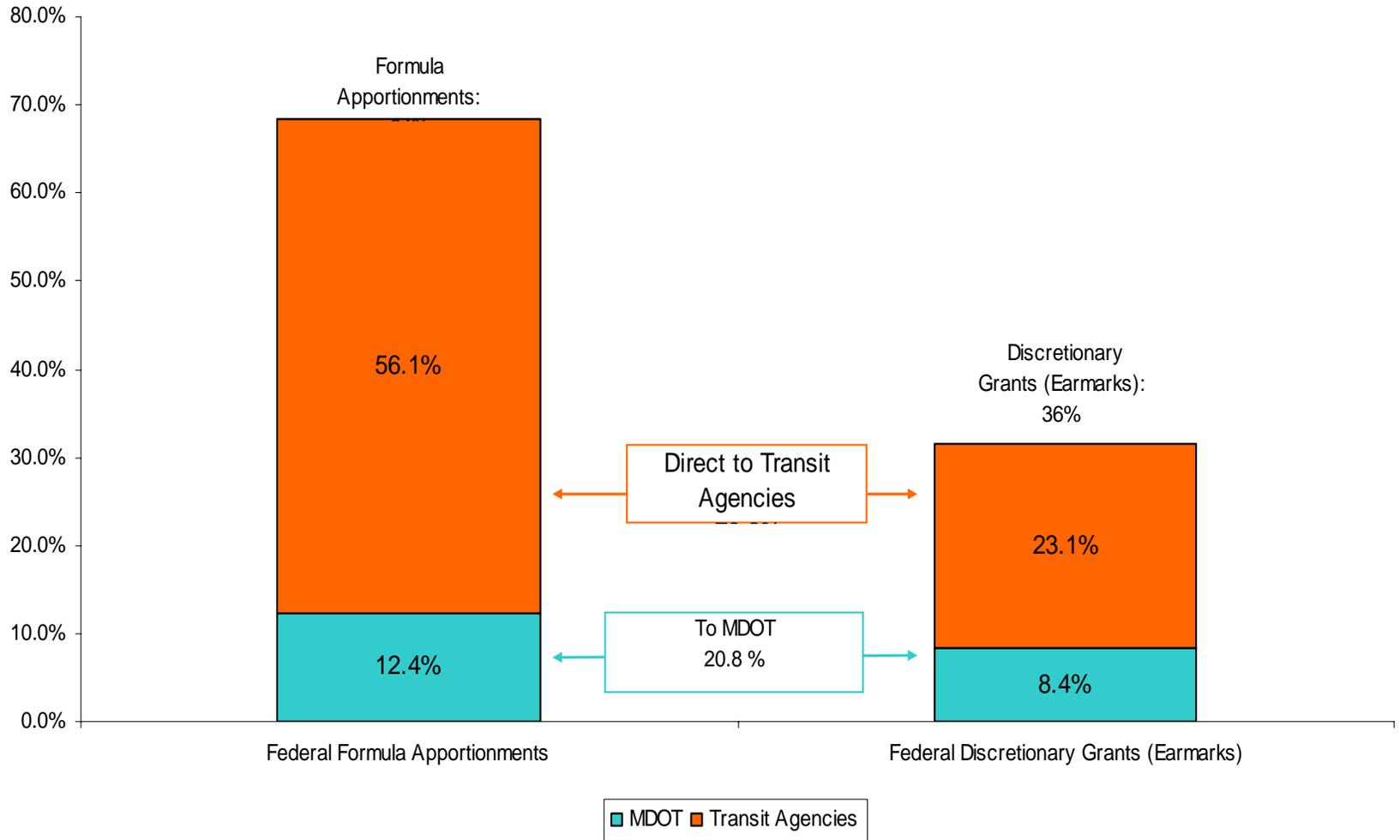


State law requires that the sum of local federal allocations be 25% of Total funds, less CMAQ, Enhance, Bridge, and Demo (& mid-year allocations).

