

# FISCAL FOCUS

## Financing Michigan's Transportation Network

*The State Transportation Budget and Beyond*

Prepared by  
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April 2013 (Revised)



Mary Ann Cleary, Director

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April 2013

TO: Members of the House of Representatives

Funding for state transportation programs has been of legislative interest for a number of years. Almost immediately after passing the last major transportation funding package in 1997, the Legislature initiated a review of alternative transportation funding and distribution options.

In 1998, the Legislature passed 1998 PA 308 which established an Act 51 Study Committee to "review transportation funding options, transportation investment priorities, and potential strategies for maximizing transportation investments." In 2007, the Legislature passed 2007 PA 221 to establish a Transportation Funding Task Force (TF2). Public Act 221 directed the TF2 to "review strategies for maximizing the return on transportation investments" and "to evaluate the potential of alternate strategies to replace or supplement the state motor fuel taxes, existing and alternative user fees, and nonuser revenues to support economic activity and personal mobility in this state."

More recently, in the 2011-2012 Legislative Session, the House Committee on Transportation established a Work Group to study transportation funding issues. The Work Group report, generally referred to as the Olson Report, in reference to the Work Group Chairman, former State Representative Rick Olson, was released September 19, 2011.

In his January 2013 State of the State message, Governor Rick Snyder proposed increasing the state's investment in transportation by approximately \$1.2 billion – increasing transportation revenue through increases in motor fuel and vehicle registration taxes. The Governor also supported amending the statutory formulas by which transportation revenue is distributed. Details of the Governor's proposal were included in his FY 2013-14 budget recommendations.

This House Fiscal Agency publication, *Financing Michigan's Transportation Network, The State Transportation Budget and Beyond*, describes the major programs funded through the transportation budget and the revenue sources supporting the budget. In addition, the publication examines the history of actual transportation funding – as opposed to budgeted figures. The publication also discusses current transportation funding issues.

William E. Hamilton, Senior Fiscal Analyst, is the author of this report. Kathryn Bateson, Administrative Assistant, prepared the material for publication. We wish to thank the Michigan Department of Transportation, in particular Denise Jackson and members of her staff, for their comments and suggestions.

Please do not hesitate to call if you have questions about the information in this report.

A handwritten signature in black ink that reads "Mary Ann Cleary".

Mary Ann Cleary, Director



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# INTRODUCTION

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Michigan residents rely on a safe and efficient transportation network for many reasons – to commute to work and school, for entertainment and social connections, to access medical services. Transportation is also a critical part of the state economy. *Transportation and warehousing*, as a stand-alone segment of the economy, represents \$9.5 billion of Michigan's \$385.2 billion Gross Domestic Product, and accounts for 105,400 direct jobs out of total non-farm employment of 4.0 million.<sup>1</sup> An effective transportation network is also necessary for the success of other parts of the state economy – for, among other things, the delivery of raw materials to manufacturers and processed goods to end users.

The state of Michigan supports key elements of this transportation network through appropriations made in the state transportation budget. The state transportation budget:

- ▶ Provides funding for the construction and preservation of the state trunkline highway system.
- ▶ Is the primary source of funding for local road agencies (county road commissions, cities, and villages) for the preservation and improvement of local roads and streets.
- ▶ Provides capital and operating assistance to local public transit agencies.
- ▶ Supports rail freight, rail passenger, and intercity bus programs.
- ▶ Provides capital grants for local airport improvements.

This publication, *Financing Michigan's Transportation Network*, will describe the major programs funded through the transportation budget and the revenue sources supporting the budget. In addition, the publication will examine the history of *actual* transportation funding – as opposed to budgeted figures.

The publication also discusses current transportation funding issues, specifically: stagnant state restricted transportation revenue growth, the state's ability to match all available federal-aid highway funds, and whether current funding levels are sufficient to achieve state transportation system performance goals.

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<sup>1</sup> Gross Domestic Product figure from Bureau of Economic Analysis for 2011; employment data (preliminary) for December 2012 from the Bureau of Labor Statistics.



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# TRANSPORTATION BUDGET AS A STARTING POINT

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Michigan's state transportation budget is a good representation of the public resources available for state transportation programs. However, it is not a perfect representation. To start with, the state transportation budget is based on *estimated* revenue. *Actual* revenue and expenditures will be different from the budgeted amounts. In addition, there are a number of transportation revenue sources not included in the state budget:

- ▶ Some federal-aid revenue is appropriated in statute and is not included in *Gross Appropriations* totals in the state budget.<sup>2</sup>
- ▶ Some federal-aid revenue is granted directly to urban transit agencies and not recognized in the state budget.
- ▶ Some state transportation revenue (e.g., Mackinaw Bridge toll revenue) is not appropriated.
- ▶ There is significant locally generated revenue that does not flow through the state transportation budget.<sup>3</sup>

Nonetheless, the state transportation budget is a good starting point for a discussion of transportation funding; it is the largest source of funding for state transportation programs. Almost all of the federal revenue and almost all of the state revenue available for both state and local transportation programs is recognized in the state transportation budget.

In addition, it is likely that additional revenue for transportation programs would be raised through state transportation taxes distributed through state appropriations.

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<sup>2</sup> Section 10(3) of 1951 PA 51 earmarks 31.5% of the categorical federal program formerly known as "Minimum Guarantee" – subsequently renamed "Equity Bonus" – for certain specific programs within the Transportation Economic Development Fund. These earmarked funds are not included in appropriation totals.

<sup>3</sup> Local revenue sources for road and street programs include county millages and county general fund contributions for county road programs; township road millages and township general fund contributions for county road programs; and city street millages and city general fund contributions for municipal street improvement programs. Local revenue sources for transit systems include farebox revenue, dedicated transit millages, and municipal general fund contributions.



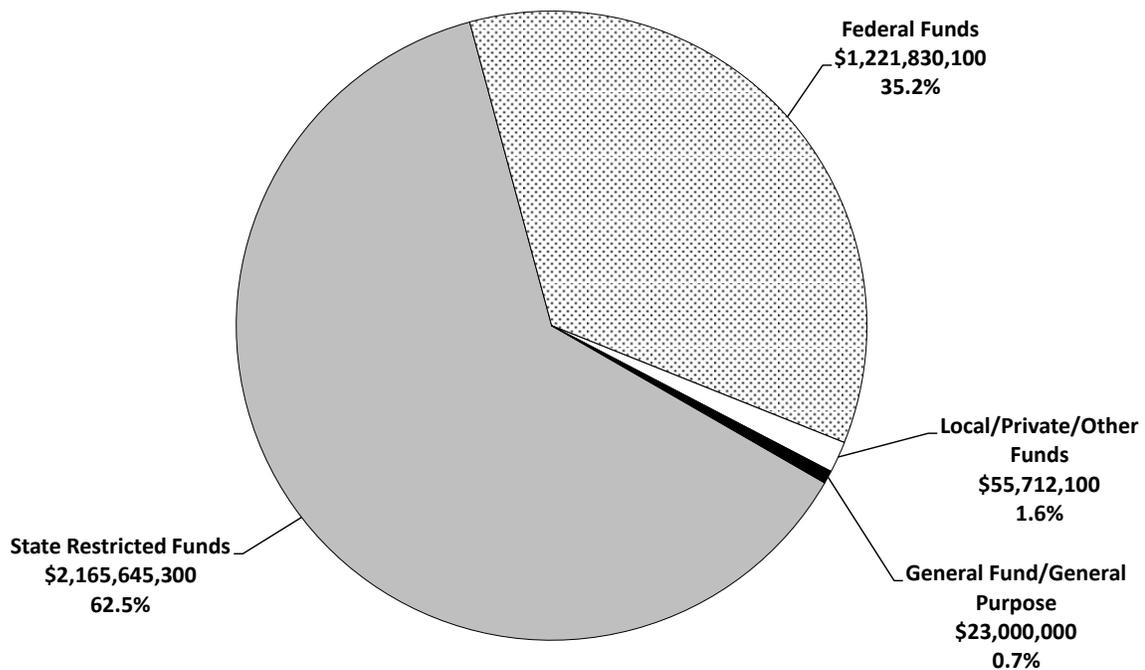
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# STATE TRANSPORTATION BUDGET OVERVIEW – REVENUE

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Gross Appropriations in the FY 2012-13 transportation budget total \$3.466 billion.<sup>4</sup> There are two major fund sources in the budget. Approximately 62.5% of the appropriated revenue comes from state restricted funds, and 35.2% from federal aid. See Figure A.

**Figure A**  
**Michigan's Transportation Budget**  
**FY 2012-13**

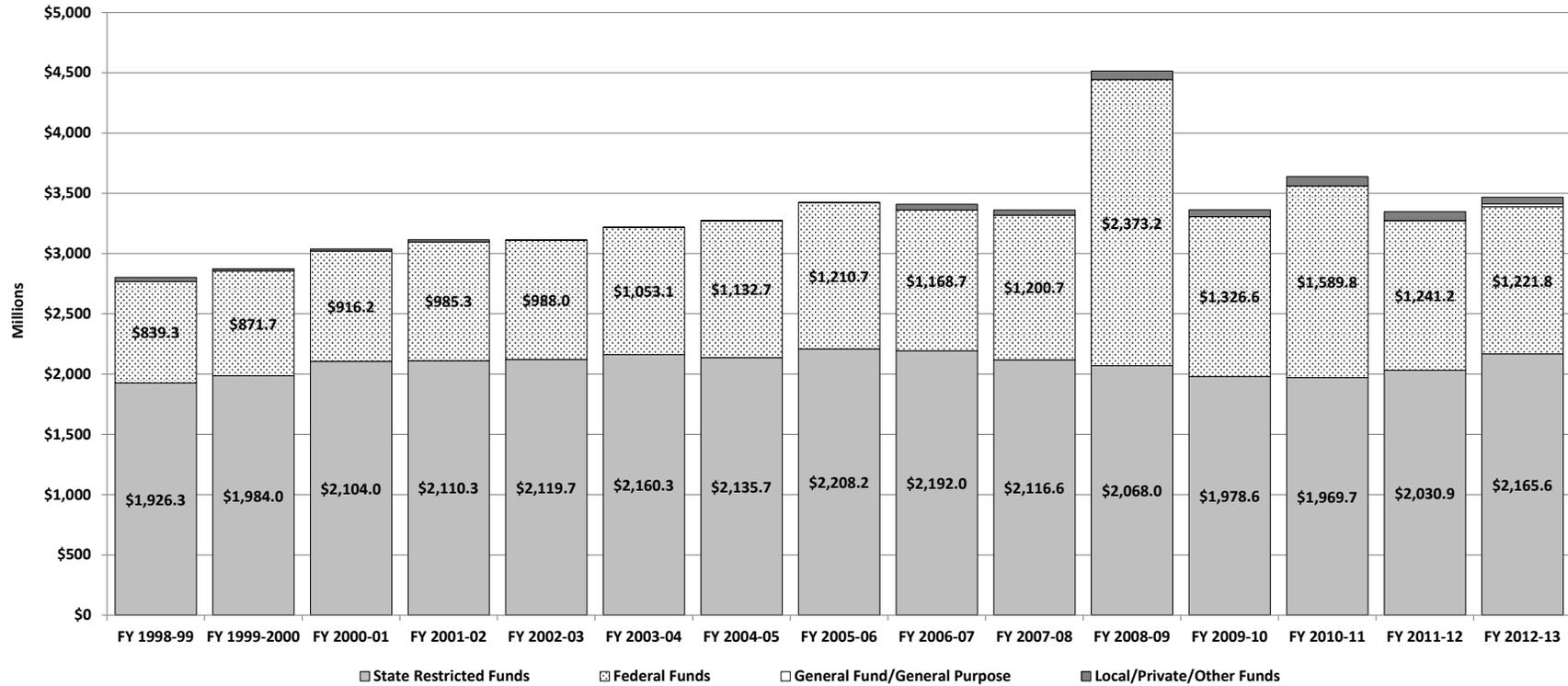


Gross Appropriations for FY 2012-13, and the relative share of state restricted and federal funds in the budget, are representative of the fifteen-year average for the fiscal years FY 1998-99 through FY 2012-13. See Figure B.

