



Background Briefing

TRANSPORTATION

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January 2011

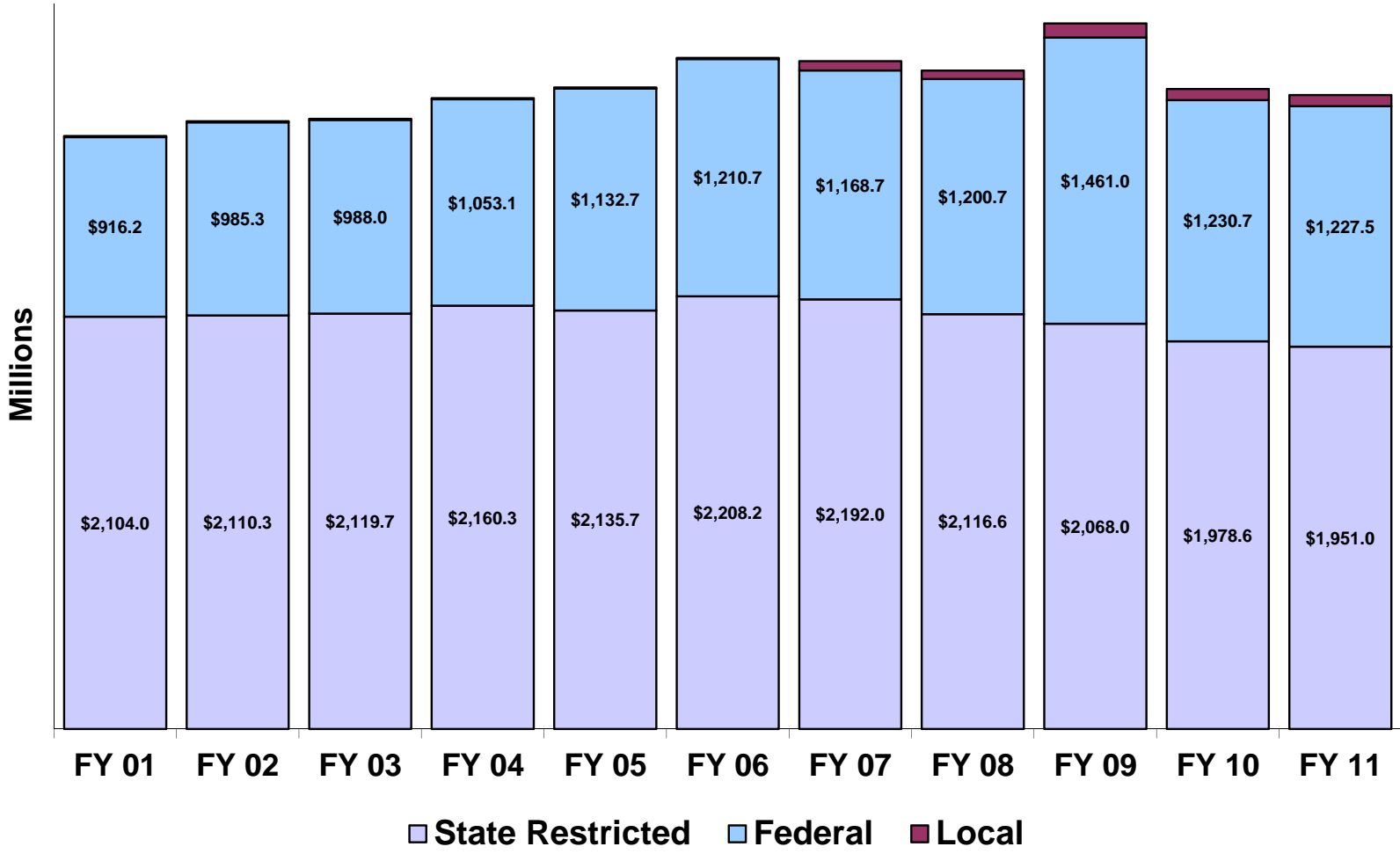
The fiscal information in this background briefing is based on data through December 1, 2010.