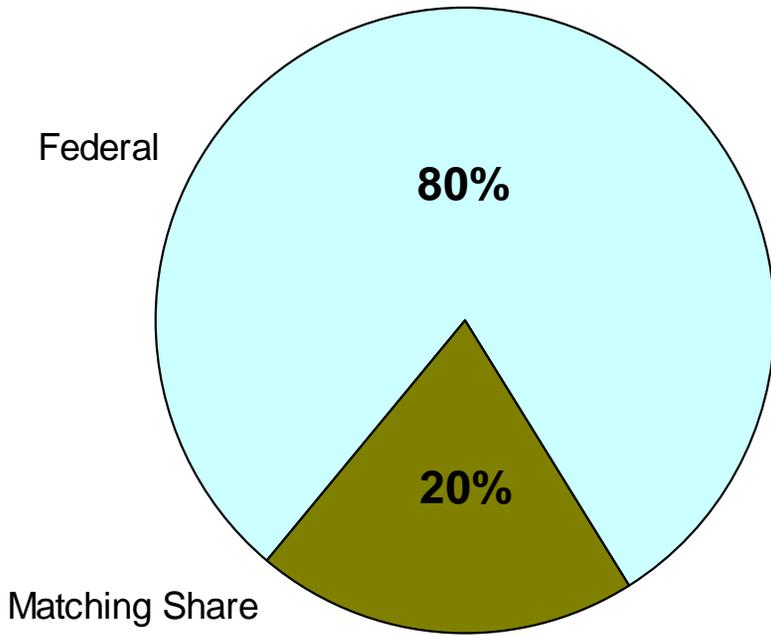
Federal Transportation Funding: SAFETEA-LU and Transit FY2006

<i>Federal Section Number</i>	<i>Program Name</i>	<i>Michigan Funding</i>	<i>Grant Recipients</i>
General Operation and Capital Assistance			
Section 5307	Urbanized Area Formula Program (Apportionment)	\$68.8	Transit Agencies
Section 5309	Bus and Bus Related Facilities (Earmarks)	\$53.6	MDOT and Transit Agencies
Section 5311	Non-urbanized Area Formula Program (Apportionment)	\$14.5	MDOT
Section 5311(b)(3)	Rural Transportation Assistance Program (Apportionment)	\$0.18	MDOT
Assistance for Transportation Services for Targeted Populations			
Section 5310	Special Needs of Elderly Individuals and Individuals with Disabilities (Apportionment)	\$3.6	MDOT
Section 5316	Job Access and Reverse Commute (JARC) Program (Apportionment)	\$4.0	MDOT and Transit Agencies
Section 5317	New Freedom (Apportionment)	\$2.7	MDOT and Transit Agencies
Planning			
Section 5304	Statewide Planning and Research Program (Apportionment)	\$0.5	MDOT
Section 5303	Metropolitan Planning (Apportionment)	\$2.5	MDOT
Total		\$150.4	

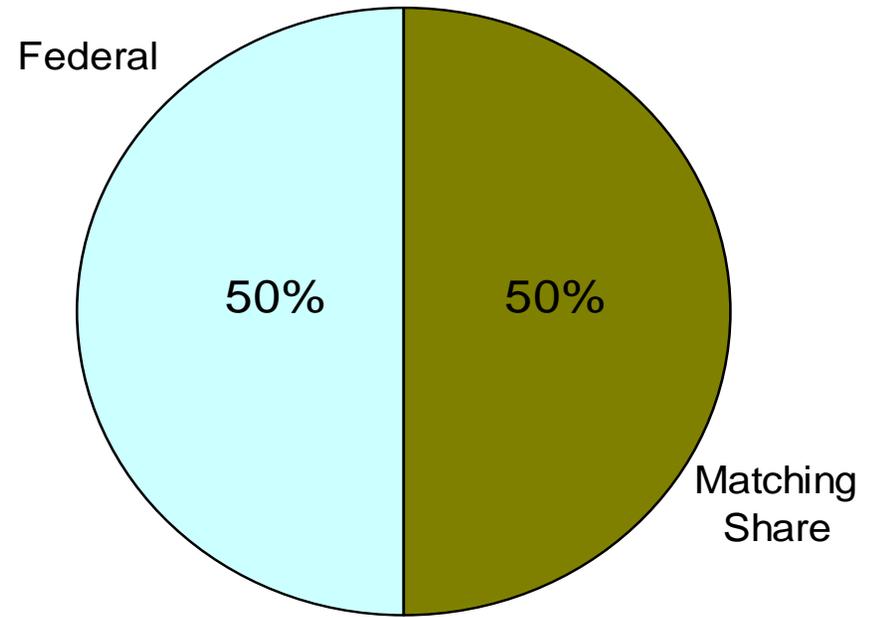
Federal Transit Funding by Type and Recipient - FY 2005



