



## **Background Briefing**

# **TRANSPORTATION**

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**December 2012**

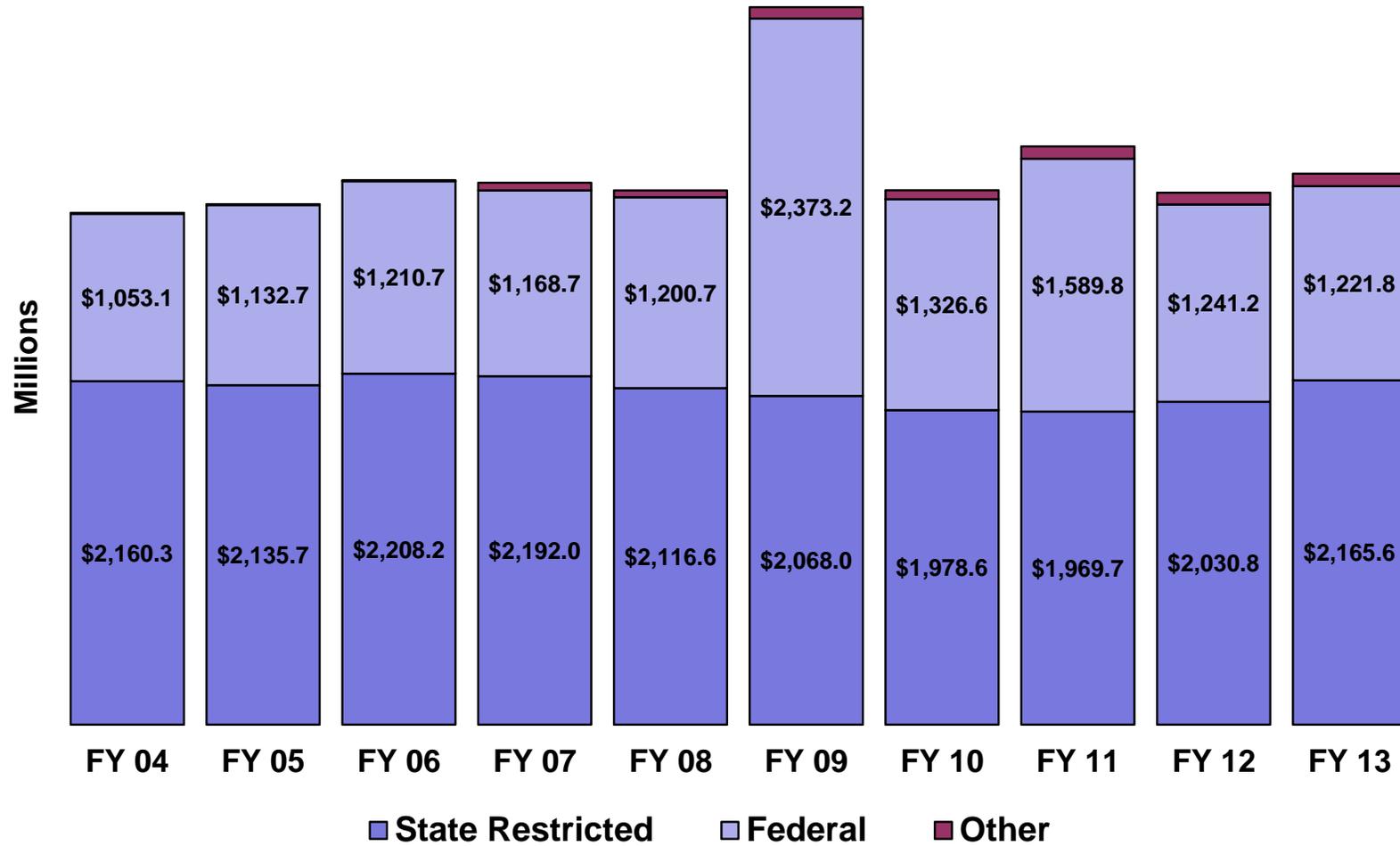
**The fiscal information in this background briefing is based on data through December 31, 2012.**

# Budget Description

**The state transportation budget supports:**

- **State and local highway programs**
- **Public transportation programs**
- **Aeronautics programs**
- **Administration of the Michigan Department of Transportation (MDOT)**