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<sup>4</sup> The FY 2012-13 transportation appropriations were contained in budget bill, House Bill 5365, enacted as Article XVII of 2012 PA 200. The budget was developed from revenue estimates made in February 2012.

**Figure B**  
**Michigan's Transportation Budget**  
**Fifteen-Year History**  
**FY 1998-99 through FY 2012-13**



Notes:

1. The above graph shows YTD appropriated funds in annual state transportation budgets including transfers and supplemental appropriations.
2. The amounts shown for FY 2012-13 represent the budget, enacted as Article XVII, 2012 PA 2012.
3. The increase in federal funds in FYs 2008-09, 2009-10, and 2010-11 was due to funds provided through the American Reinvestment and Recovery Act of 2009 (ARRA), as follows:

<u>Fiscal Year</u>	<u>Appropriated ARRA Funds</u>
FY 2008-09	\$912,251,000
FY 2009-10	95,834,400
FY 2010-11	<u>202,706,700</u>
<b>Total</b>	<b>\$1,210,792,100</b>

The two largest sources of state restricted revenue in the transportation budget are motor fuel taxes and vehicle registration taxes. In FY 2012-13, these two taxes account for 85.4% of appropriated state restricted revenue. Revenue from these two taxes is *constitutionally* restricted for transportation. The use of this constitutionally restricted revenue is largely directed by statute – Public Act 51 of 1951 ("Act 51").

State General Fund/General Purpose (GF/GP) revenue has generally not been used as a fund source in the transportation budget. However, the FY 2011-12 and the FY 2012-13 budgets included \$500,000, and \$23.0 million in GF/GP revenue, respectively. In both instances, the GF/GP appropriation was identified as one-time.<sup>5</sup>

**Table 1**  
**Michigan's Transportation Budget – FY 2012-13**  
**Sources of Appropriated Revenue**  
**Based on Treasury Estimate (2/9/12)**

State \$.19/gal Gasoline Tax	\$825,500,000 <sup>1</sup>	
Less Recreation Improvement Fund	(16,460,000) <sup>2</sup>	
<b>Gasoline Tax Subtotal</b>	<b>\$809,040,000</b>	
State Diesel Fuel Taxes	\$128,500,000	
LP Gas Tax	350,000	
Vehicle Registration Taxes	908,690,000	
Interest/Other	2,613,000	
<b>Michigan Transportation Fund Subtotal</b>	<b>\$1,849,193,000</b>	<b>85.39% of State Restricted Revenue</b>
Drivers' License Fees to STF	\$12,000,000	
One-time Sales Tax GF/GP Transfer to STF	100,000,000	
Auto-Related Sales Tax to CTF	88,000,000	
State Aeronautics Fund (SAF) baseline revenue	12,358,000	
One-time Sales Tax GF/GP Transfer to SAF	10,000,000	
Miscellaneous, Interest, Other	94,094,300	
Appropriated State Restricted Revenue	<b>\$2,165,645,300</b>	<b>62.48% of Total Revenue</b>
Interdepartmental Grants	<b>\$3,531,900</b>	<b>0.10%</b>
Federal Funds	<b>1,221,830,100</b>	<b>35.25%</b>
Local/Private Funds	<b>52,180,200</b>	<b>1.51%</b>
General Fund/General Purpose (One-time)	<b>23,000,000</b>	<b>0.66%</b>
<b>Total Appropriated Revenue</b>	<b>\$3,466,187,500</b>	<b>100.00%</b>

Notes:

1. Each 1-cent of the gasoline excise tax will generate \$43.4 million in revenue in FY 2012-13.
2. 2% of gasoline excise taxes are appropriated to the Recreation Improvement Fund.

<sup>5</sup> There are other, relatively small, revenue sources in the transportation budget, including funds provided by other state departments (Interdepartmental Grants), as well as local and private revenue. The local revenue appropriated in the budget represents local road agencies' share of certain state trunkline highway construction projects and local transit agencies' share of some transit capital projects. In addition, \$100,000 in private revenue was appropriated in FY 2012-13 as a fund source for rail infrastructure programs.



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# STATE TRANSPORTATION BUDGET OVERVIEW – MAJOR PROGRAMS

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There are three major program areas in the transportation budget: Highway Programs, Public Transportation Programs, and Aeronautics Programs.

Highway Programs support construction and preservation of the state trunkline highway system, and the road and street systems of local road agencies.

Public Transportation Programs provide capital and operating assistance to local public transit agencies, and support for rail freight, rail passenger, and intercity bus passenger programs.

Aeronautics Programs include appropriations for the federal Airport Improvement Program, a program of capital assistance to eligible local airports, as well as support for the Michigan Department of Transportation's Office of Aeronautics. State restricted State Aeronautics Fund (SAF) revenue used in the budget is derived from aviation fuel taxes, aircraft registration fees, and an earmark of the Airport Parking Tax revenue. Aeronautics programs are governed by the State Aeronautics Code of 1945.

See Table 2, Table 3, and Table 4 for a breakdown of the FY 2012-13 budget by purpose and by major program category, including a breakdown by "state" or "local" designation. As shown in Table 3, almost half of the budget represents funding either distributed directly to local units of government, or for the primary benefit of local units of government.

**Table 2**  
**Michigan's Transportation Budget – FY 2012-13**  
**As Enacted**  
**Summary of Appropriation by Purpose**

<u>Purpose</u>	<u>Total</u>	<u>Percent</u>
Debt Service	\$240,274,500	6.93%
Administration/Planning/Collection	300,149,400	8.66%
State Highway Construction	961,498,000	27.74%
State Highway Maintenance	273,395,700	7.89%
Local Road Agencies	1,225,721,300	35.36%
Local Bus Operating	189,411,900	5.46%
Other Public Transportation	159,735,000	4.61%
Aeronautics	116,001,700	3.35%
<b>Total</b>	<b>\$3,466,187,500</b>	<b>100.00%</b>

**Table 3**  
**Transportation Budget – FY 2012-13**  
**As Enacted**

**Summary of Appropriation by Major Program and State/Local Distribution**

	<u>Total</u>	<u>Highway Programs</u>	<u>Public Transportation</u>	<u>Aeronautics</u>
<b>State Programs</b>	\$1,822,505,900 <i>52.58%</i>	\$1,735,737,900	\$77,232,100	\$9,535,900
<b>Local Programs</b>	<u>1,643,681,600 <i>47.42%</i></u>	<u>1,239,086,000</u>	<u>292,969,800</u>	<u>111,625,800</u>
<b>Total</b>	<b>\$3,466,187,500</b>	<b>\$2,974,823,900</b>	<b>\$370,201,900</b>	<b>\$121,161,700</b>
<b>Percent of Total</b>		<i>85.82%</i>	<i>10.68%</i>	<i>3.50%</i>

Notes:

1. In this table "State" refers to programs under control of the Michigan Department of Transportation.
2. "Local" refers to programs which involve the transfer of funds to local units of government.
  - Local units receiving highway program funds include county road commissions, cities, and villages (local road agencies).
  - Local units receiving public transportation funds include public transit agencies.
3. In some cases the classification of appropriations for this table as "state" or "local" is the judgment of the HFA analyst.

**Table 4**  
**Transportation Budget – FY 2012-13**  
**As Enacted**

**Breakdown by Purpose/Major Program/State and Local Distribution**

	<u>Total</u>	<u>Percent</u>	<u>Highway Programs</u>		<u>Public Transportation</u>		<u>Aeronautics</u>	
			<i>State</i>	<i>Local</i>	<i>State</i>	<i>Local</i>	<i>State</i>	<i>Local</i>
Debt Service	\$240,274,500	6.93%	\$214,539,800	\$3,261,700	\$18,580,400			\$3,892,600
Adm/Planning/Collection	300,149,400	8.66%	286,304,400	10,103,000	2,474,600		1,267,400	
State Hwy Construction	961,498,000	27.74%	961,498,000					
State Hwy Maintenance	273,395,700	7.89%	273,395,700					
Local Road Agencies	1,225,721,300	35.36%		1,225,721,300				
Local Bus Operating	189,411,900	5.46%				189,411,900		
Other Public Transportation	159,735,000	4.61%			56,177,100	103,557,900		
Aeronautics	116,001,700	3.35%					8,268,500	107,733,200
<b>Total</b>	<b>\$3,466,187,500</b>	<b>100.00%</b>	<b>\$1,735,737,900</b>	<b>\$1,239,086,000</b>	<b>\$77,232,100</b>	<b>\$292,969,800</b>	<b>\$9,535,900</b>	<b>\$111,625,800</b>
Percent of Total			50.08%	35.75%	2.23%	8.45%	0.28%	3.22%
Combined Percent of Total				85.82%		10.68%		3.50%

Notes:

1. In this table "State" refers to programs under control of the Michigan Department of Transportation.
2. "Local" refers to programs which involve the transfer of funds to local units of government.
  - Local units receiving highway program funds include county road commissions, cities, and villages (local road agencies).
  - Local units receiving public transportation funds include public transit agencies.
3. In some cases the classification of appropriations for this table as "state" or "local" is the judgment of the HFA analyst.



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# SUMMARY

## TRANSPORTATION BUDGET - REVENUE SOURCE AND DISTRIBUTION

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Michigan's transportation budget is supported primarily by revenue from state restricted sources and by federal aid. Historically, the budget has not included direct General Fund support.

The two largest sources of state restricted revenue in the transportation budget are motor fuel taxes and vehicle registration taxes. Revenue from these two taxes is constitutionally restricted for transportation, and the use of this revenue is largely directed by statute – Public Act 51 of 1951 ("Act 51").

The amount available for state transportation programs is less a function of the appropriations process and more a function of available state restricted revenue and federal aid, and the statutory directives of Public Act 51 of 1951.

The next section of this publication will describe in additional detail how Act 51 governs the distribution of state restricted transportation funds and federal-aid highway funds in the state transportation budget.



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# ACT 51 AND THE DISTRIBUTION OF STATE AND FEDERAL TRANSPORTATION FUNDING

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## **State Restricted Revenue**

As previously noted, state restricted revenue represents the largest fund source supporting the transportation budget – \$2.165 billion in FY 2012-13. Of this, the largest share, \$1.865 billion, has as its ultimate source motor fuel taxes and vehicle registration taxes.

Motor fuel and vehicle registration tax revenue is restricted for transportation purposes by Article IX, Section 9 of the 1963 Michigan Constitution.

