

MEMORANDUM



DATE: March 8, 2022
TO: House Appropriations Subcommittee on Transportation
FROM: William E. Hamilton
RE: Transportation Budget Analysis Documents

[This document is an edited and reformatted version of the document presented to the subcommittee on March 2, 2022.]

The House Fiscal Agency uses a standard Summary document for presenting proposed and adopted changes to budgets. The Summary shows current year appropriations in one column, and proposed changes to current year in the column to the right of the current year column. The Summary document generally identifies only the major budget changes from current year. The subcommittee received two versions of the Transportation HFA Summary document this year: one that identifies the broad revenue changes that play out in the budget and that affect multiple programs and line items; and a second that identifies the changes to specific programs and line items.

In addition, the subcommittee is provided with the following supplementary budget analysis documents:

Table A: Summary of all fund sources used in the budget - FY 2022-23 compared to current year.

Table B: Breakout of revenue sources supporting the FY 2022-23 proposed budget compared to current year estimates.

Table C: An 8-year MTF revenue history showing the impact of the 2015 Road Funding Package.

Table D: Uses of STF revenue in the budget including reconciliation of the state trunkline road and bridge construction line item; FY 2022-23 budget compared to current year estimates.

Table E: Uses of CTF revenue in the budget; FY 2022-23 budget compared to current year estimates.

Table F: Uses of federal-aid highway funds in the budget; impact of IIJA on both current year and FY 2022-23 budgets.

These documents are found as attachments to this memo.

Table A**Transportation
Summary by Fund Source: FY 2023 Compared to FY 2022**

Fund Source	FY 2022 Enacted YTD	FY 2023 (Executive)	Difference
IDG for accounting service center user charges	4,044,800	4,123,800	79,000
Total IDGT/IDT Revenues	\$4,044,800	\$4,123,800	\$79,000
Federal aid, transportation programs (FAA/aero)	106,000,000	230,000,000	124,000,000
Federal aid, transportation programs (FRA/rail)	20,000,000	30,000,000	10,000,000
Federal aid, transportation programs (FTA/transit)	82,050,000	148,211,000	66,161,000
Federal aid, transportation programs (FHWA/highways)	1,240,469,000	1,618,269,000	377,800,000
Total Federal Revenues	\$1,448,519,000	\$2,026,480,000	\$577,961,000
Local funds (Aeronautics programs)	12,508,500	17,500,000	4,991,500
Local funds, (Transit programs)	38,270,000	38,270,000	0
Local funds (Highway programs)	30,003,500	30,003,500	0
Total Local Revenues	\$80,782,000	\$85,773,500	\$4,991,500
Private funds	900,000	900,000	0
Total Private Revenues	\$900,000	\$900,000	\$0
Blue water bridge fund	17,660,900	19,254,200	1,593,300
Comprehensive transportation fund	362,730,100	409,700,900	46,970,800
Economic development fund	53,528,000	54,050,000	522,000
Intercity bus equipment fund	600,000	600,000	0
Local bridge fund	30,143,000	27,538,100	(2,604,900)
Michigan transportation fund	1,926,979,800	2,017,203,700	90,223,900
Qualified airport fund	5,200,000	5,850,000	650,000
Rail freight fund	6,000,000	6,000,000	0
State aeronautics fund	15,231,300	17,178,800	1,947,500
State trunkline fund	1,284,300,300	1,346,395,900	62,095,600
Total State Restricted Revenues	\$3,702,373,400	\$3,903,771,600	\$201,398,200
State general fund/general purpose	0	279,900,000	279,900,000
Total State General Fund/General Purpose	\$0	\$279,900,000	\$279,900,000
Total Funding per Budget Bill	\$5,236,619,200	\$6,300,948,900	\$1,064,329,700
Plus One-time Federal COVID Relief (House Bill 4398)	\$193,236,300	\$0	(\$193,236,300)
Total YTD Funding	\$5,429,855,500	\$6,300,948,900	\$871,093,400

Source: State Budget Office format
House Fiscal Agency

Table B

Michigan's Transportation Budget - FY 2022-23
Sources of Transportation Revenue
Treasury estimate 2/11/2021; 2/9/2022