# Transportation Gross Appropriations

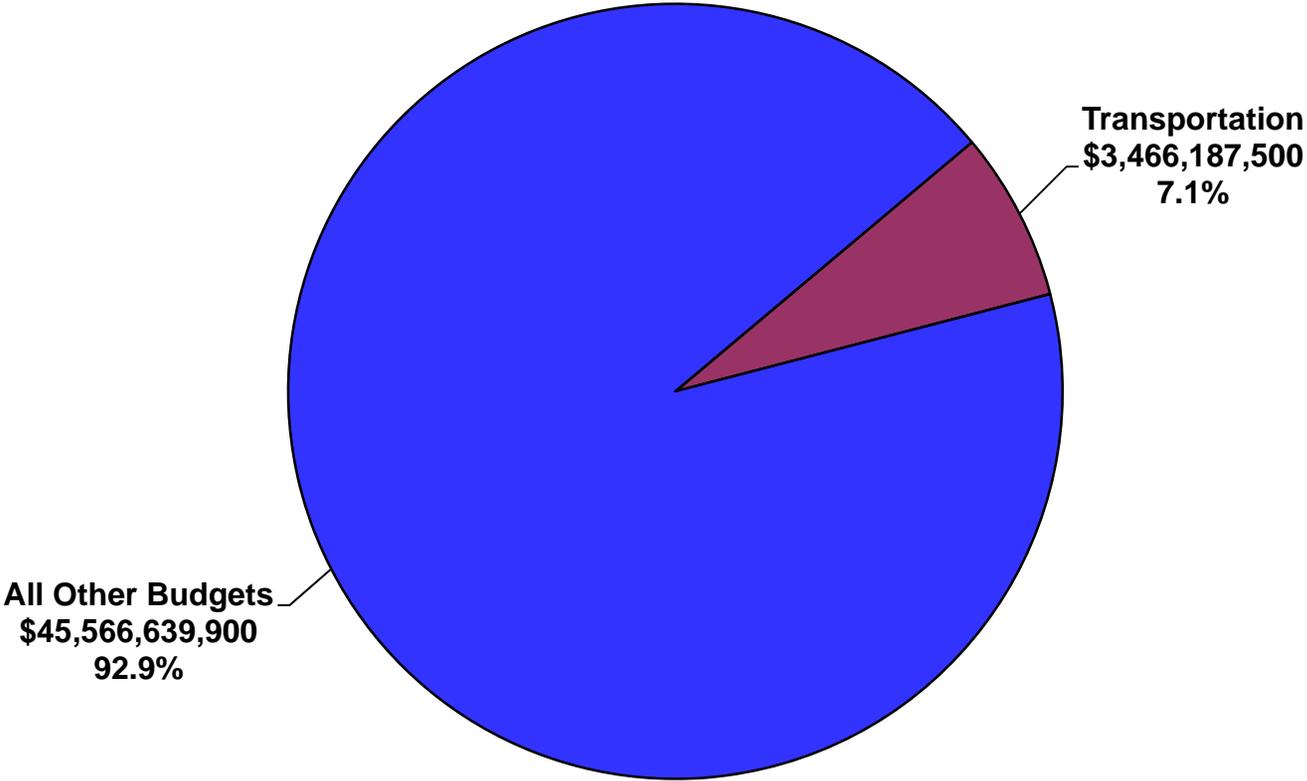


# Transportation Share of State Budget

- **FY 2012-13 budget appropriates \$3.5 billion for state transportation programs**
- **This represents approximately 7% of the \$49.0 billion total state budget**
- **The budget includes \$23.0 million state General Fund (GF/GP) revenue, identified in the budget as “one-time basis”**