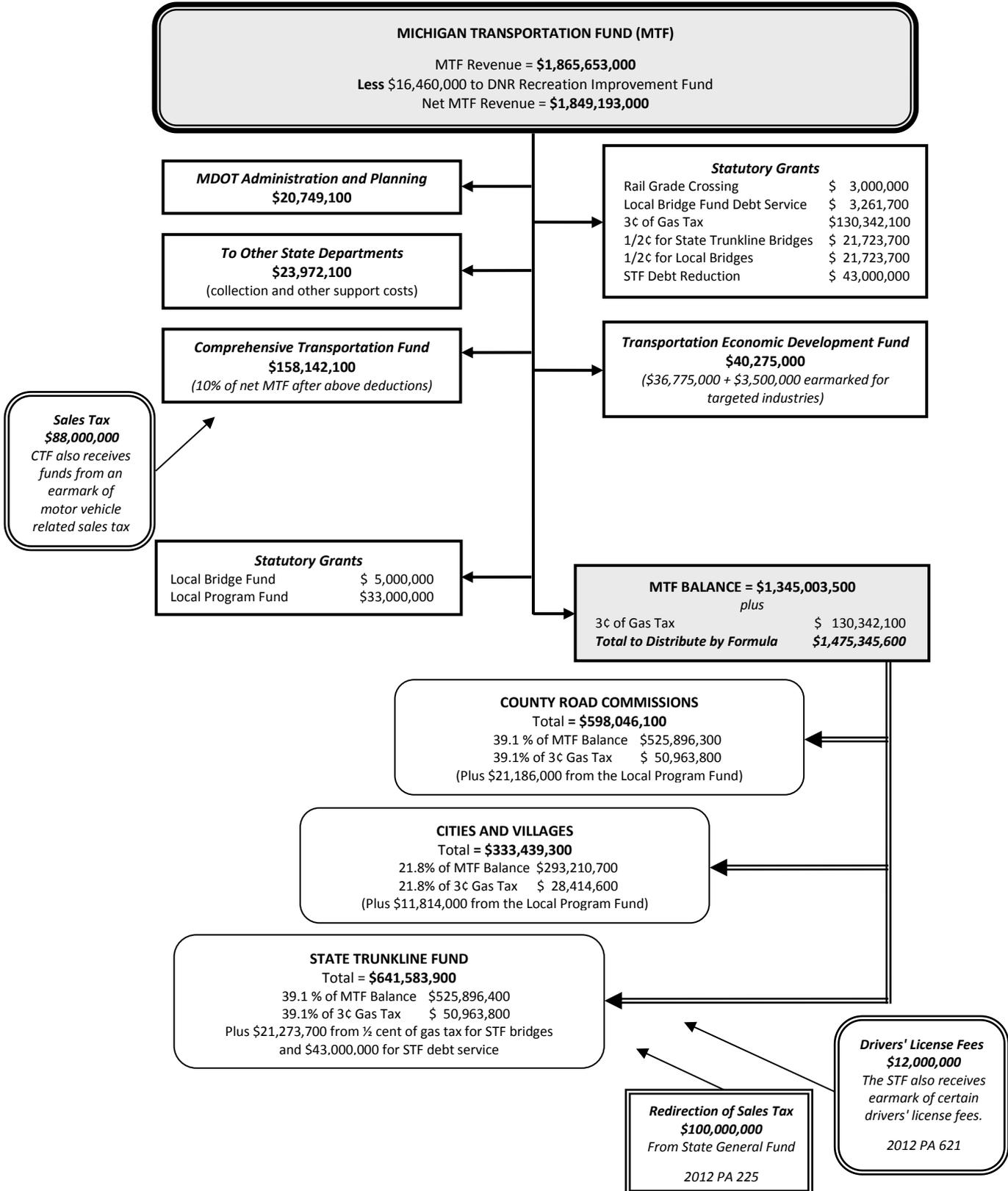
Those constitutional provisions are implemented through Michigan statute – Public Act 51 of 1951 (Act 51). Revenue from motor fuel taxes and vehicle registration taxes is first credited to the Michigan Transportation Fund (MTF) and then distributed to the following primary recipients in accordance with the provisions of Act 51.

- ▶ To the Comprehensive Transportation Fund (CTF) for public transportation programs, including capital and operating assistance to 79 local public transit systems
- ▶ To the State Trunkline Fund (STF), for construction and preservation of the state trunkline system, and administration of the Michigan Department of Transportation (MDOT)
- ▶ To 83 county road commissions for the preservation of county road systems
- ▶ To 533 cities and villages for the preservation of city and village street systems

Act 51 also earmarks MTF revenue for certain targeted transportation funds and categorical programs: the Transportation Economic Development Fund (TEDF), the rail grade crossing account, and the Local Bridge Fund. See Figure C.

**Figure C**  
**FY 2012-13 Michigan Transportation Fund Revenues and**  
**Distributions per 1951 PA 51 (Section 10)**

*February 2012 ORTA Estimate*



## Federal Revenue

In addition to state restricted revenue, the state transportation budget includes \$1.2 billion in appropriations from federal sources. Except for \$94.1 million appropriated for the federal Airport Improvement Program, the federal funds in the transportation budget represent federal "surface transportation" programs – highway, public transit, and rail programs. Federal surface transportation funds are made available to the state through multi-year federal-aid authorizations.

The current federal surface transportation authorization act, signed into law by President Obama on July 6, 2012, is titled *Moving Ahead for Progress in the 21st Century (MAP-21)*. MAP-21 authorizes federal highway, transit, and rail programs for a 27-month period ending September 30, 2014.

MAP-21 makes federal funds available to state departments of transportation through three U.S. Department of Transportation (DOT) agencies: the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA), and the Federal Railroad Administration (FRA). Federal revenue appropriated in the state transportation budget bills is based on estimates of available federal funding developed by the MDOT.

The allocation of federal-aid highway funds within the state is largely driven by federal program requirements. However, Act 51 also provides some guidance with regard to the use of federal funds. Because a significant number of federal-aid eligible roads and streets in Michigan are under the authority of local road agencies (county road commissions, cities, villages), Section 10o of Act 51 mandates that an average of 25% of most federal-aid highway program funds be set aside for projects under local jurisdiction.<sup>6</sup>

### Division of Road Jurisdiction

Act 51 allocates state restricted and federal-aid highway funds between the state and local road agencies because road jurisdiction in Michigan is divided among different units of government:

- ▶ State of Michigan (MDOT)
- ▶ 83 county road commissions<sup>7</sup>
- ▶ 533 incorporated cities and villages

The state has jurisdictional responsibility for 9,654 miles of state trunkline highways. State trunklines are generally the state's heaviest traveled roads, or are roads with a statewide purpose. State trunklines include all the interstate highways, plus the "M" and "US" numbered highways.

Although state trunklines represent only 8% of the state's road miles, they carry approximately 51% of the traffic as represented by Vehicle Miles Travelled (VMT).<sup>8</sup> The department estimates that 64% of the commercial VMT is on the state trunkline system.

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<sup>6</sup> The share of federal-aid eligible roads under local road agency jurisdiction is much higher in Michigan than most other states.

<sup>7</sup> For this document, all 83 county road agencies are referred to as "road commissions." Some counties do not have separate road commissions; county road functions are performed by a department of county government.

<sup>8</sup> Data from Michigan Department of Transportation, Bureau of Transportation Planning, Asset Management Division. VMT data from 2011, bridge data from National Bridge Inventory, February 2013.

The state's 83 county road commissions are responsible for 89,469 miles of county roads. County roads represent 74.4% of the state's public roads and account for 31.6% of state VMT.

Cities and villages are responsible for 21,177 miles of municipal streets, representing about 17.6% of the state's public route miles and 17.0% of total state VMT.

Similarly, only 4,406 (40.3%) of Michigan's 10,920 bridges (non-culvert) are on state trunkline highways, with the balance on local roads. Since many of the state trunkline bridges are on multi-lane expressways, they carry more traffic than local bridges. State trunkline bridges represent 74.2% of total bridge deck area and 81.0% of Average Daily Traffic (ADT). See Table 5 and Table 6 below.

**Table 5**  
**Michigan Road Jurisdictions**

	Route Miles		Vehicle Miles	
	<u>Miles</u>	<u>% of Total</u>	<u>Traveled</u>	<u>% of Total</u>
State Trunklines	9,654	8.0%	48.7 billion	51.4%
County Roads	89,469	74.4%	30.0 billion	31.6%
City/Village Streets	<u>21,177</u>	<u>17.6%</u>	<u>16.1 billion</u>	<u>17.0%</u>
<b>Total</b>	<b>120,300</b>	<b>100.0%</b>	<b>94.8 billion</b>	<b>100.0%</b>

Source: 2011 data from MDOT Bureau of Transportation Planning, Asset Management Division

**Table 6**  
**Michigan Bridges**

	Structures		Deck Area*		Average Daily Traffic	
State Trunkline	4,406	40.3%	4,619,000	74.2%	73,500,000	81.0%
County Roads	5,674	52.0%	1,132,000	18.2%	12,100,000	13.3%
City and Village	<u>840</u>	<u>7.7%</u>	<u>471,000</u>	<u>7.6%</u>	<u>5,200,000</u>	<u>5.7%</u>
<b>Total</b>	<b>10,920</b>	<b>100%</b>	<b>6,222,000</b>	<b>100%</b>	<b>90,800,000</b>	<b>100%</b>

\*Deck area is in square meters.

Source: MDOT Bridge Operation Unit, National Bridge Inventory data as of February 2013.

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# TRANSPORTATION FUNDING ISSUES

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## **Issue #1, Stagnant MTF Revenue**

After peaking in FY 2003-04 at \$2.065 billion, MTF revenue declined each of the next five years, falling to \$1.839 billion in FY 2008-09. While MTF revenue has increased each of the last three fiscal years (FYs 2009-10, 2010-11, and 2011-12), actual FY 2011-12 MTF revenue of \$1.856 billion was still \$198.9 million less than FY 2003-04.

The long-term decline in MTF revenue is primarily due to weakness in both of the main contributors to MTF revenue, motor fuel taxes and vehicle registration taxes.

**Motor Fuel Taxes** are excise taxes – a *per gallon* tax not based on price. The tax on gasoline is 19 cents per gallon whether the pump price is \$2.50 a gallon or \$4.00 per gallon. As people drive less and purchase more fuel-efficient cars, the tax generates less revenue.

Revenue from the motor fuel tax on gasoline peaked in FY 2001-02 at \$938.9 million and has declined every year since. Gasoline tax revenue for the FY 2011-12 was \$818.8 million, the lowest since FY 1996-97, prior to the last gas tax rate increase.

The motor fuel tax on gasoline was last raised in 1997 when it was increased from 15 cents to 19 cents per gallon. The 19-cent per gallon tax on gasoline currently generates approximately \$43.1 million per penny of tax.

The motor fuel tax on diesel motor fuel is 15 cents per gallon. Over the last five years, tax revenue related to diesel motor fuel has averaged approximately \$126.0 million. It currently generates approximately \$8.5 million per penny of tax.

Motor fuel taxes are established under the Motor Fuel Tax Act (2000 PA 403) and the Motor Carrier Fuel Tax Act (1980 PA 119).

**Vehicle Registration Taxes** are established under Sections 801 through 810 of the Michigan Vehicle Code. These taxes are collected by the Michigan Secretary of State when people obtain new registration plates or renew plate registrations.

Registration tax revenue peaked in FY 2003-04 at \$978.5 million, although that year was atypical in that it included approximately \$100.0 million in one-time revenue from a change in trailer registrations. Average registration tax revenue for the last five fiscal years, FY 2007-08 through FY 2011-12, was \$886.2 million.<sup>9</sup>

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<sup>9</sup> The amounts shown for vehicle registrations include revenue from title fees collected under the authority of Section 257.217 of the Michigan Vehicle Code. Although revenue from vehicle title fees does not appear to be constitutionally restricted, title fee revenue has historically been credited to the MTF. Title fees generate approximately \$30.0 million per year for credit to the MTF.