	FY 2021-22	Executive FY 2022-23	Difference	
State Motor Fuel Tax: Gasoline	\$1,196,000,000	\$1,228,100,000	\$32,100,000	
State Motor Fuel Tax: Diesel	241,500,000	257,500,000	16,000,000	
State Motor Fuel Tax: Alternative Fuels	2,100,000	2,500,000	400,000	
Vehicle Registration Taxes, Title Fees	1,442,015,000	1,528,800,000	86,785,000	
Interest/Other	4,435,000	2,540,000	(1,895,000)	
Marijuana Excise Tax	35,000,000	59,000,000	24,000,000	
Income Tax Redirect	600,000,000	600,000,000	0	
Michigan Transportation Fund Subtotal	\$3,521,050,000	\$3,678,440,000	\$157,390,000	4.47%
Less: Recreation Improvement Account	(23,859,800)	(24,491,400)	(631,600)	
Net MTF Revenue for Distribution	\$3,497,190,200	\$3,653,948,600	\$156,758,400	4.48%
Driver's License Fees to TEDF	13,000,000	13,000,000	0	
Auto-Related Sales Tax to CTF	96,000,000	103,400,000	7,400,000	
Misc. CTF Revenue and Appropriated FB	10,243,900	35,795,900	25,552,000	
State Aviation Fuel Tax	4,700,000	4,700,000	0	
Redirection of Sales Tax to SAF/QAF	8,000,000	9,000,000	1,000,000	
Airport Parking Tax	6,000,000	6,000,000	0	
Blue Water Bridge Tolls and Rentals	17,673,000	18,700,000	1,027,000	
Miscellaneous, Interest, Other	49,566,300	59,227,100	9,660,800	
Appropriated State Restricted Revenue	\$3,702,373,400	\$3,903,771,600	\$201,398,200	5.44%
Federal Funds	1,641,755,300	2,026,480,000	384,724,700	23.43%
Local/Private Funds/IDGs	85,726,800	90,797,300	5,070,500	
General Fund/General Purpose	0	279,900,000	279,900,000	
Total Appropriated Revenue	\$5,429,855,500	\$6,300,948,900	\$871,093,400	16.04%

William E. Hamilton
March 3, 2022

Table C



**Michigan Transportation Fund
Actual Revenue/Updated Estimates Compared**

	<i>FY 2016</i>	<i>FY 2017</i>	<i>FY 2018</i>	<i>FY 2019</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022 Revenue Estimate 02/11/21</i>	<i>FY 2023 Revenue Estimate 02/09/22</i>
	<i>Actual Revenue</i>	<i>Actual Revenue</i>	<i>Actual Revenue</i>	<i>Actual Revenue</i>	<i>Actual Revenue</i>	<i>Actual Revenue</i>		
MTF Revenue								
Motor Fuel Tax - Gasoline	\$872,898,107	\$1,142,610,778	\$1,219,864,444	\$1,214,730,700	\$1,086,857,100	\$1,111,620,574	\$1,196,000,000	\$1,228,100,000
Motor Fuel Tax - Diesel Fuel	137,554,918	215,179,078	245,812,194	243,208,400	229,937,000	240,223,575	241,500,000	257,500,000
Motor Fuel Tax - Alternative Fuels	401,498	1,669,774	2,220,486	2,143,984	1,579,256	2,289,473	2,100,000	2,500,000
Motor Vehicle Registration Taxes/Title Fees	1,058,936,964	1,254,806,241	1,336,879,184	1,395,514,300	1,380,517,600	1,442,201,449	1,442,015,000	1,528,800,000
Interest/Other	2,536,023	3,371,967	3,473,455	5,146,347	2,920,175	504,439	4,435,000	2,540,000
Baseline MTF Revenue Total	\$2,072,327,510	\$2,617,637,838	\$2,808,249,763	\$2,860,743,731	\$2,701,811,131	\$2,796,839,511	\$2,886,050,000	\$3,019,440,000
Income Tax Earmark				264,000,000	468,000,000	600,000,000	600,000,000	600,000,000
Earmark of Recreational Marijuana Tax						49,265,038	35,000,000	59,000,000
Total MTF Revenue	\$2,072,327,510	\$2,617,637,838	\$2,808,249,763	\$3,124,743,731	\$3,169,811,131	\$3,446,104,549	\$3,521,050,000	\$3,678,440,000
Net Increase from Prior Year		\$545,310,328	\$190,611,925	\$316,493,968	\$45,067,400	\$276,293,418	\$74,945,451	\$157,390,000

Notes:

1. Estimated FY 2022-23 MTF is \$1.6 billion million more than FY 2015-16 actual.
2. In addition to MTF revenue, state appropriations included GF/GP revenue for distribution to the STF and road agencies.

