PROPOSED LAME DUCK SOLUTIONS FOR MICHIGAN'S TRANSPORTATION INFRASTRUCTURE:

A STIMULUS PLAN FOR JOBS AND ECONOMIC GROWTH

GOAL – MITA has created an infrastructure investment plan which is a first step towards significantly increasing funding for Michigan's roads, bridges, and transit infrastructure and will lead to an economic turnaround for the state of Michigan. By achieving the "good" investment level proposed by the recent Transportation Funding Task Force report, the state could sustain more than 126,000 Michigan jobs, attract new business and yield nearly $41 billion in other economic benefits for Michigan's economy.

NEEDS – The Transportation Funding Task Force report concluded that a "do nothing" scenario is unacceptable. For highways, roads, and bridges the Task Force identified a "good" level of investment as $6.1 billion annually. This is about $3 billion more than is currently being invested. For transit, the "good" level of investment was stated as $773 million. This is more than $500 million above the current investment. In total, to achieve a "good" level of investment in these areas, the state needs an additional $3.5 billion annually.

FUNDING PROPOSAL – As a first step in fixing the transportation crisis, this new MITA proposal is projected to increase funding by almost $1.5 billion above current levels. Using the existing distribution formula under PA 51, the proposed increases for each funding category are shown below:

Transit -- $150 million annual increase

MDOT 39.1% -- $485 million annual increase

Counties 39.1% -- $485 million annual increase

Locals 21.8% -- $270 million annual increase

PROPOSED MITA INVESTMENT PLAN

CONSUMER SAVINGS	**PRICE TAG**
Repeal 19-Cent Gas Tax --	($830 Million)
Repeal 15-Cent Diesel Tax --	($143 Million)

	($973 Million)

FUEL TAX ADJUSTMENTS*

18% Wholesaler Fuel Tax $1.3 Billion
(Assumes $2.00 retail pump price)

Consumer Protection From Excessive Price Swings – As the price of fuel escalates, the tax rate could be reduced in order to shield the taxpayer.

Wholesale Price Per Gallon	Transportation Tax Rate
$2	18%
$3	13%
$4	10%

18% Wholesaler Diesel Fuel Tax $500 Million
(Assumes $3.40 pump price)

3% Wholesale Aviation Fuel Tax $40 Million

$1.85 Billion

*Increases could be phased-in over three years.

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REGISTRATION FEE ADJUSTMENTS*

50% Increase of Registration Fee (Higher End Vehicles higher could see higher increase than lower)	$430 Million
Change $1,000 Banding Rather than banding vehicles at every $1,000 increment, band them for every $3,000 in vehicle price and charge the higher rate for all (the suggestion has been made to reduce the burden on lower end vehicles, possibly those under $6,000).	$25 Million
Eliminate Registration Fee Step Down Get rid of three-year 10-percent reduction on vehicle price for calculation of registration fee. This would yield an estimated $51 million per year after the third year.	$51 Million
Collect Increased Registration Fee Upon Plate Transfer	$24 Million
*Increase in vehicle registration fee could be phased-in over three years.	**$530 Million**

REFORMS

Eliminate Secretary of State Inter Departmental Grant Replace with TAC Fund Fees	$20 Million
Eliminate Wholesaler Gas Tax Collection Fee	$13 Million
Reclassify the MTF as a "Trust Fund" Allowing Interest to be Collected at a Higher Percentage Rate.	$10 Million
Create Enabling Legislation to Allow Public Private Partnerships and Toll Roads.	Indeterminate
	$43 Million

LOCAL OPTIONS

Indeterminate

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COST TO THE AVERAGE MOTORIST

Michigan drivers currently pay approximately $30 per month to have access to over 120,000 miles of roads. Consider what consumers pay monthly for their cable TV and cell phone bills.

Everyday Consumers Costs:

CABLE TV/INTERNET

$85/Month

CELL PHONE

$50/Month

ROADS/TRANSPORTATION

$42/Month

Under the MITA plan, drivers would pay about $42 per month for access to the entire state road and transit system – or an additional $12 per month.

COST OF DOING NOTHING

Under a “do nothing” scenario, Michigan’s investment will be considerably less than the $3.2 billion invested in 2008 because of declining revenues and the inability to match over $1 billion in federal aid.

- The state is expected to lose more than 17,000 jobs.
- Almost half of all Michigan roads will be considered in poor condition within ten years.
- No new roads and bridges will be built for capacity improvement.
- There will be significant cutbacks in snow removal and other maintenance.

RETURN ON INVESTMENT

The MITA proposed investment plan is expected to yield more than $2.6 billion in total new investment. It will allow state and local transportation agencies to match $1.2 billion in federal aid. This additional $2.6 billion will support almost 46,000 more jobs than if no action is taken.

Under this level of investment, state trunkline pavement condition is forecasted to be at 75% good by 2015 (compared to 65% good under the "do nothing" scenario). This translates into an average of 252 additional lane miles of improved pavement each year. In addition, the plan is estimated to:

- Save more than 4.5 million hours of time for commuters, reduce harmful car emission and cut gas consumption by 3 million gallons;
- Save an estimated 1,400 lives and prevent 10,000 injuries; and
- Save consumers $250 per year in improved safety, $300 per year in vehicle maintenance costs and $450 per year in personal income—or roughly $1,000 a year in total.

The MITA transportation investment proposal is a sound stimulus plan for jobs and economic growth for the state of Michigan. This additional state investment positions Michigan to secure a higher rate of return of federal transportation dollars from Washington and brings us closer to the “good” investment level of our transportation network.

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