

## 2012 TRANSPORTATION FUNDING FREQUENTLY ASKED QUESTIONS

**Q: Does the 6% sales tax on gas go towards Michigan's infrastructure?**

**A:** No, not one penny of the sales tax that is collected on fuel sales is dedicated to roads and bridges...sales tax is constitutionally directed to schools and local units of government.

**Q: Why do roads in other states seem to be so much better than those in Michigan?**

**A:** Michigan has a unique climate and geography that affects the condition of our roads. Other states fund their roads with higher user fees than those in Michigan and allow for many more local funding options. One cent of gas tax = \$45 million collected; and, therefore, it's easy to understand why roads in Wisconsin (\$0.32/gallon) and Ohio (\$0.28/gallon) have better roads than Michigan (\$0.19/gallon).

**Q: Wouldn't there be enough money if we just stopped wasting it in certain areas?**

**A:** Often times funding is specifically dedicated to be spent in certain areas, such as cable guardrail (highway safety funding), bike paths (recreation funding) and sidewalks (safe routes to school funding).

**Q: Why does it cost so much to fix the roads?**

**A:** In real inflation-adjusted dollars the revenue that is collected is equal to that which was collected in 1974; and yet, the cost of construction materials such as steel, cement, asphalt, and diesel fuel have escalated dramatically due to global demand.

**Q: Why can't road agencies like MDOT just become more efficient and spend their money more wisely?**

**A:** Most road agencies have made significant changes to become leaner and more efficient with taxpayer dollars.

**Q: Why don't we just use the general tax dollars that are already collected for transportation purposes?**

**A:** Michigan's general fund dollars are not specifically earmarked to be spent on transportation purposes. Therefore, this cannot be considered a long-term solution because of all of the other pressures and challenges associated with Michigan's annual budget process.

**Q: Can't we just put toll roads in Michigan and solve the problem?**

**A:** Since most of our highways were originally built and financed with federal funds, federal law prohibits them from being converted to toll roads that benefit the state. Only new highways, or new lanes on existing highways, could be tolled. This could be considered a future option in our toolbox.

**Q: Why can't contractors build high quality roads like they used to?**

**A:** Contractors build our infrastructure per the road agency specifications exactly the way that the engineers design them. It is similar to a pharmacist filling a prescription exactly the way a doctor prescribes. No changes or modification are allowed without express approval by the owner's representative.

**Q: Why does it seem like Michigan's roads are constantly under construction?**

**A:** Because of inadequate funding, road agencies have been stretched to the point of being forced to take on a "band-aid" approach to maintaining their system, which requires short-term repairs more frequently rather than complete reconstruction when needed.

**Q: Why are some highways in good conditions while other roads are not?**

**A:** There are 120,000 miles of roads in Michigan. The \$3 billion a year that is spent on Michigan's roads is divided between MDOT, 83 counties and 533 municipalities across the state.

**Q: Are Michigan's heavy trucks the cause of our bad roads?**

**A:** Michigan's unique axle loading law disperses the load weight to do less damage to our roads. Actually only less than 5% of trucks on Michigan's roads exceed the national standard of 80,000 pounds.

**Q: What happens if we do nothing?**

**A:** If we do not increase investment in transportation, we risk a future fiscal crisis. Currently 32% of Michigan's roads are ranked in poor condition. It is estimated that by 2018 this number will jump to over 65%. Bringing a road from poor to good pavement condition costs 6 times more than it does to bring a road from fair to good condition.

**Q: What does the legislative plan on infrastructure funding include?**

**A:** It includes many reforms that will ensure that taxpayer dollars are spent effectively. It also includes revenue enhancements that adjust registration fees on average by \$60 per vehicle and modernizes our state gas tax to be a percentage tax that is collected at the wholesale level.

**Q: If implemented, will these changes keep up with inflation?**

**A:** Yes, registration fees are calculated based on the cost of a vehicle and the gas tax change would be tied to the wholesale cost of fuel. Both of these changes will allow for growth in revenue over time at the rate of inflation.

**Q: What does the proposed legislation mean for the average driver?**

**A:** Currently, the average driver in Michigan pays \$32/month in combined user fees. This proposal would increase this amount by \$10 per month (registration/gas tax).

**Q: What is the average additional cost to each Michigan driver for repairs and time stuck in traffic due to the poor condition of our roads?**

**A:** \$370/annually

**Q: How does transportation investment help me?**

**A:** The benefit of infrastructure investment comes in the form of improved public safety, tens of thousands of jobs created and the foundation in place for economic growth to occur.