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)**

State Transportation Appropriations

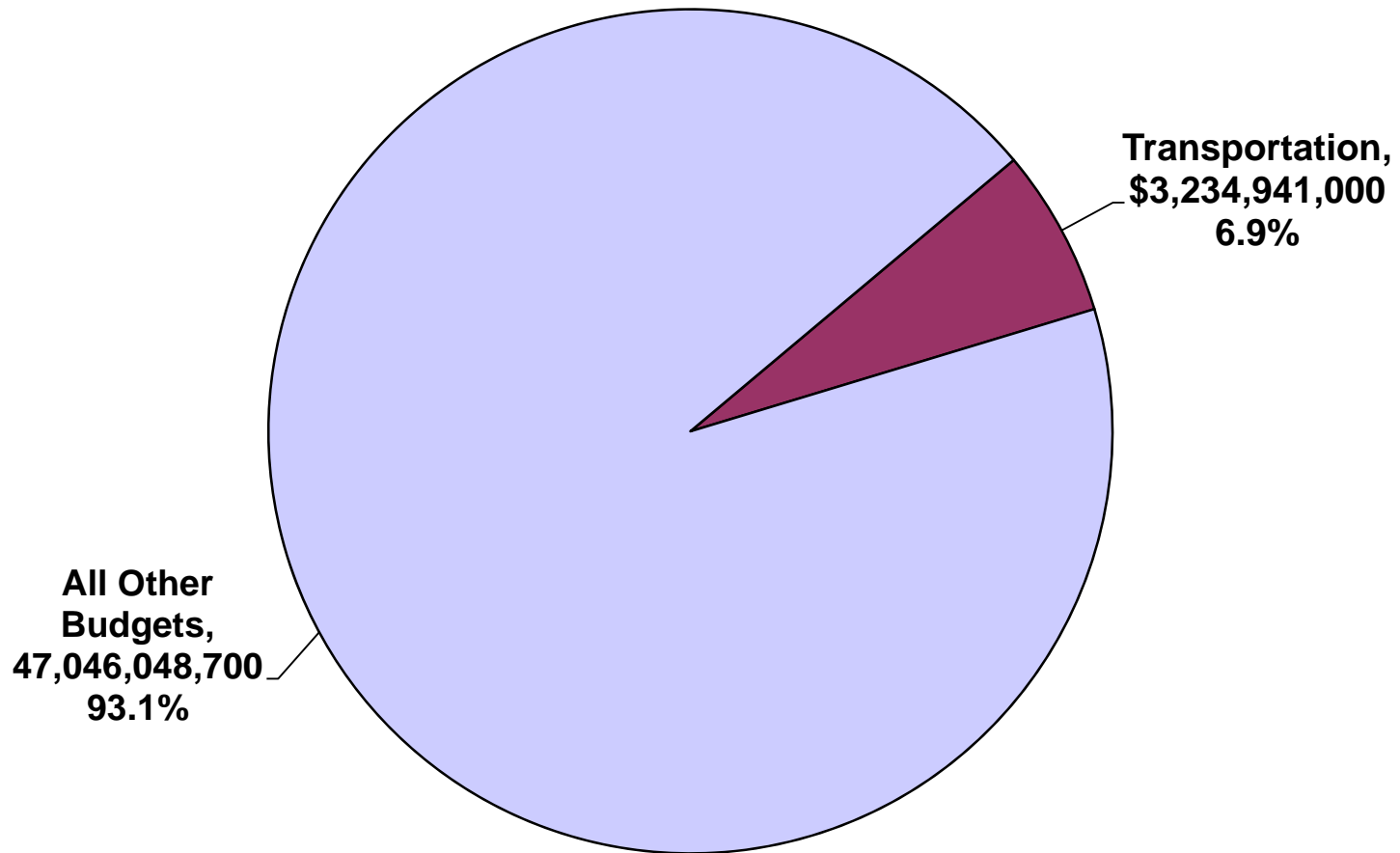


Transportation Share of State Budget

- **FY 2010-11 budget appropriates \$3.2 billion for state transportation programs**
- **This represents approximately 7% of the \$47.0 billion total state budget**
- **There is no state General Fund (GF/GP) revenue in the transportation budget**