There are in fact a number of registration taxes. Sections 801 through 810 of the Michigan Vehicle Code establish a number of different registration tax categories, with different tax bases and different tax rates. The applicable tax for any vehicle is a function of a number of factors – vehicle model year, the list price of the vehicle, the weight of the vehicle, the use of the vehicle and, in some cases, some characteristic of the vehicle owner.

The registration tax on cars and light trucks is based on the manufacturer's list price of the vehicle. Revenue from this ad valorem tax has tended to increase as vehicle list prices increased. The registration tax on certain trucks is based on elected gross vehicle weight.

The complexity of the current registration tax system makes it hard to estimate the impact of any proposed changes to tax rates. The complexity also increases opportunities for tax avoidance, increases administrative errors, and increases the administrative costs of collecting the tax.<sup>10</sup>

**Impact of Reduced MTF Revenue** – Reduced MTF revenue results in reduced amounts credited to recipients of MTF funding – the STF, local road agencies, and public transportation programs. For some local road agencies, reduction in total MTF revenue has been aggravated by the effects of the internal MTF distribution formula (i.e., the provisions of Sections 12 and 13 of Act 51 that allocate MTF revenue among the 83 county road commissions, and 533 cities and villages, respectively).

While the total MTF distribution to local road agencies in FY 2011-12 was \$48.7 million less than it was in FY 2006-07, 163 of the 616 road agencies, approximately 26%, received more in MTF funding than they had five years previously. Similarly, the FY 2011-12 MTF distribution to local road agencies was \$13.4 million less than FY 2001-02, yet 325 agencies, over 53%, received more in MTF funding than they had ten years earlier. To the extent that some local agencies receive proportionately more of the MTF distribution, other agencies receive proportionately less.

The impact of the internal formula is most apparent when the FY 2011-12 MTF distribution is compared to the FY 1996-97 distribution, the year prior to the full impact of the 1997 revenue gas tax increase. The total MTF distribution in FY 2011-12 was \$172.4 million more than the FY 1996-97 distribution, but five road agencies received less from the MTF than they had fifteen years previously; Wayne County received \$600,000 less; the city of Detroit received \$305,664 less.<sup>11</sup>

## **Issue #2, Ability to Match Federal Funds**

While there has *not* been a decline in the amount of federal aid available to the state, there has been recent concern about the state's ability to provide matching funds. Most federal-aid highway programs, including the largest categorical programs, require a 20% non-federal match. For state trunkline projects under the jurisdiction of the Michigan Department of Transportation, the non-federal matching funds are typically provided from the STF.

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<sup>10</sup> See Office of Auditor General Audit 231-0200-08, May 2009, Performance Audit of the Michigan Secretary of State, Cash Receipts and Branch Office Customer Service. [http://audgen.michigan.gov/finalpdfs/08\\_09/r231020008.pdf](http://audgen.michigan.gov/finalpdfs/08_09/r231020008.pdf)

<sup>11</sup> In FY 1996-97, Wayne County received 11.9% of the MTF distribution to county road commissions; in FY 2011-12, Wayne County received 9.7%. In FY 1996-97, the MTF distribution to all the road agencies in Wayne County, both county government and all the cities and villages within the county, represented 19.4% of the total MTF distribution to local road agencies; in FY 2011-12, Wayne County road agencies received only 16.7% of the MTF distribution to local road agencies.

The potential loss of federal funds, and the identification of state sources of matching funds, was the focus of FY 2010-11, FY 2011-12, and FY 2012-13 budget deliberations. The estimated shortfall in FY 2010-11 was \$84.0 million; the estimated shortfall associated with for FY 2011-12 was \$147.0 million. In both fiscal years, the shortfall, as a budget issue, was resolved primarily through short-term or one-time savings or fund shifts, including reductions in state trunkline maintenance, deferral of capital outlay projects, the use of toll credits, and the sale of \$40.0 million in additional transportation revenue notes or bonds. The shortfall in FY 2012-13 was resolved through an amendment to the General Sales Tax Act, 2012 PA 225, to redirect up to \$100.0 million of General Fund revenue to the STF for purposes of matching federal-aid highway funds. This sales tax redirection is for a single fiscal year only, FY 2012-13.

The state's ability to match all available federal-aid highway funds remains a long-term problem. The department's 2013-2017 Five-Year Transportation Program indicates that, beginning in FY 2013-14, the annual shortfall in matching funds will be between \$90.0 million and \$115.0 million, resulting in a potential annual loss of \$500.0 million to \$650.0 million in federal aid.

As a point of reference, the federal stimulus program provided approximately \$630.0 million in additional highway program funding for state trunkline programs over three years, beginning in FY 2008-09.

Note that the discussion of a potential shortfall in matching funds for federal-aid highway funds relates to the state trunkline program only. Representatives of local road agencies report that they are having difficulty providing matching funds for local federal-aid programs. The amount of the local shortfall is harder to quantify as compared to MDOT's trunkline program.

### **Issue #3, Preservation of State Infrastructure**

While there is concern about the long-term decline in the primary state source of dedicated transportation revenue (motor fuel taxes and vehicle registration taxes) and the immediate problem of matching federal revenue, the overriding question is whether baseline levels of state and federal revenues are sufficient to achieve statewide transportation goals.

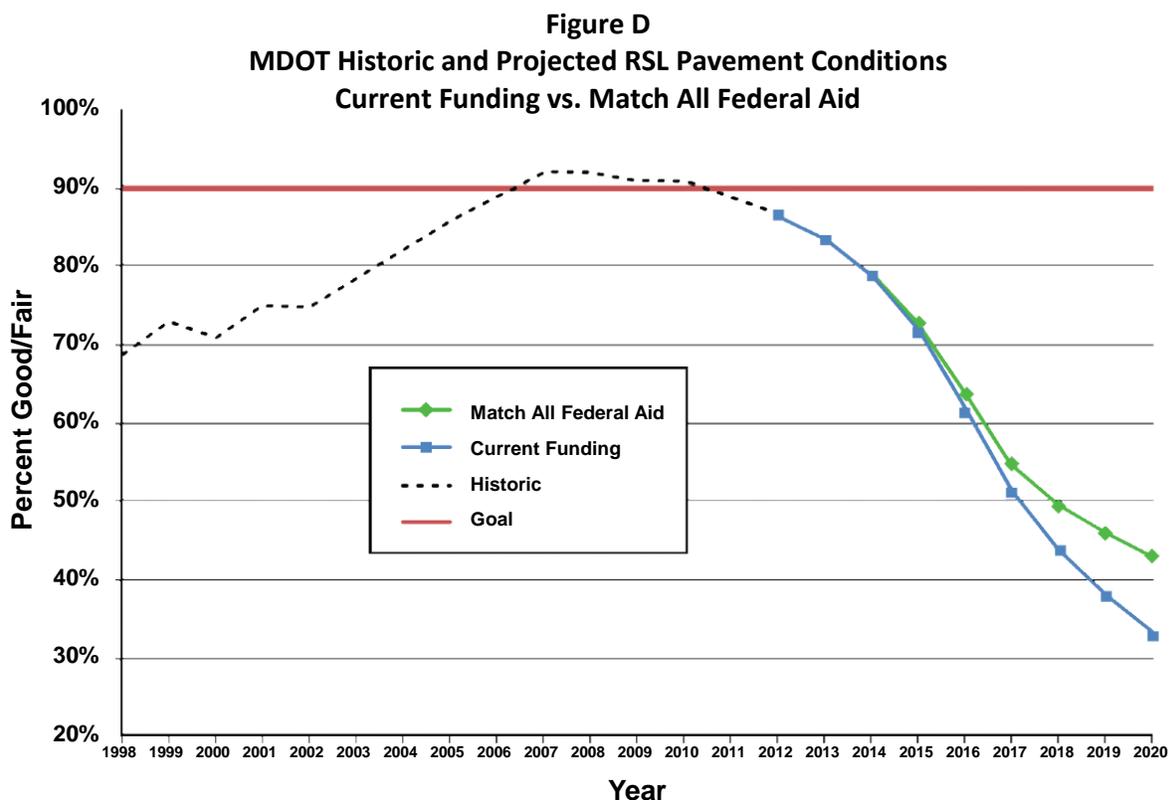
#### ***Performance Measure – System Preservation***

In 1997, the State Transportation Commission adopted pavement and bridge condition performance goals and measures for the state trunkline system. The shorthand description of the pavement goal is that 90% of state trunkline pavement be in "good" condition by 2007. The department's classification of pavement as "good" or "poor" is based on a Remaining Service Life (RSL) model. Similar goals were established for state trunkline bridges.

The department uses an asset management process to identify which treatments to use at the optimal time to best preserve pavement. For example, the department may use capital preventive maintenance treatments to extend pavement life rather than waiting until pavements require more extensive and expensive reconstruction. The department's asset management process helps guide investments in order to preserve pavement in good condition and to prevent pavement from sliding into a poor condition that is more expensive to fix.

The department met its pavement performance goal in 2007 and was able to sustain pavement condition goals through 2010. The department met the pavement performance goal in part by "front-loading" the reconstruction program through bonding. However, debt service payments reduce the amount of revenue available for the highway program in later years. Additional revenue provided by the federal stimulus program, beginning in FY 2008-09, also helped the department sustain the pavement condition at stated goals.

Based on its pavement performance models, the department will not be able to sustain pavement condition at current levels of investment. The department anticipates that pavement condition will start to deteriorate faster than it can keep up with preservation.



Source: Michigan Department of Transportation, 2013-2017 Five-Year Transportation Program.

According to pavement condition models, and estimated pavement preservation costs, the average annual additional revenue needed to preserve pavement condition on the state trunkline system is \$917.0 million. The additional revenue needed to meet and maintain state trunkline bridge preservation goals is \$66.0 million.

In addition to state trunkline pavement and bridge performance goals, the department's asset management unit has modeled the additional revenue needed to achieve pavement and bridge preservation goals on the local road system. Those models concluded that an additional \$730.0 million would be needed for local roads on the federal-aid system, an additional \$411.0 million for

local roads not eligible for federal aid, and an additional \$31.0 million for local bridge preservation.<sup>12</sup>

Based on these pavement and bridge performance models, the total additional annual revenue needed to achieve and sustain pavement and bridge preservation goals on both the state and local systems is \$2.155 billion. This total, including the breakdown between the state trunkline system roads and bridges, and the local roads and bridges, is shown in the table below.

**Table 7**  
**State Road and Bridge Preservation Funding Shortfall**  
as Reported in "Olson Reports" dated September 19, 2011, and March 22, 2012

	<u>Lane Miles</u>	<u>Bridges</u>	<u>Pavement Preservation Funding Shortfall (\$ Millions)</u>	<u>Bridge Preservation Funding Shortfall (\$ Millions)</u>	<u>Total Funding Shortfall (\$ Millions)</u>
<b>State Trunkline –</b>					
Freeway	10,024	3,260	\$495	\$60	
Non-Freeway	19,432	1,209	422	6	
Subtotal – State Trunkline System			<b>\$917</b>	<b>\$66</b>	<b>\$983</b>
<b>Local Road System –</b>					
Federal-aid eligible *	54,396	6,446	\$730	\$31	
Non-Federal-aid	79,482		411		
Subtotal – Local Road System			<b>\$1,141</b>	<b>\$31</b>	<b>\$1,172</b>
<b>Total</b>	<b>163,334</b>	<b>10,915</b>	<b>\$2,058</b>	<b>\$97</b>	<b>\$2,155</b>

*\*The report did not differentiate between bridges on the federal-aid systems and "off-system" bridges.*

This reported funding shortfall relates only to the preservation of the existing highway infrastructure and does not include additional funds for other transportation goals, such as congestion relief, safety improvements, or improvements to public transportation facilities or operations.