Federal Share for Transit Funds



Capital and Planning Grants



Operating Grants

Federal Planning Requirements

Long-Range Transportation
Plan

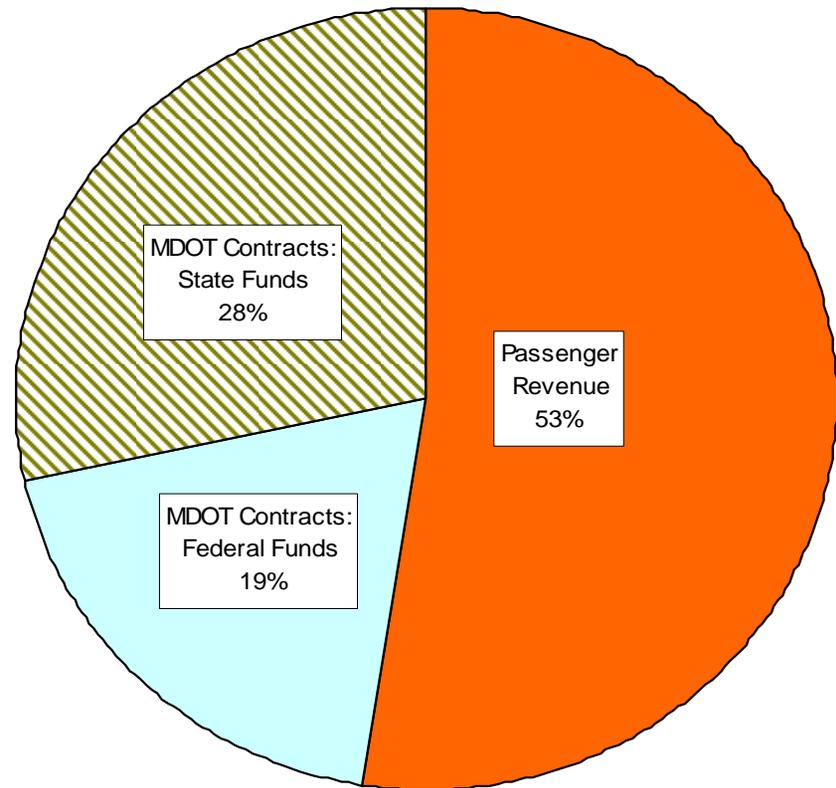
Public and stakeholder involvement is
early and continuous part of plan and
program development.

Statewide/Metropolitan
Transportation Improvement
Program

Project Selection and
Implementation

Comprehensive Transportation Fund: Intercity Bus

- MDOT contracts for service on five routes
 - Contract costs based on guaranteed revenue per mile
- CTF also used to procure motor coaches leased to carriers
- CTF and federal funds also used for terminal improvements



FY2005 Total: \$2.9 million

Federal Transportation Funding: SAFETEA-LU and Transit

- SAFETEA-LU defines and authorizes 20 Transit Grant Programs
- Funds apportioned to Urbanized Areas largest formula program
 - Capital and/or operating support for urban systems (over 50,000)
 - Transit agencies direct recipients
 - Nearly 10X more each year than formula funds apportioned to the States for Nonurbanized Areas
- Project specific grants (earmarks) for buses, bus facilities, fixed guideways, capital investments
- Small formula programs aimed at specific service initiatives

Fiscal Procedures

Contractor does work

State pays contractor

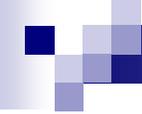
State submits voucher to FHWA

FHWA sends to US Treasury

Treasury reimburses State

Federal Environmental Requirements

- National Environmental Policy Act or 1969
- Section 4(f) – US DOT Act of 1006
- Section 106 – National Historic Preservation Act
- Section 404 - Clean Water Act
- Section 7 – Endangered Species Act
- Section 9 – Bridge permits
- Conformity – Clean Air Act Amendments