Transportation Share of State Budget

FY 2010-11 Total = \$47,046,048,700

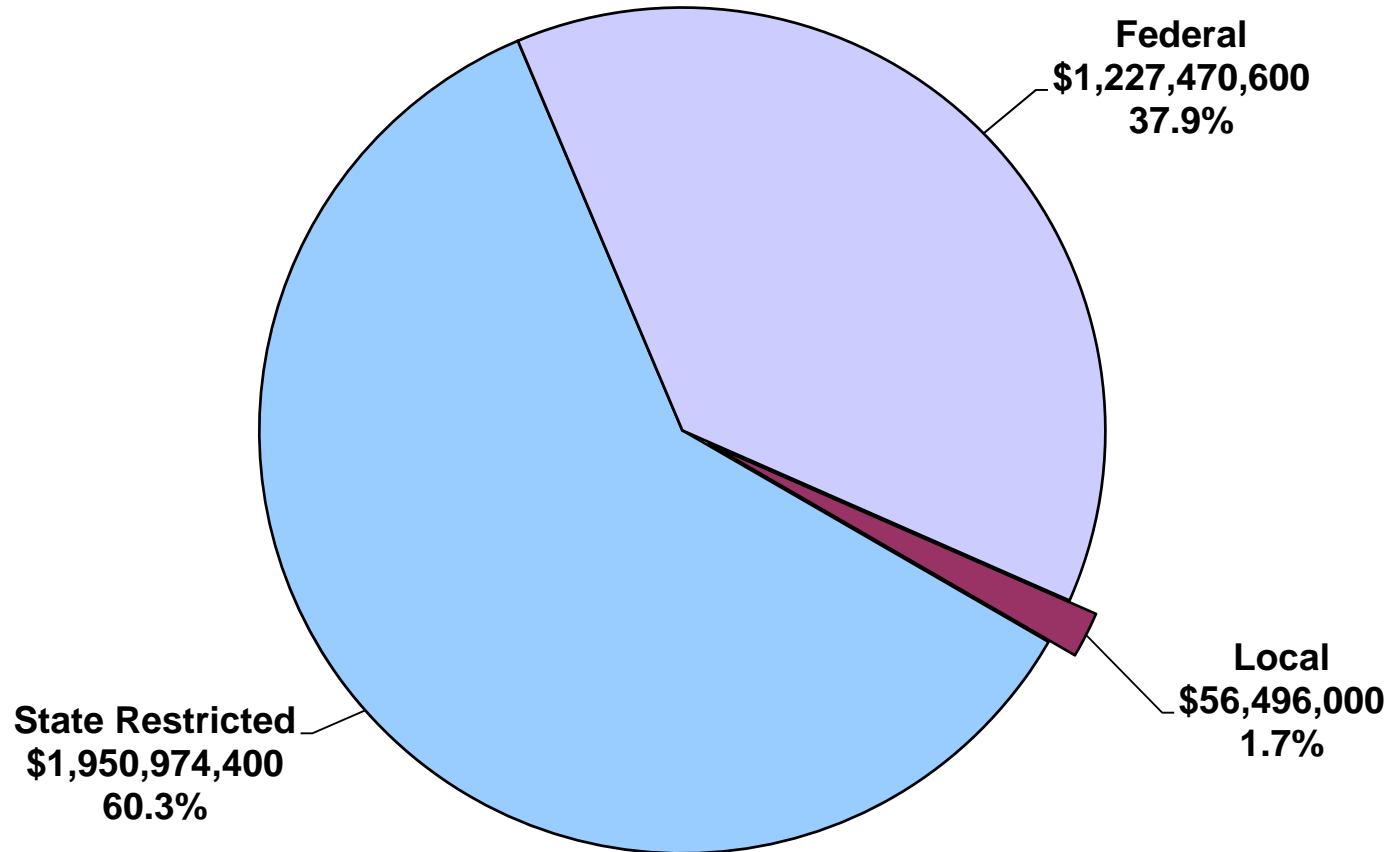


SOURCES OF FUNDING