In his January 2013 State of the State message, Governor Rick Snyder proposed increasing the state's investment in transportation by approximately \$1.2 billion – through increases in motor fuel and vehicle registration taxes. The Governor also supported amending the statutory formulas by which transportation revenue is distributed. Details of the Governor's proposal were included in his FY 2013-14 budget recommendations.

The Legislature must determine whether to increase transportation tax revenue, and the amount of any revenue increases. The Legislature must also determine how to distribute any additional

<sup>12</sup> The pavement performance analysis and the estimates of additional revenue are summarized in a report of the House of Representatives Workgroup on Transportation Funding dated September 19, 2011, and a 2012 update dated March 22, 2012. These publications are referred to as the "Olson Reports" after the workgroup chairman, former State Representative Rick Olson. These reports assume that the additional revenue would be available starting in FY 2012-13.

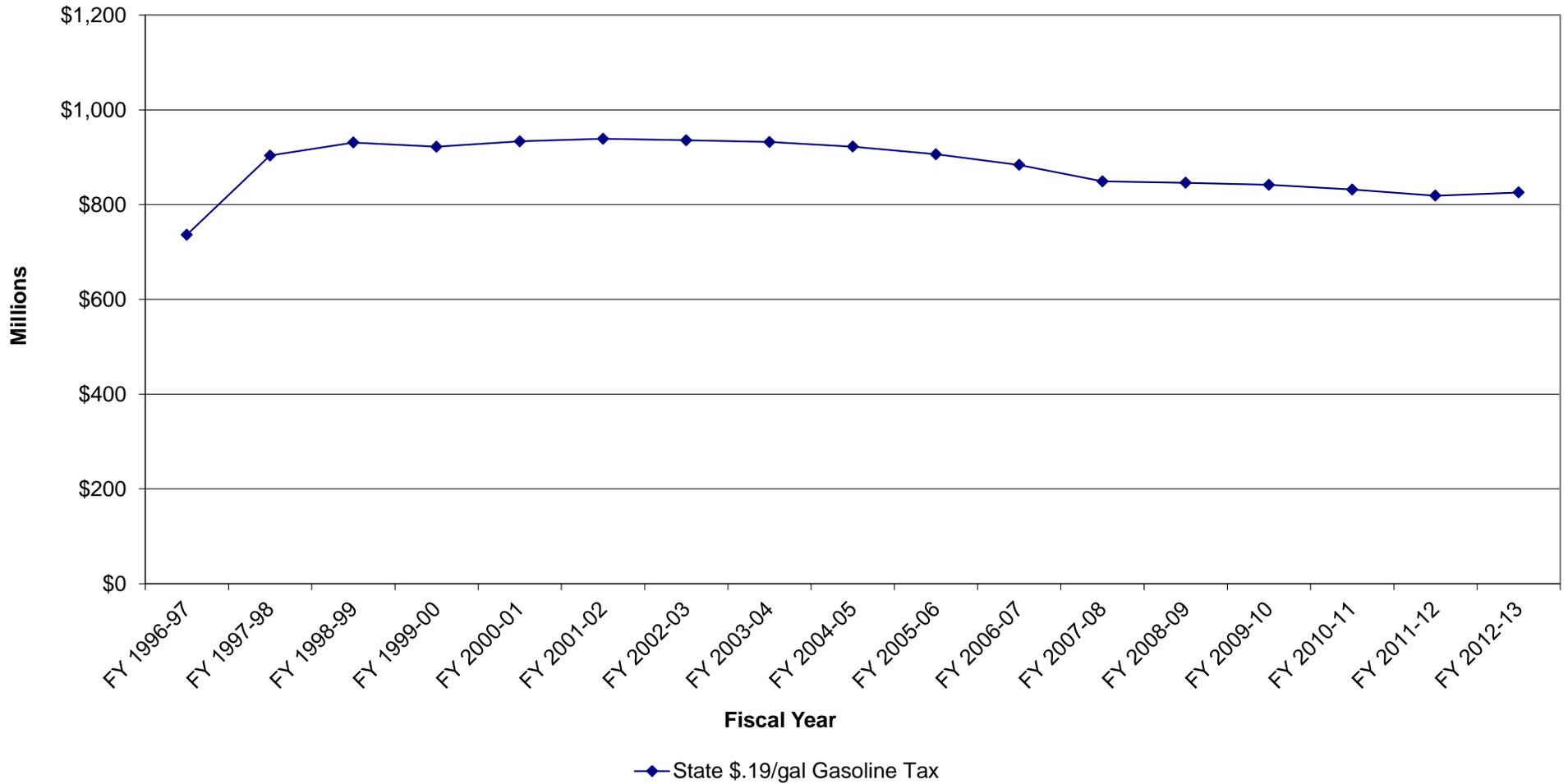
transportation tax revenue. Should new revenue be distributed according to the current Act 51 formula? Or should the Legislature identify transportation priorities and target new transportation revenue to those priority programs?

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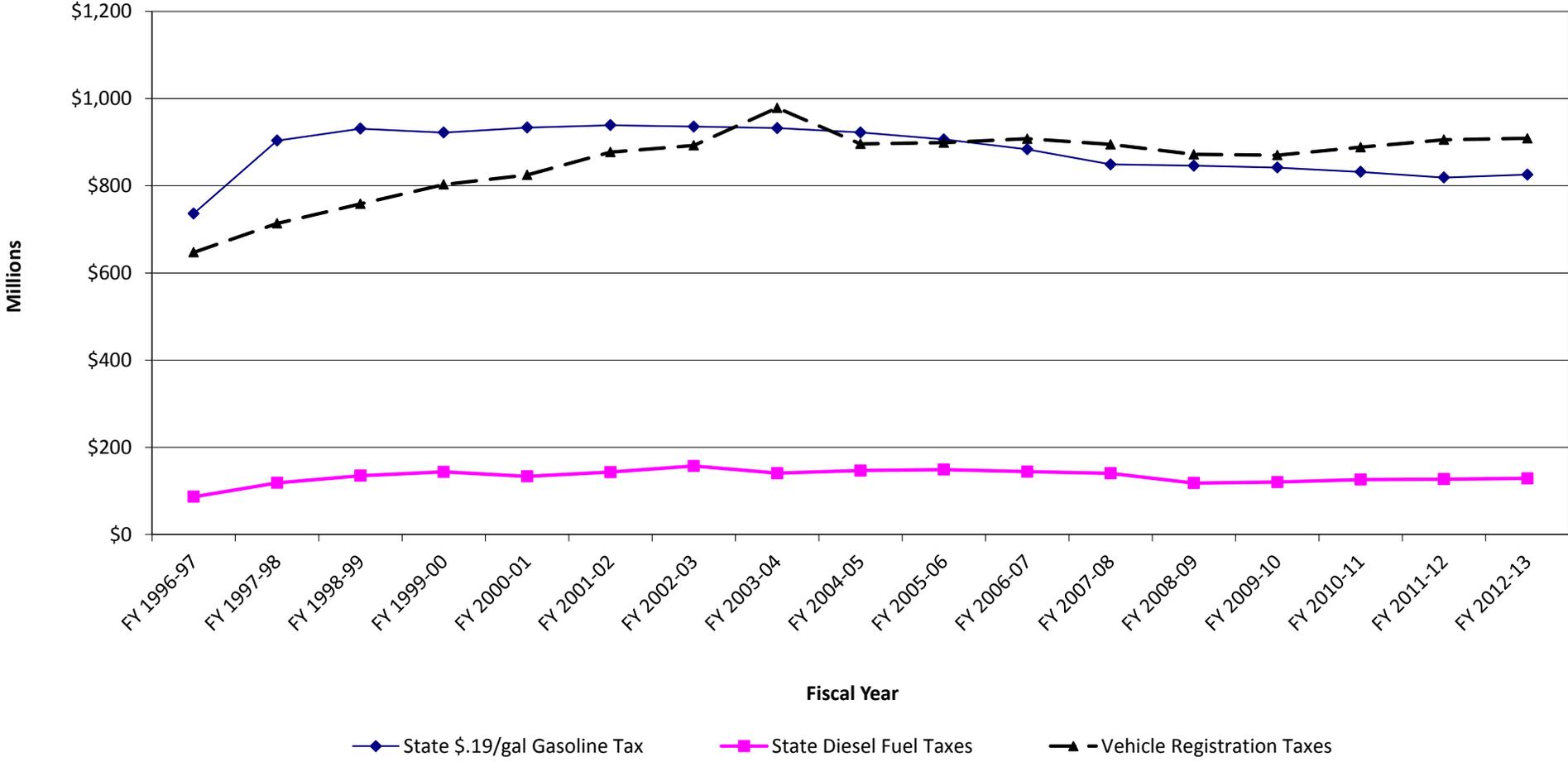
# APPENDIX

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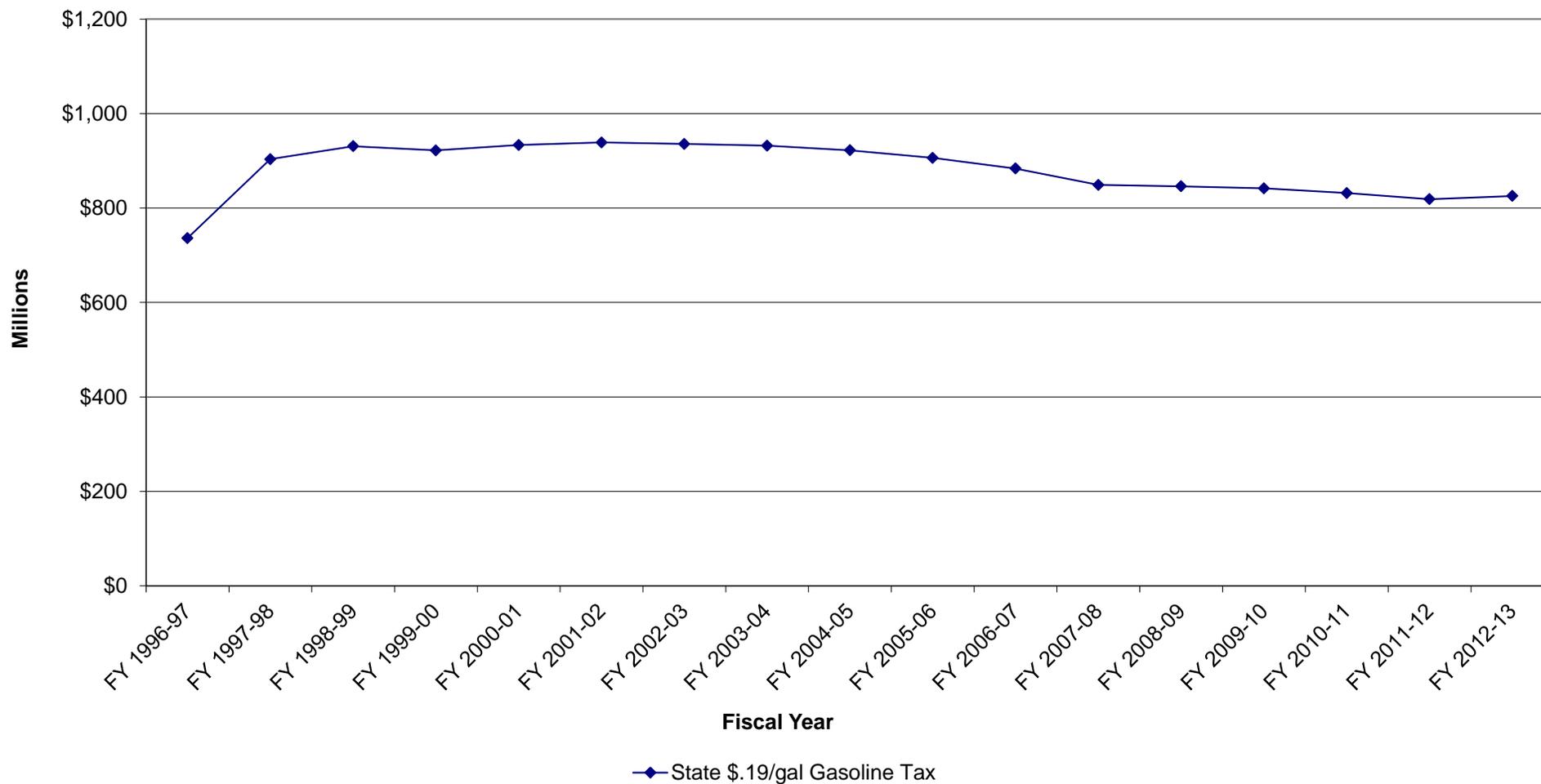
**Figure E**  
**MTF Revenue History**  
**Revenue Total**