Other Significant Requirements

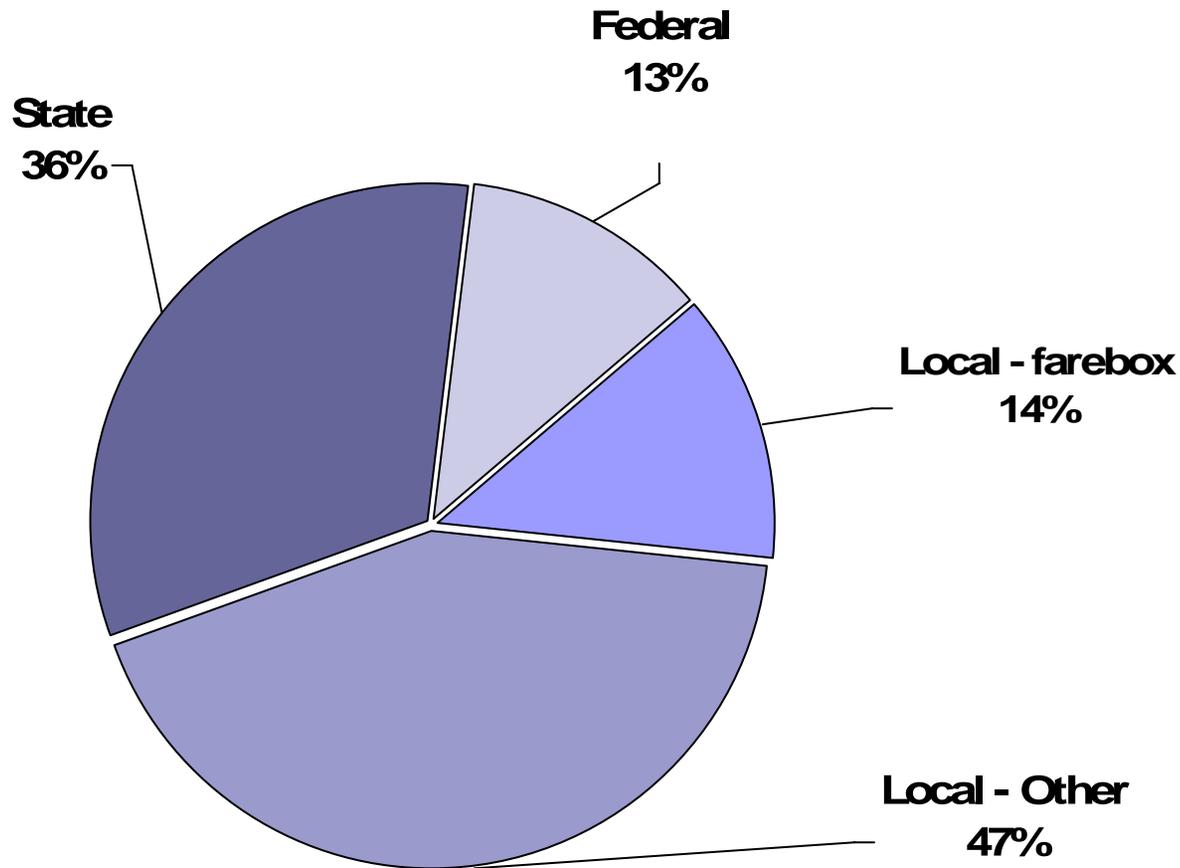
- Buy America
- Disadvantage Business Enterprise
- EEO/Title VI of the Civil Rights Act of 1964
- Davis Bacon

Federal Funding Decision

- Is the project federal-aid eligible?
- Is the project in the S/TIP?
- Is there apportionment available?
- Is there obligation authority available?
- Is there non-federal match available?
- Has the project attained environmental clearance and satisfied other regs?