Transportation Budget

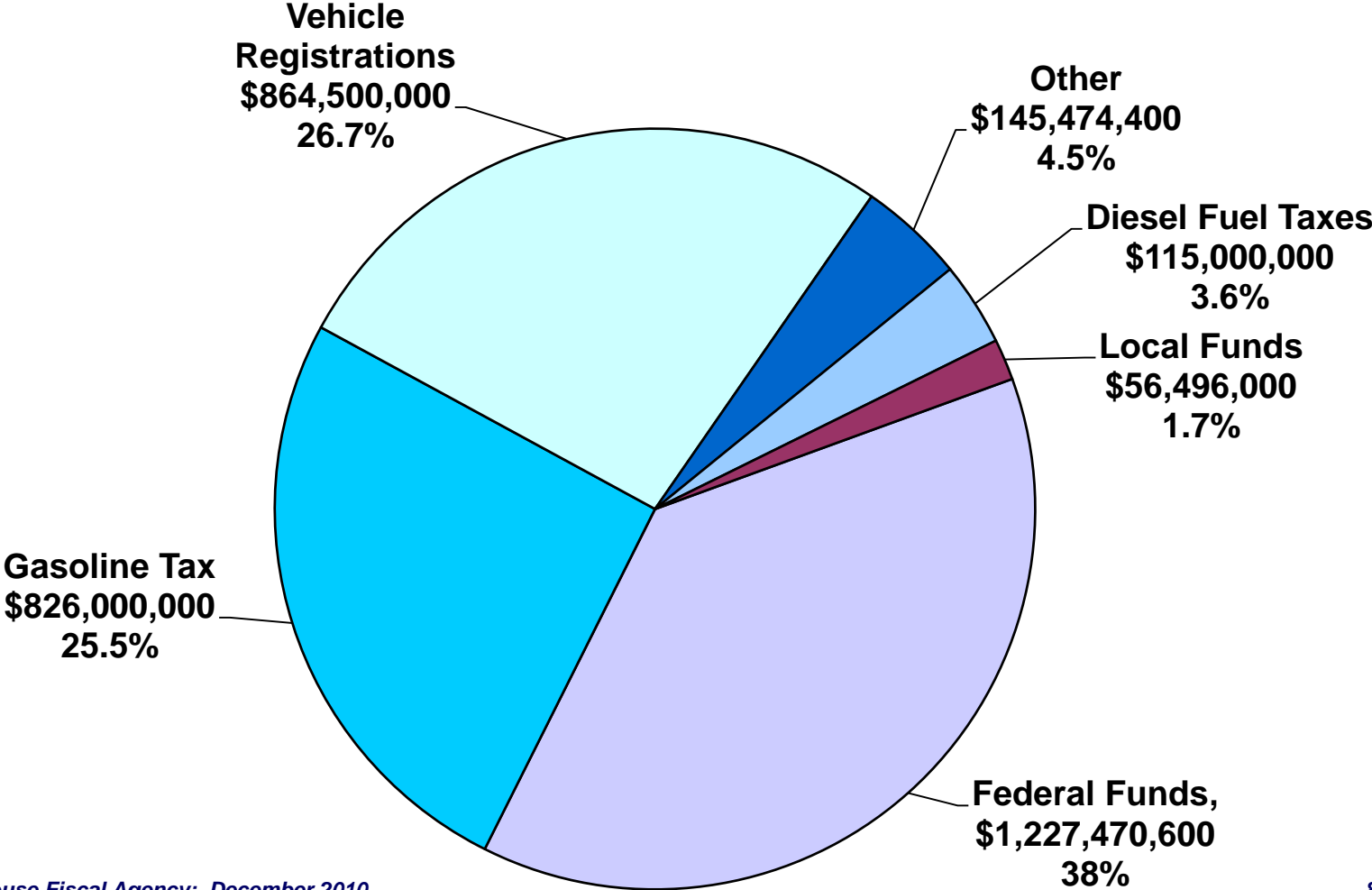
All state-restricted, federal, and local revenue; no state GF/GP revenue in this budget.