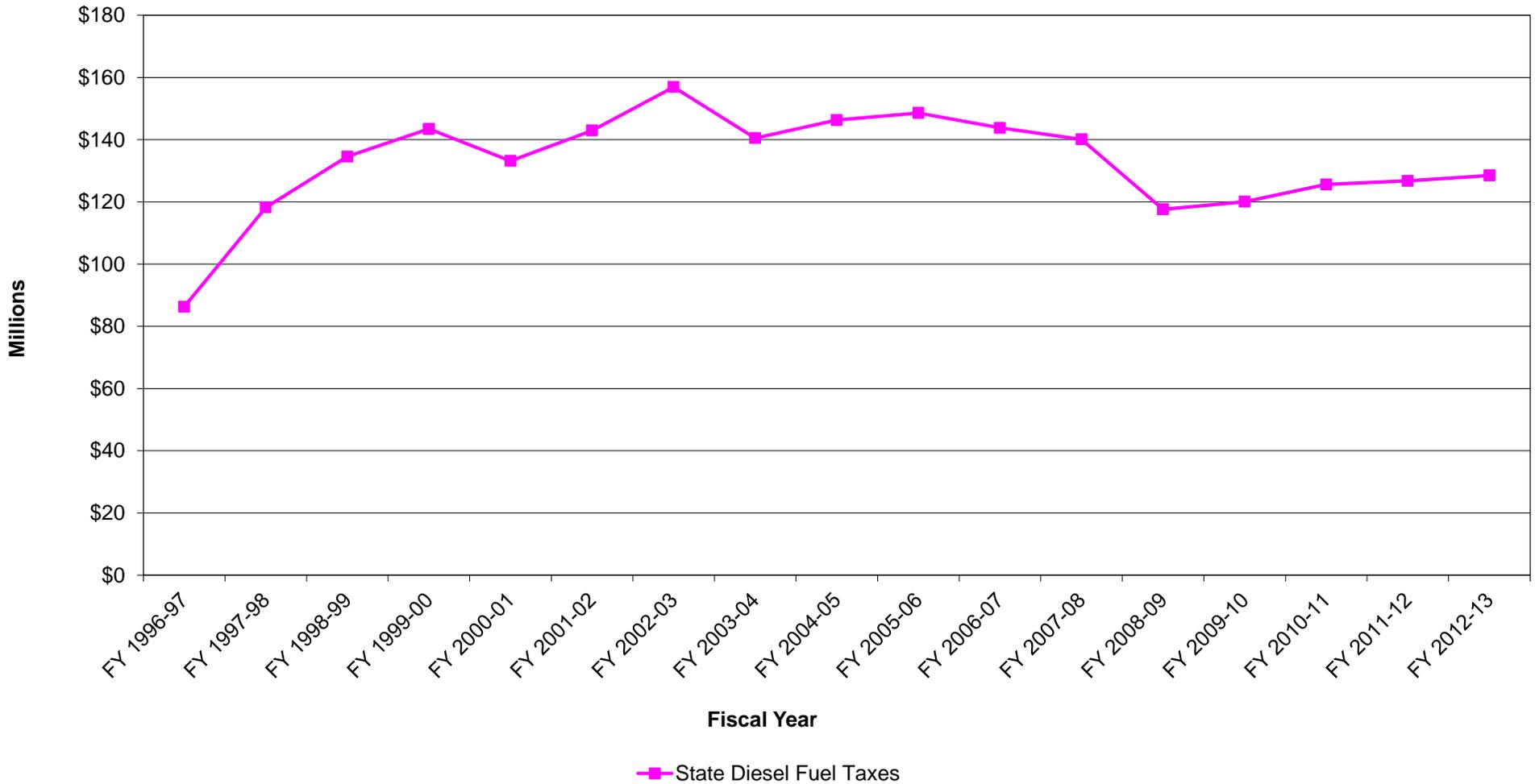
**Figure F**  
**MTF Revenue History Detail**  
**Motor Fuel and Vehicle Registration Taxes**



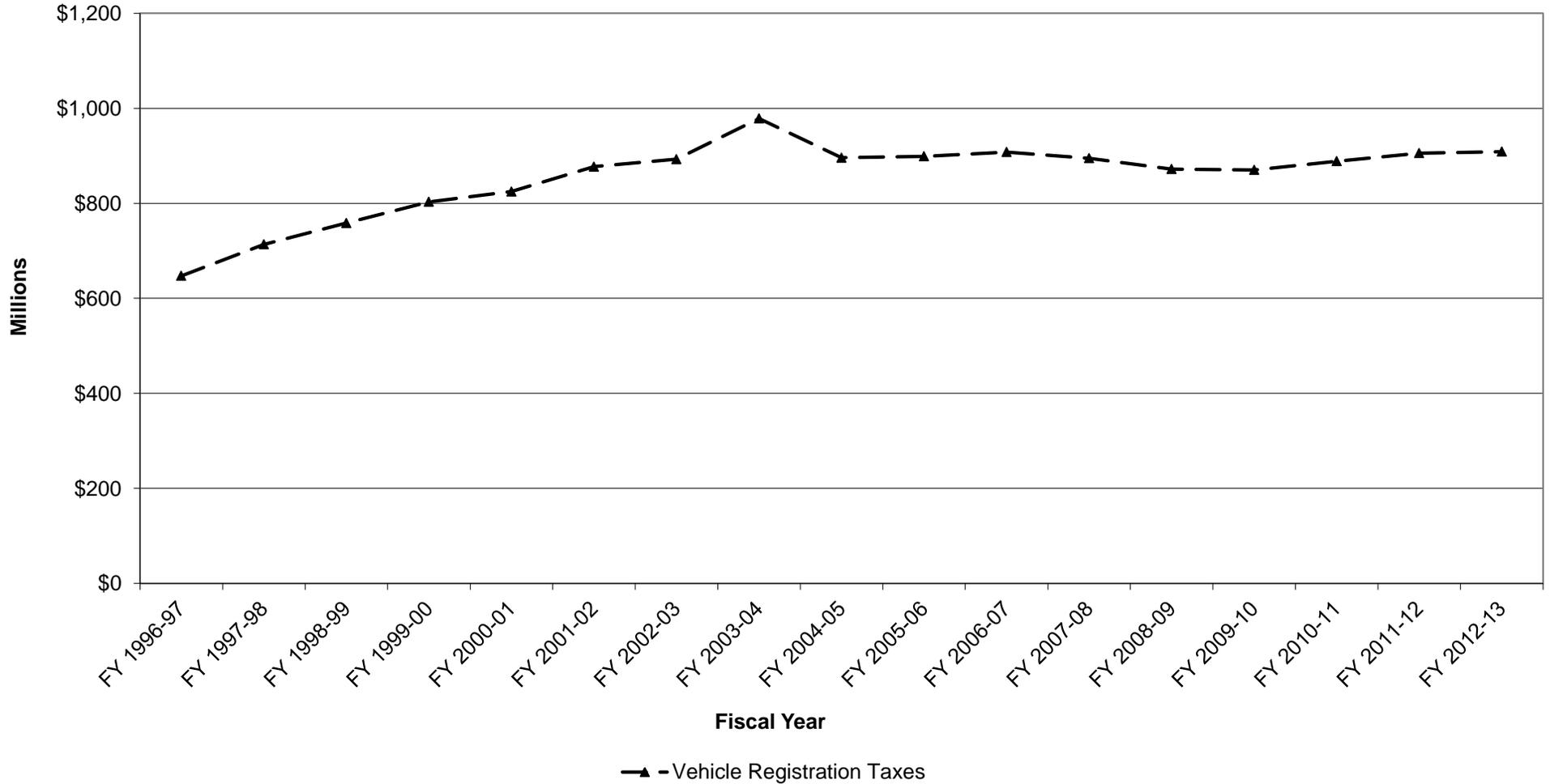
**Figure G**  
**MTF Revenue History**  
**Motor Fuel Taxes: Gasoline Tax History**



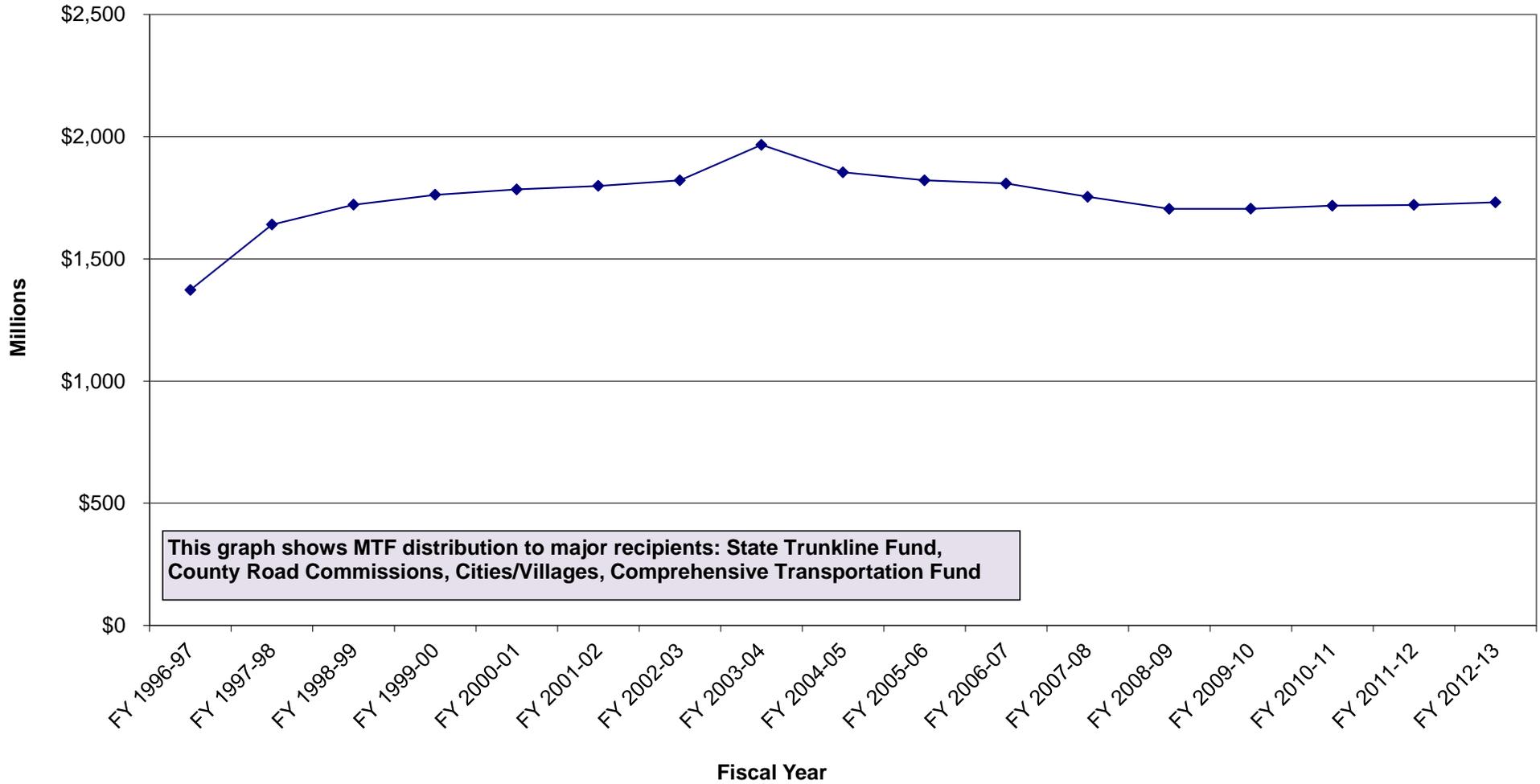
**Figure H**  
**MTF Revenue History**  
**Motor Fuel Taxes: Diesel Tax History**