# Transportation Share of State Budget

FY 2012-13 Total = \$49,032,827,400

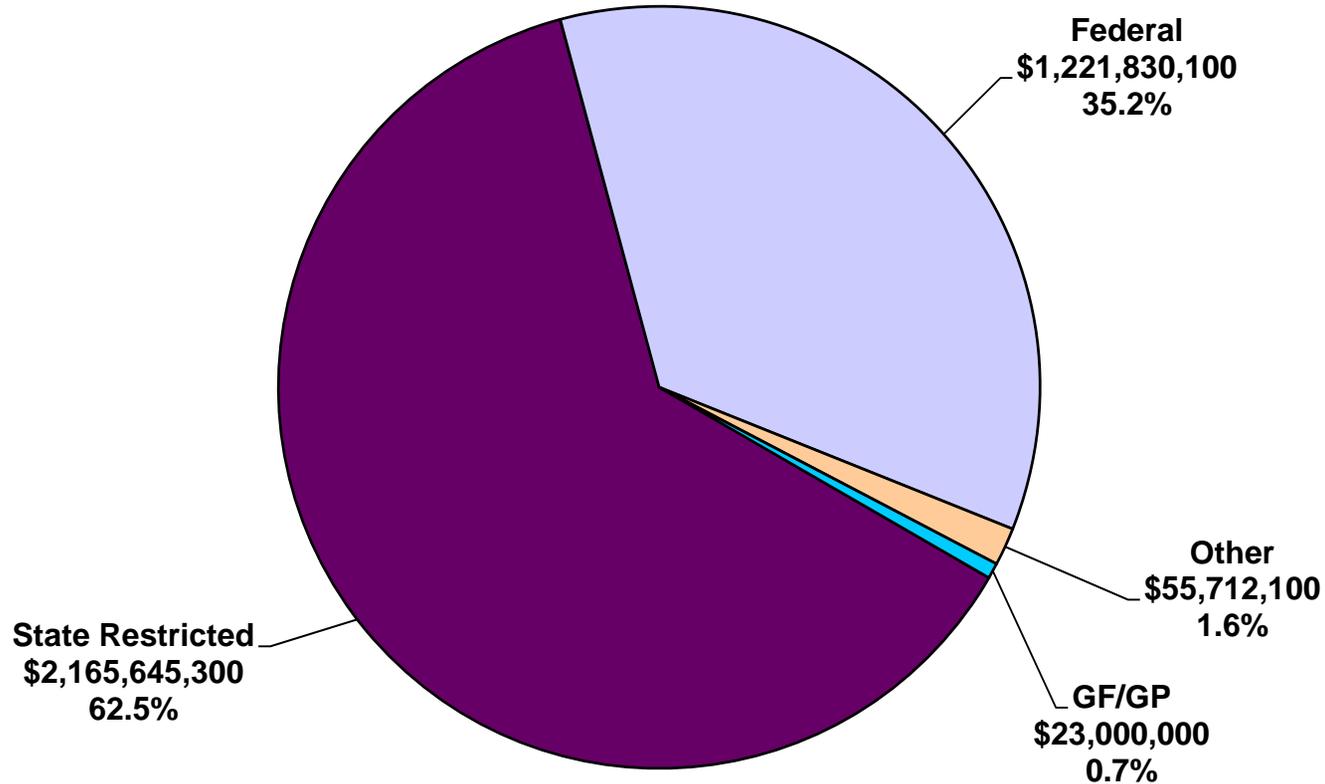


# **SOURCES OF FUNDING**

# Transportation Appropriated Revenue

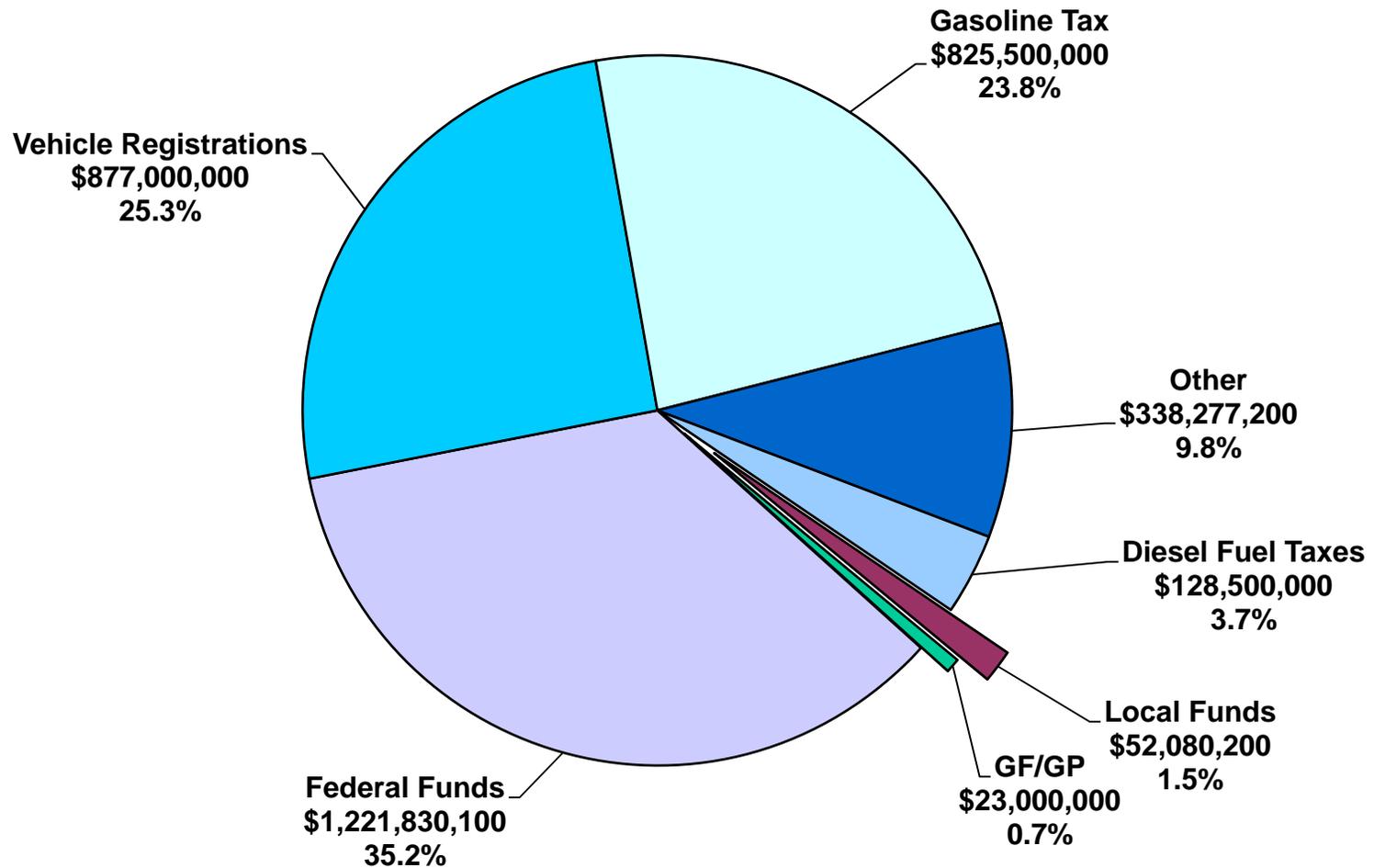
“Other” includes IDGs, local revenue, and private revenue