FY 2010-11 Total = \$3,234,941,000



Transportation Funding Sources

FY 2010-11 Total = \$3,234,941,000



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

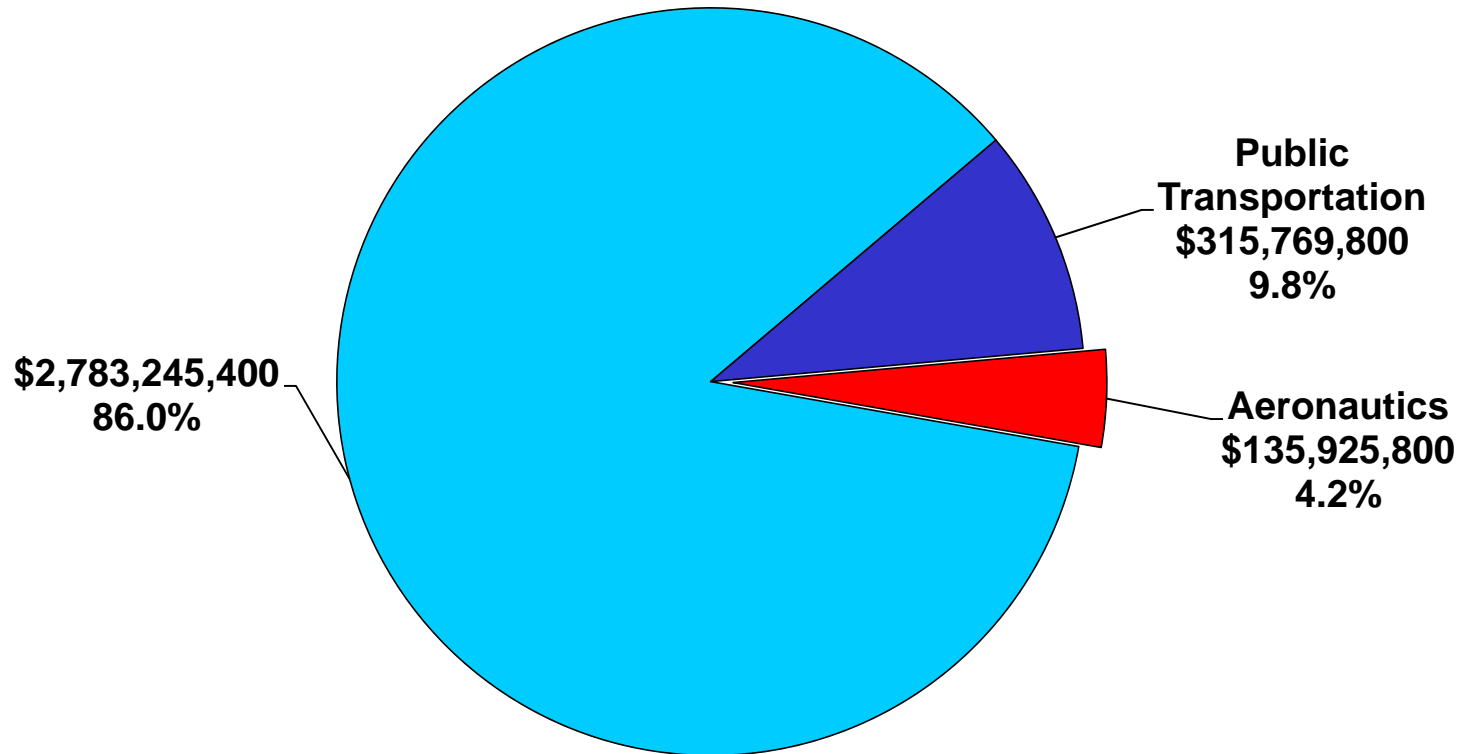
- **Federal revenue**
 - Authorized by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) a program of federal aid to state transportation programs
 - SAFETEA-LU is successor to TEA-21
 - Federal motor fuel taxes dedicated to the federal highway trust fund include the 18.4 cent per gallon federal gasoline excise tax

- **Local revenue**
 - Budget includes \$56.5 million from local revenue sources
 - Local revenue used for the local match required for some state trunkline projects, for federally funded local transit agency 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

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

- **86% of the budget for state and local highway/street programs**
- **10% for public transportation programs, including capital and operating support for local public transit agencies**
- **4% 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

- **86% (\$2.8 billion) of FY 2010-11 budget appropriated for state and local road and bridge programs**
 - \$1.6 billion for state trunkline programs administered by MDOT
 - \$1.2 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% (\$315.8 million) of FY 2010-11 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**
 - **4% (\$135.9 million) of FY 2010-10 budget appropriated for Aeronautics programs including \$123.2 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**
 - The department anticipates that in FY 2011-12 there will not be enough state revenue 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 2011-12.
- **Revenue Issue #3**
 - SAFETEA-LU authorized the federal surface transportation programs for highways, highway safety, and transit for the five-year period 2005-2009.
 - SAFETEA-LU expired on September 30, 2009 and has had several short-term extensions.
 - The provisions of a long-term reauthorization of SAFETEA-LU may affect Michigan’s share of federal aid

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

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