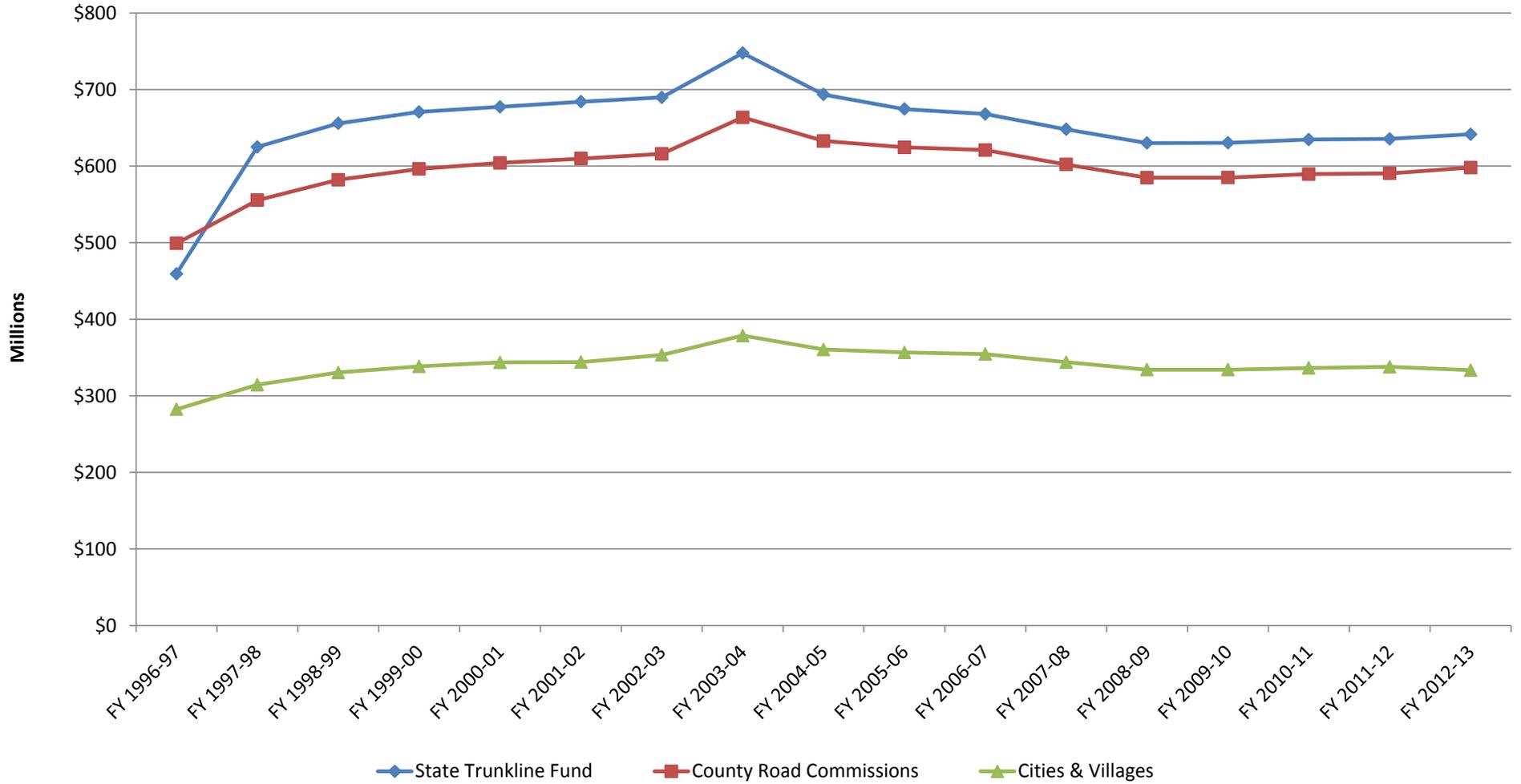
**Figure I**  
**MTF Revenue History**  
**Vehicle Registration Tax History**



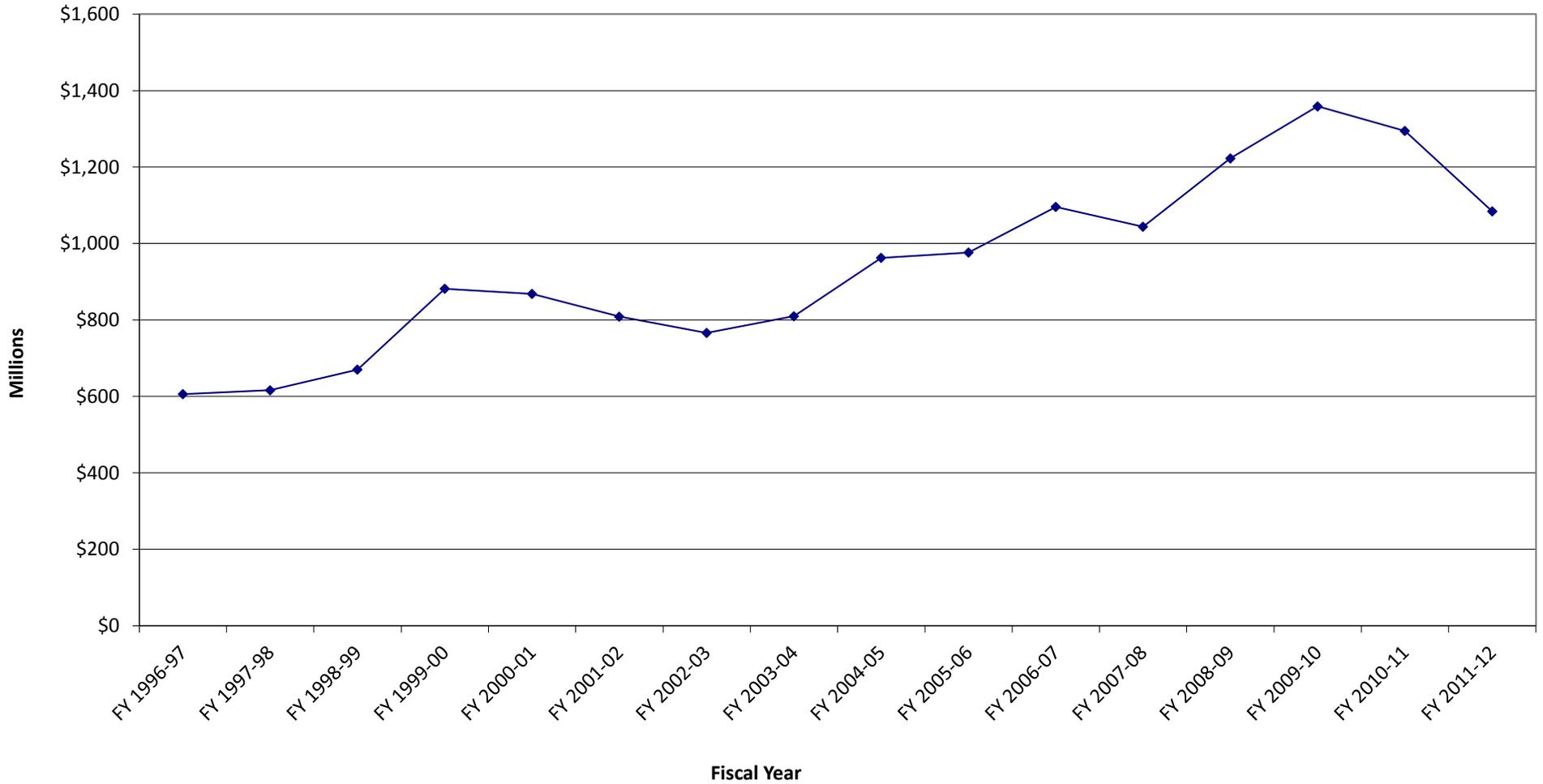
**Figure J**  
**Total MTF Distribution**