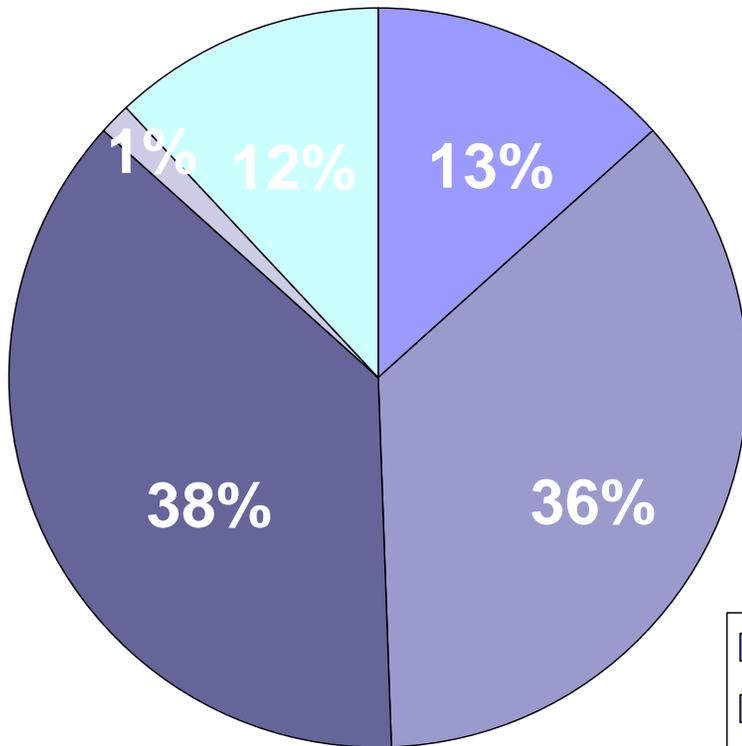
Local Public Transit Operating Expenses

Federal, State, and Local Revenues as a Percent of Expenses

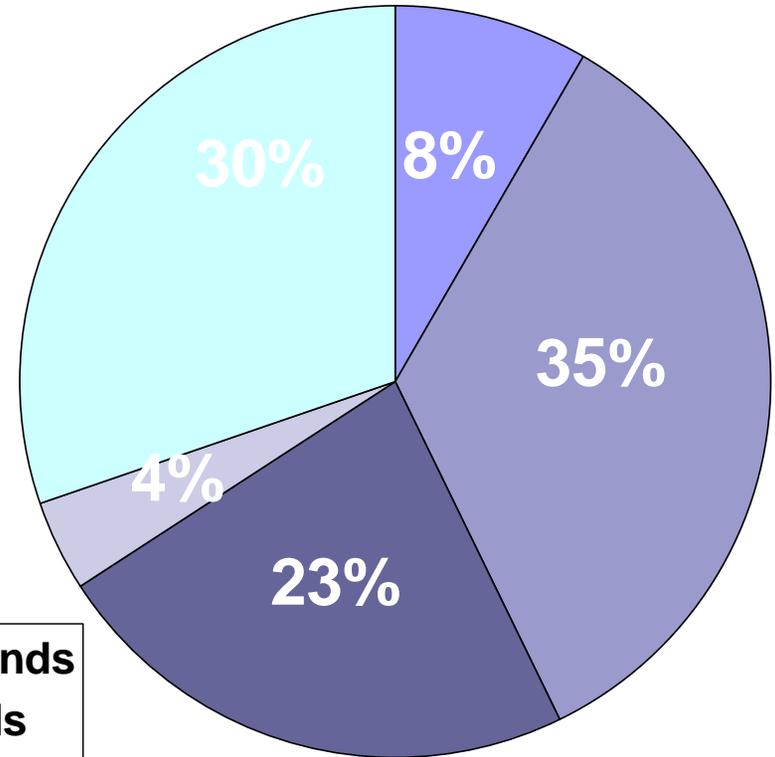


Sources of Transit Operating Revenue

Michigan



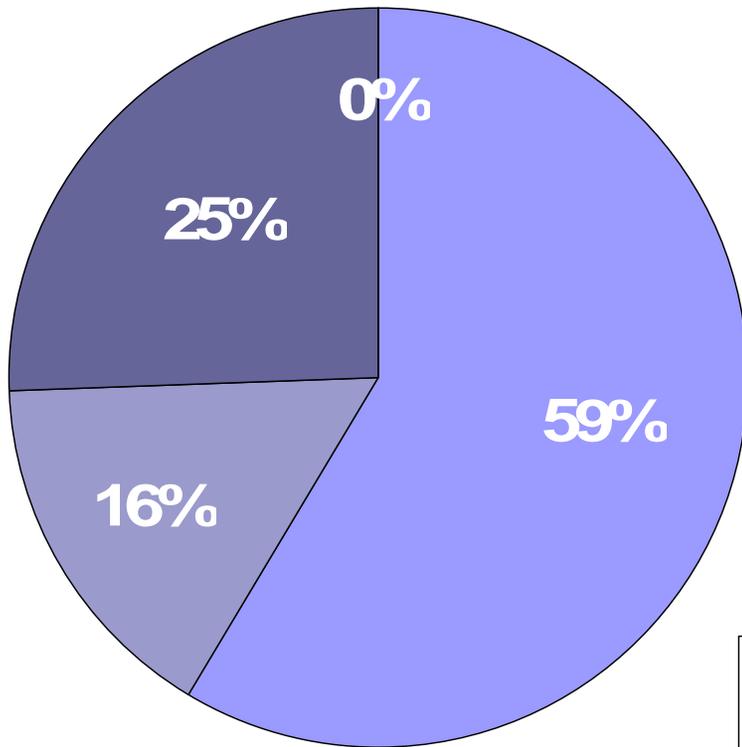
Region



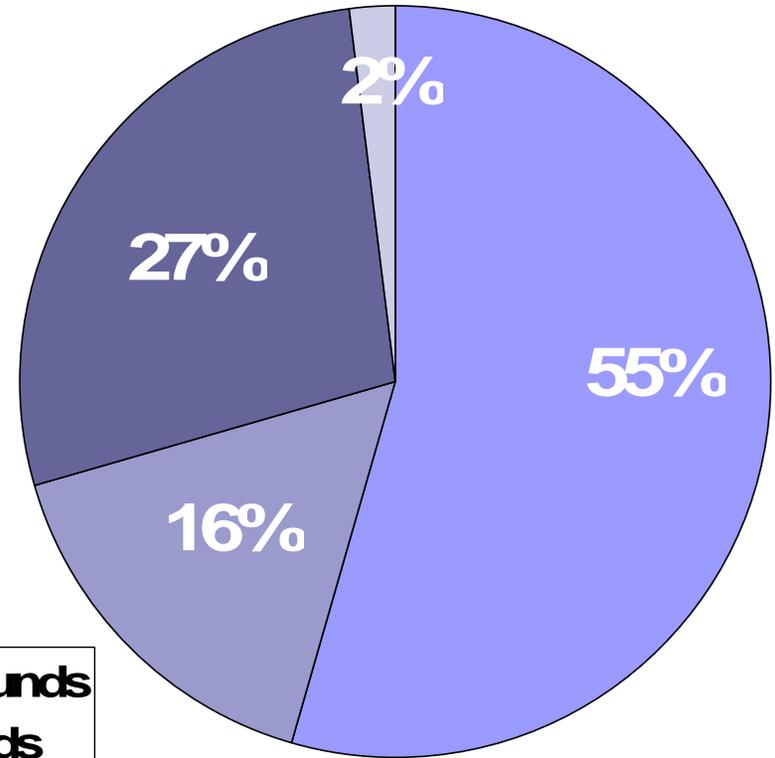
- Federal Funds
- State Funds
- Local Funds
- Miscellaneous
- Fares