FY 2012-13 Total = \$ 3,466,187,500



# Transportation Revenue Detail

FY 2012-13 Total = \$ 3,466,187,500



# Transportation Funding Sources

- **State restricted revenue**
  - **Motor fuel taxes and vehicle registration taxes are constitutionally restricted to transportation purposes “after payment of necessary collection expenses”  
— Article IX, Section 9, 1963 Michigan Constitution**
  - **State restricted revenue is primarily from:**
    - **Motor Fuel Taxes — primarily from the 19-cent per gallon gasoline excise tax and diesel fuel taxes**
    - **Vehicle Registration Taxes — as provided in the Michigan Vehicle Code**

# Transportation Funding Sources

- **Federal revenue**
  - Funds made available to states through multi-year federal authorizing legislation; the current federal aid program is titled Moving Ahead for Progress in the 21st Century Act (MAP-21)
  - Federal motor fuel taxes dedicated to the federal Highway Trust Fund include the 18.4 cent per gallon federal gasoline tax
  
- **Local revenue**
  - Budget includes \$52.0 million from local revenue sources
  - Local revenue in budget recognizes local match required for some state trunkline projects, for federally funded local transit capital projects, and for aeronautics capital projects
  - Local units of government also raise additional local revenue for local transportation programs which is not included in state transportation budget