**Figure K**  
**MTF Distribution – Road Agencies**



**Figure L**  
**Michigan Federal-Aid Revenue**



**Table 8**  
**Michigan Transportation Fund Revenue Distribution**  
**FY 1996-97 through FY 2012-13**

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
<b>MTF Revenue</b>	<b>Actual</b>	<b>ORTA 2/9/12</b>															
\$ .19/gal Gasoline Tax	736,316,612	903,542,085	931,031,120	921,991,065	933,494,040	938,911,784	935,671,741	932,139,677	922,368,211	906,220,722	883,687,513	848,864,067	846,013,305	841,658,744	831,717,538	818,797,704	\$825,500,000
Diesel Fuel Taxes \$.15/gal	86,254,377	118,263,002	134,566,095	143,481,391	133,199,311	142,977,456	156,952,934	140,515,681	146,335,499	148,599,481	143,806,436	140,095,617	117,633,266	120,069,270	125,598,100	126,781,882	128,500,000
LP Gas Tax	1,051,127	1,017,898	798,258	1,039,944	966,056	891,351	560,751	623,861	463,887	571,586	367,880	415,034	398,559	337,918	346,151	350,457	350,000
Motor Vehicle Title & Registration Taxes	647,206,502	713,557,598	758,527,135	802,945,158	824,746,037	877,074,423	892,659,425	978,527,057	895,996,513	898,798,415	907,808,952	894,723,545	871,923,053	870,267,600	888,451,298	905,475,553	908,690,000
Interest/Other	18,708,610	24,075,957	19,906,672	23,112,879	21,134,771	14,379,470	14,561,361	12,776,784	11,634,283	13,729,483	7,764,849	5,470,273	3,022,113	7,844,411	5,996,112	4,596,407	2,613,000
BSF Transfer	42,021,000																
<b>MTF Revenue Total</b>	<b>\$1,531,558,228</b>	<b>\$1,760,456,540</b>	<b>\$1,844,829,280</b>	<b>\$1,892,570,437</b>	<b>\$1,913,540,215</b>	<b>\$1,974,234,484</b>	<b>\$2,000,406,212</b>	<b>\$2,064,583,060</b>	<b>\$1,976,798,393</b>	<b>\$1,967,919,687</b>	<b>\$1,943,435,630</b>	<b>\$1,889,568,536</b>	<b>\$1,838,990,297</b>	<b>\$1,840,177,943</b>	<b>\$1,852,109,199</b>	<b>\$1,856,002,003</b>	<b>\$1,865,653,000</b>
DNR's Recreation Improvement Fund "off-the-top" deducts	(14,138,874)	(17,885,625)	(18,372,368)	(18,614,066)	(18,481,127)	(18,658,223)	(18,509,014)	(18,434,855)	(18,421,794)	(18,018,933)	(17,556,727)	(16,931,351)	(16,605,451)	(16,714,258)	(16,474,785)	(16,410,844)	(16,460,000)
Other State Departments	(90,300,944)	(44,640,216)	(47,645,274)	(50,578,104)	(50,331,574)	(95,708,367)	(99,016,375)	(27,938,212)	(28,590,684)	(40,210,830)	(28,738,371)	(28,302,649)	(28,226,030)	(28,435,964)	(28,934,074)	(29,110,033)	(23,972,100)
MDOT Adm. Planning, Finance, Rail Safety	(7,854,195)	(7,803,599)	(7,779,982)	(10,452,882)	(9,794,864)	(10,673,923)	(11,071,119)	(11,285,002)	(12,952,358)	(13,921,497)	(14,473,906)	(16,813,266)	(16,529,036)	(16,448,565)	(15,874,052)	(16,374,924)	(20,749,100)
Subtotal - Other State Depts & MDOT	(98,155,139)	(52,443,815)	(55,425,256)	(61,030,986)	(60,126,438)	(106,382,290)	(110,087,494)	(39,223,214)	(41,543,042)	(54,132,327)	(43,212,277)	(45,115,915)	(44,755,083)	(44,884,529)	(44,808,126)	(45,484,957)	(44,721,200)
Rail Grade Crossing account	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Critical Bridge - Debt Service	(1,570,205)	(1,570,205)	(1,394,312)	(2,384,336)	(2,384,167)	(2,383,948)	(2,155,599)	(2,205,620)	(2,234,154)	(2,450,020)	(2,807,210)	(2,807,608)	(2,777,051)	(3,312,780)	(3,261,483)	(3,261,794)	(3,261,700)
\$.03 of gas tax - to balance	(24,248,060)	(142,780,178)	(147,321,794)	(145,111,029)	(147,863,492)	(148,177,055)	(147,737,643)	(147,403,171)	(145,332,171)	(142,963,367)	(139,419,654)	(133,771,072)	(134,063,196)	(132,847,019)	(131,345,856)	(128,793,401)	(130,342,100)
Earmark of gas tax STF bridges	(8,082,686)	(47,439,207)	(48,684,755)	(48,992,371)	(48,641,608)	(49,493,545)	(49,245,881)	(48,836,729)	(36,637,972)	(23,909,967)	(23,309,923)	(22,468,564)	(22,022,452)	(22,172,141)	(21,876,272)	(21,792,550)	(21,723,700)
Earmark of gas tax for Local Bridge Program									(12,212,657)	(23,909,967)	(23,309,923)	(22,468,564)	(22,022,452)	(22,172,141)	(21,876,272)	(21,792,550)	(21,723,700)
STF debt service		(43,000,000)	(43,000,000)	(43,000,000)	(43,000,000)	(43,000,000)	(43,000,000)	(43,000,000)	(43,000,000)	(43,000,000)	(43,000,000)	(43,000,000)	(43,000,000)	(43,000,000)	(43,000,000)	(43,000,000)	(43,000,000)
MTF Subtotal	\$1,382,363,264	\$1,452,337,510	\$1,527,630,795	\$1,570,437,649	\$1,590,043,383	\$1,603,144,423	\$1,626,670,581	\$1,762,479,471	\$1,674,416,603	\$1,656,535,106	\$1,647,819,916	\$1,600,005,462	\$1,550,744,612	\$1,552,075,075	\$1,566,466,405	\$1,572,465,907	\$1,581,420,600
10% balance to CTF	(132,189,678)	(145,276,315)	(153,046,853)	(156,854,407)	(159,197,092)	(160,530,655)	(162,323,708)	(176,353,223)	(167,344,123)	(165,412,758)	(164,749,547)	(159,921,257)	(155,288,492)	(155,205,057)	(156,716,840)	(157,031,863)	(158,142,100)
Less: one-time transfer to STF								(510,000,000)									
CTF transfer								(166,353,223)									
MTF Subtotal	\$1,250,173,586	\$1,307,061,195	\$1,374,583,942	\$1,413,583,242	\$1,430,846,291	\$1,442,613,768	\$1,464,346,873	\$1,596,126,248	\$1,507,072,480	\$1,491,122,348	\$1,483,070,369	\$1,440,084,205	\$1,395,456,120	\$1,396,870,018	\$1,409,749,565	\$1,415,434,044	\$1,423,278,500
TEDF	(36,759,517)	(36,775,000)	(36,775,000)	(36,775,000)	(36,775,000)	(36,775,000)	(36,775,000)	(36,775,000)	(36,775,000)	(36,775,000)	(36,775,000)	(36,775,000)	(36,775,000)	(36,775,000)	(36,775,000)	(36,775,000)	(36,775,000)
TEDF - Category "A"		(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)
Critical Bridge/Local Bridge Fund	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Local Program Fund	(33,000,000)	(33,000,000)	(33,000,000)	(33,000,000)	(33,000,000)	(33,000,000)	(33,000,000)	(33,000,000)	(33,000,000)	(33,000,000)	(33,000,000)	(33,000,000)	(33,000,000)	(33,000,000)	(33,000,000)	(33,000,000)	(33,000,000)
<b>MTF Balance after deducts</b>	<b>\$1,175,414,069</b>	<b>\$1,228,786,195</b>	<b>\$1,296,308,942</b>	<b>\$1,335,308,242</b>	<b>\$1,352,571,291</b>	<b>\$1,364,338,768</b>	<b>\$1,386,071,873</b>	<b>\$1,517,851,248</b>	<b>\$1,428,797,480</b>	<b>\$1,412,847,348</b>	<b>\$1,404,795,369</b>	<b>\$1,361,809,205</b>	<b>\$1,317,181,120</b>	<b>\$1,318,595,018</b>	<b>\$1,331,474,565</b>	<b>\$1,337,159,044</b>	<b>\$1,345,003,500</b>
<b>Distribution of MTF to Road Agencies *</b>	<b>actual</b>	<b>ORTA 2/9/12</b>															
State Trunkline Fund	\$459,269,206	\$625,027,078	\$655,708,293	\$670,709,921	\$677,294,124	\$684,072,856	\$689,707,160	\$747,762,824	\$693,458,590	\$674,537,700	\$667,986,264	\$648,004,748	\$630,168,145	\$630,437,841	\$634,709,495	\$635,473,106	\$641,583,900
County Road Commissions	499,124,731	555,472,670	582,137,709	596,221,183	604,058,305	609,816,003	615,929,788	663,652,221	632,817,274	624,533,100	620,932,225	602,121,676	584,896,026	584,985,598	589,550,493	590,440,524	598,046,100
Cities & Villages	282,350,877	314,505,832	330,469,491	338,480,538	343,723,960	344,115,507	353,418,450	378,676,102	360,491,758	356,649,900	354,606,458	343,922,443	334,202,596	334,190,736	336,436,707	337,831,323	333,439,300
Total	\$1,240,744,814	\$1,495,005,580	\$1,568,315,493	\$1,605,411,642	\$1,625,076,389	\$1,638,004,366	\$1,659,055,398	\$1,790,091,147	\$1,686,767,622	\$1,655,720,700	\$1,643,524,947	\$1,594,048,867	\$1,549,266,767	\$1,549,614,175	\$1,560,696,695	\$1,563,744,953	\$1,573,069,300
* includes 3 cents of gas tax, STF debt service, and local program funds.																	
<b>Distribution reconciled:</b>																	
Total MTF balance for distribution	1,175,414,069	1,228,786,195	1,296,308,942	1,335,308,242	1,352,571,291	1,364,338,768	1,386,071,873	1,517,851,248	1,428,797,480	1,412,847,348	1,404,795,369	1,361,809,205	1,317,181,120	1,318,595,018	1,331,474,565	1,337,159,044	1,345,003,500
Local program fund	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000
STF debt service	0	43,000,000	43,000,000	43,000,000	43,000,000	43,000,000	43,000,000	43,000,000	43,000,000	43,000,000	43,000,000	43,000,000	43,000,000	43,000,000	43,000,000	43,000,000	43,000,000
STF bridges	8,082,686	47,439,207	48,684,755	48,992,371	48,641,608	49,493,545	49,245,881	48,836,729	36,637,972	23,909,967	23,309,923	22,468,564	22,022,452	22,172,141	21,876,272	21,792,550	21,723,700
3 cents to road agencies	24,248,060	142,780,178	147,321,794	145,111,029	147,863,492	148,177,055	147,737,643	147,403,171	145,332,171	142,963,367	139,419,654	133,771,072	134,063,196	132,847,019	131,345,856	128,793,401	130,342,100
Total	\$1,240,744,815	\$1,495,005,580	\$1,568,315,491	\$1,605,411,642	\$1,625,076,391	\$1,638,004,368	\$1,659,055,397	\$1,790,091,148	\$1,686,767,623	\$1,655,720,682	\$1,643,524,946	\$1,594,048,841	\$1,549,266,768	\$1,549,614,178	\$1,560,696,693	\$1,563,744,955	\$1,573,069,300
Transfer to CTF	132,189,678	145,276,315	153,046,853	156,854,407	159,197,092	160,530,655	162,323,708	166,353,223	167,344,123	165,412,758	164,749,547	159,921,257	155,288,492	155,205,057	156,716,840	157,031,863	158,142,100
Transfer to STF								10,000,000									
MTF Distribution including to CTF	1,372,934,493	1,640,281,895	1,721,362,344	1,762,266,049	1,784,273,483	1,798,535,023	1,821,379,105	1,966,444,371	1,854,111,746	1,821,133,440	1,808,274,493	1,753,970,098	1,704,555,260	1,704,819,235	1,717		

**Table 9**  
**Michigan Federal-Aid Revenue**  
**FY 1996-97 through FY 2011-12**

<u>Fiscal Year</u>	<u>Federal-Aid Highway Funds</u>
1996-97	\$605,869,000
1997-98	616,430,000
1998-99	670,176,000
1999-00	881,620,000
2000-01	868,270,000
2001-02	808,708,000
2002-03	766,124,000
2003-04	809,932,000
2004-05	962,542,000
2005-06	976,286,000
2006-07	1,095,937,000
2007-08	1,043,921,000
2008-09*	1,222,773,000
2009-10*	1,358,925,500
2010-11*	1,294,324,000
2011-12	1,084,106,629

\* FYs 2008-09, 2009-10, and 2010-11 include funding under the American Recovery and Reinvestment Act (ARRA), as follows:

	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>
<b>ARRA Funds</b>	\$124,928,000	\$532,113,200	\$175,419,000
<b>Regular Federal-Aid Highway</b>	<u>1,097,845,000</u>	<u>826,812,300</u>	<u>1,118,905,000</u>
<b>Total Federal-Aid Highway</b>	<b>\$1,222,773,000</b>	<b>\$1,358,925,500</b>	<b>\$1,294,324,000</b>

Source: Michigan Department of Transportation, Annual Financial Report; FY 2011-12 preliminary/unaudited.

Notes:

1. This worksheet shows federal aid highway funds expended by the state of Michigan, including funds made available to local units of government.
2. The worksheet does not include federal transit or aeronautics funds.





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