Composition of Transit Capital Revenue

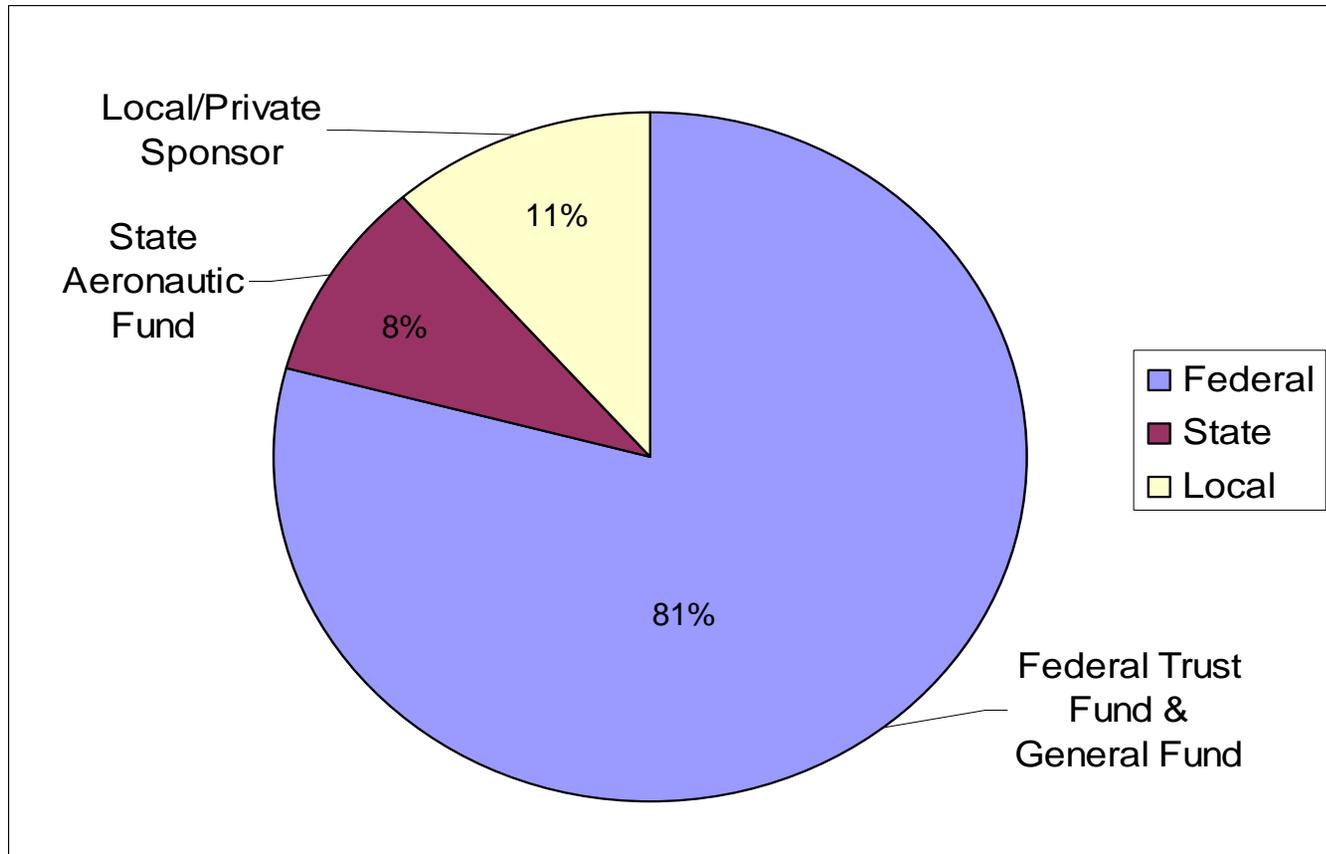
Michigan



Region



Michigan Transportation Funding: Aviation Funding Snapshot

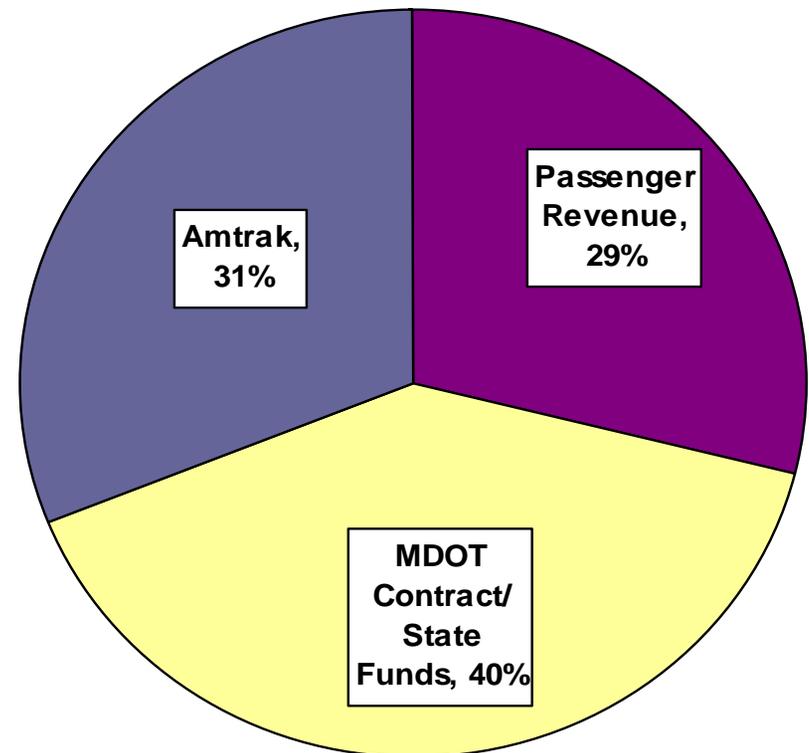


Source: MDOT Bureau of Aeronautics

DATE??

Comprehensive Transportation Fund: Passenger Rail

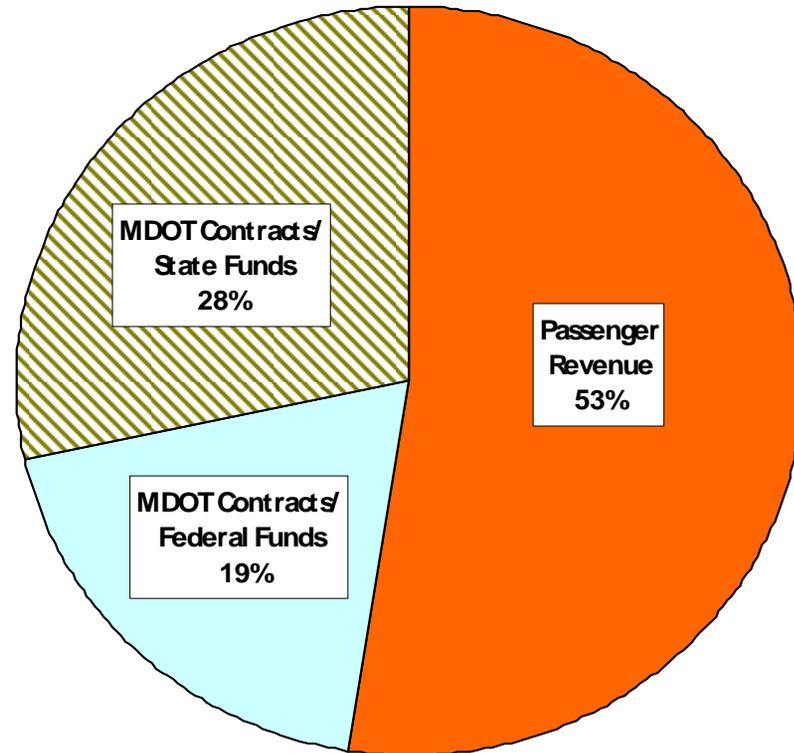
- Passenger Revenues, Amtrak and an MDOT contract provide the revenues for two routes
- Additional revenues/ investments not included in chart:
 - Amtrak supported Wolverine Service (amount unknown)
 - Federal revenues and CTF match used for improvements in high speed rail corridor – Detroit to Chicago
 - CTF and (minimal) federal revenues used for station improvements