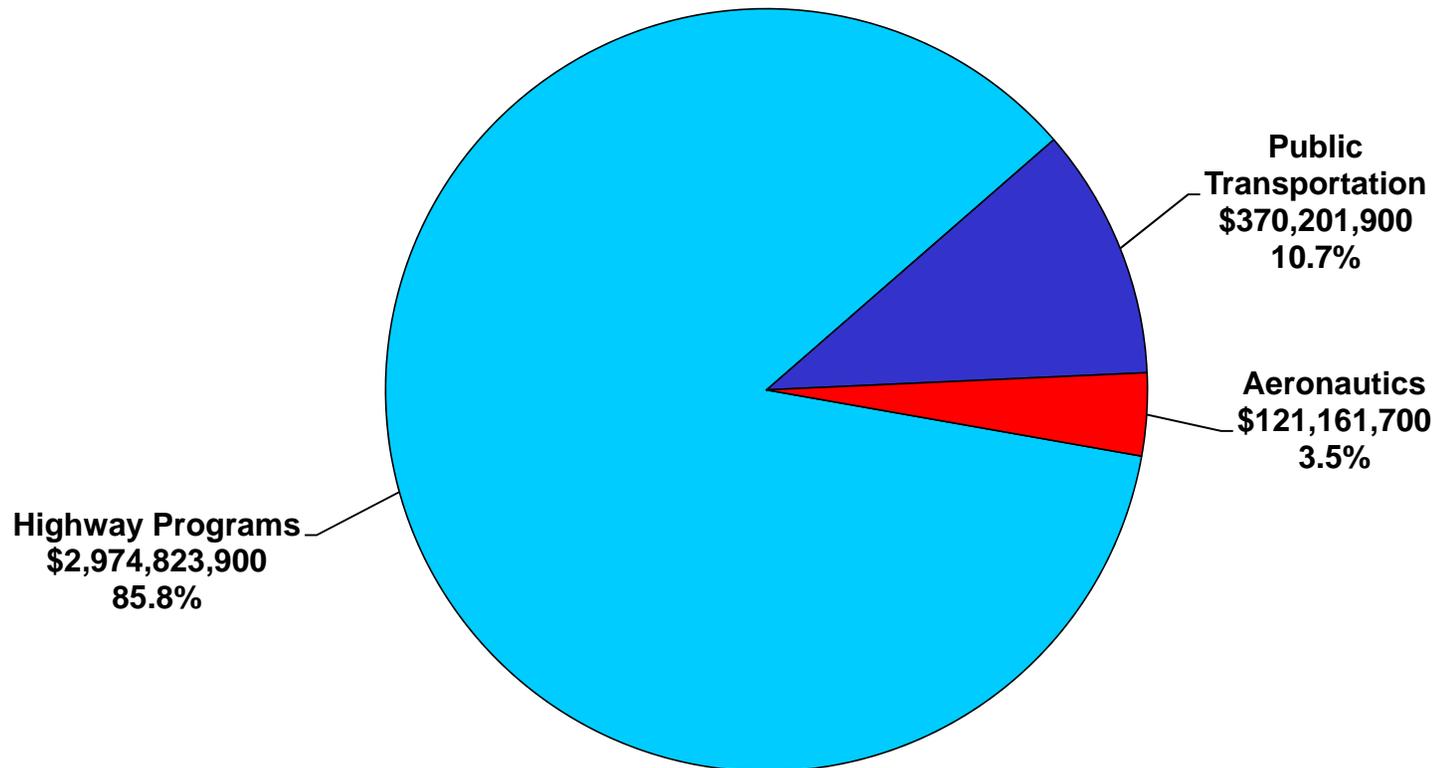
# Transportation Funding Sources

- **State GF/GP revenue**
  - **Historically, the state transportation budget has not included state GF/GP funding. FY 2012-13 budget includes \$23 million identified in the budget as “one-time basis”**

# **MAJOR TRANSPORTATION PROGRAMS**

# Major Transportation Program Categories

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



# Major Transportation Program Categories

- **85.8% of the budget for state and local highway/street programs**
- **10.7% for public transportation programs, including capital and operating support for local public transit agencies**
- **3.5% for aeronautics programs, including Capital Outlay airport improvement programs**

# **Statutory Authority for Distribution of State Revenue**

- **Public Act 51 of 1951 (Act 51) governs distribution of most transportation revenue**
- **Provides for distribution between**
  - **Highway and public transportation programs**
  - **State and local road agencies**

# Highway Programs

- **85.8% (\$2.97 billion) of FY 2012-13 budget appropriated for state and local road and bridge programs**
  - **\$1.73 billion for state trunkline programs administered by MDOT**
  - **\$1.24 billion for local road agencies (county road commissions, cities, and villages)**
- **Distributed according to Act 51**
- **MDOT has jurisdiction over state trunkline highways — including interstate expressways, generally the busiest and with statewide purpose**
- **Local road agencies have jurisdiction over county roads and municipal streets**

# Other Transportation Programs

- **Public Transportation**
  - 10.7% (\$370.2 million) of FY 2012-13 budget appropriated for public transportation programs including:
    - Capital and operating assistance to 79 local public transit agencies
    - Capital and operating assistance for AMTRAK service to Michigan
  - Distribution governed by Act 51
- **Aeronautics**
  - 3.5% (\$121.2 million) of FY 2012-13 budget appropriated for Aeronautics programs including \$107.7 million for federal Airport Improvement (Capital Outlay)
  - Governed by State Aeronautics Code (not Act 51)

**ISSUES**

# Revenue Issues

- **Revenue Issue #1**
  - In 1997, the State Transportation Commission established state trunkline pavement performance goals of 85% of non-freeway pavement and 95% of freeway payment in “good” condition by 2007
  - In 1998, the State Transportation Commission established state trunkline bridge performance goals of 85% of non-freeway bridges and 95% of freeway bridges in “good” condition by 2008
  - MDOT does not have sufficient revenue to either sustain performance goals or complete needed capacity improvement projects
  
- **Revenue Issue #2**
  - MDOT anticipates that there will not be enough state revenue in the next five years to match all available federal aid
  - If the department is unable to provide necessary state matching funds, the state may lose approximately \$500 million per year in federal aid starting in FY 2013-14

**For more information about the  
Transportation budget, contact:**

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