MTF change FY 2015-16 to FY 2022-23

\$1,606,112,490

Table D



**FY 2022-23 Transportation Budget
Reconciliation of STF**

	FY 2022 YTD	FY 2023	
		Executive	Difference from FY 2023
STF Revenue			
Baseline STF revenue from MTF Distribution	\$1,243,381,200	\$1,298,661,800	\$55,280,600
Misc revenue/to balance	40,919,100	47,734,100	6,815,000
STF as Appropriated	\$1,284,300,300	\$1,346,395,900	\$62,095,600
Claims on STF Revenue			
Debt service	\$168,097,200	\$209,391,400	\$41,294,200
IDGs	22,738,900	23,283,500	544,600
Exec.Direction/Business support	34,545,900	37,535,400	2,989,500
Info Tech	38,181,400	40,351,400	2,170,000
Planning	7,691,100	7,897,800	206,700
Design/Engineering	137,580,600	149,525,900	11,945,300
Maintenance	425,881,200	443,561,300	17,680,100
Office of Rail	769,300	784,200	14,900
Capital Outlay - Facilities	5,501,500	5,501,500	0
Total	\$840,987,100	\$917,832,400	\$76,845,300
Available STF for Road and Bridge Construction	\$443,313,200	\$428,563,500	(\$14,749,700)
Total STF Appropriation	\$1,284,300,300	\$1,346,395,900	\$62,095,600

State Trunkline Road and Bridge Construction			
FUND SOURCES	FY 2022 YTD	FY 2023	
		Executive	Difference from FY 2023
Federal Revenue	\$851,248,800	\$1,185,230,900	\$333,982,100
Local Revenue	30,003,500	30,003,500	0
Blue Water Bridge Fund	4,079,500	8,071,700	3,992,200
State Trunkline Fund (STF)	443,313,200	428,563,500	(14,749,700)
Total	\$1,328,645,000	\$1,651,869,600	\$323,224,600
Plus General Fund	\$0	\$0	\$0
Total State Trunkline Capital Program	\$1,328,645,000	\$1,651,869,600	\$323,224,600

The amount of STF revenue available for the state trunkline road and bridge program; i.e. the amount of STF available to match federal funds, is the residual amount of STF revenue after claims on STF revenue from debt service, administration, and maintenance.

Table E

**Comprehensive Transportation Fund
Reconciliation: Appropriation Unit CTF Totals to Summary Totals**



	FY 2021-22	FY 2022-23	
	YTD	Executive	Difference from FY 2021-22
Debt Service	\$10,899,800	\$1,466,600	(\$9,433,200)
Service by Other Depts	482,200	498,400	16,200
Administration	1,630,200	1,654,400	24,200
Info Tech	231,700	234,400	2,700
Planning	622,000	636,100	14,100
Design and Eng.	187,100	187,100	0
Passenger	5,068,100	5,186,100	118,000
Local bus operating	196,750,000	201,750,000	5,000,000
Intercity	86,035,000	109,558,400	23,523,400
Passenger Development	60,824,000	88,529,400	27,705,400
Total	\$362,730,100	\$409,700,900	\$46,970,800

Table F

**Transportation
Federal-Aid Highway Funds as Shown in the Budget**



Appropriation Units	FY 2022			FY 2023	
	As Enacted	SBO Supplemental Request	New Baseline	Exec. Rec.	Difference from FY 2022 Enacted
Debt service	\$50,582,100		\$50,582,100	\$0	(\$50,582,100)
Information technology	520,500		520,500	520,500	0
Planning	24,000,000		24,000,000	24,000,000	0
Design and engineering	23,529,800		23,529,800	23,529,800	0
Road and bridge - Local programs	290,587,800	79,166,700	369,754,500	384,987,800	94,400,000
Road and bridge - State trunkline	851,248,800	237,500,000	1,088,748,800	1,185,230,900	333,982,100
Federal aid highway funds	\$1,240,469,000	\$316,666,700	\$1,557,135,700	\$1,618,269,000	\$377,800,000

Federal-aid highway funds as recognized in the state Transportation budget would increase to reflect higher apportionment targets in IIJA, as compared to the FAST Act. The estimated increase for FY 2021-22 is \$316.7 million, as compared to the budget as originally enacted. The estimated increase for FY 2022-23 is \$377.8 million, as compared to FY 2021-22 as originally enacted. Note that part of the increase in federal aid supporting the state trunkline road and bridge program is due to the elimination of federal-aid in repayment of grant anticipation