FY2005 Total Operating Costs – MDOT Contract Routes
Total: \$17.9 million

Comprehensive Transportation Fund: Intercity Bus

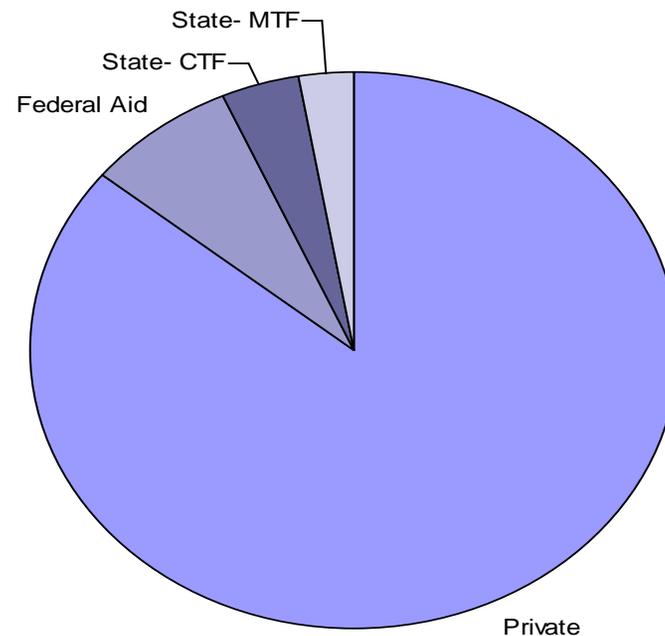
- MDOT contracts for service on five routes using state and federal funds
- Additional investments/revenues not included in chart:
 - CTF revenues used to procure motor coaches leased to carriers
 - CTF and federal funds revenues used for terminal improvements
 - Private carrier supported routes in southern Michigan



FY2005 Total Operating Costs – MDOT Contract Routes
Total: \$2.9 million

Michigan Transportation Funding: Rail System Funding Snapshot

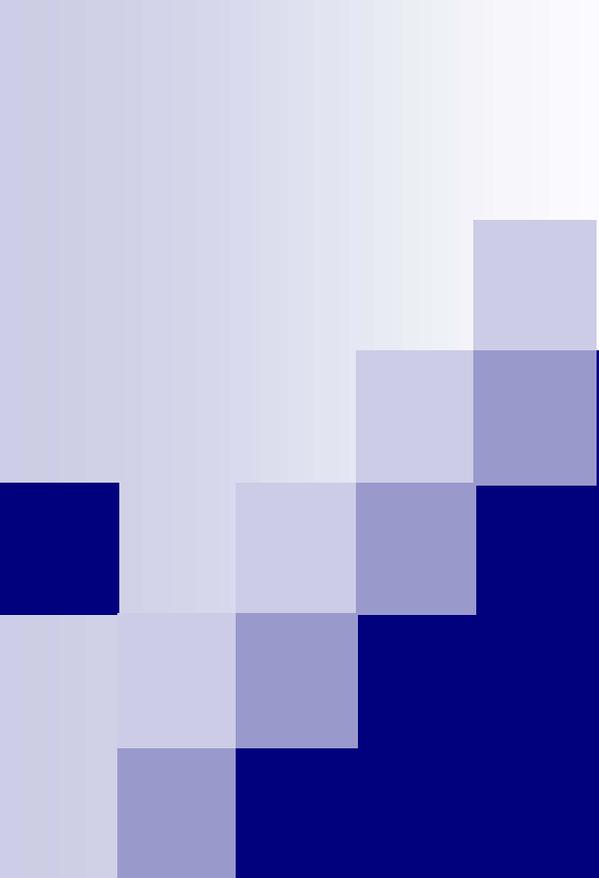
(doesn't include any local or passenger-specific funding)



Waterborne Commerce Funding

Marine Freight Funding

	Federal funding	State funding	Private funding
Navigation channels	X		X
Marine terminals			X
Port authority operations		X	
Steamship lines			X



The End