

Highway Funding and Safety

BACKGROUND

In 1913 the Michigan Legislature passed the State Trunk Line Act, authorizing a state highway network. Then, it totaled about 3,000 miles of roadway; today it comprises nearly 122,000. Responsibility for today's roads is split among the state (9,711 miles), counties (89,499 miles), cities and villages (20,667 miles), and the federal government (2,102 miles).

The Michigan Department of Transportation (MDOT) has jurisdiction over the state highway system, identified by *I*, *U.S.*, and *M* designations. County roads are under the jurisdiction of the 83 county road commissions, and municipal streets are owned by 535 incorporated cities and villages. The federal government is responsible for roads in national forests, parks, and federal installations.

Funding

Monies for the state's transportation system comes from state, local, and federal sources. State-generated revenue supplies the majority of the income and is collected primarily through Michigan's fuel taxes (19 cents per gallon on gasoline and 15 cents per gallon on diesel fuel), motor-vehicle registration fees, and sales tax collected on vehicles. This revenue is *earmarked* (dedicated) to transportation, and it may be spent only for purposes established by law. Local units of government help to fund the construction or reconstruction of state trunk lines in their jurisdiction.

The federal government provides funding for transit and state highways through the Transportation Equity Act for the 21st Century (TEA-21). Signed into law in 1998, TEA-21 allocates to the states a share of the 18.4-cents-per-gallon federal gasoline tax for state use on highway, highway safety, transit, and other surface-transportation programs. Michigan's allocation during the program's six-year life (1998–2003) is expected to exceed \$800 million a year.

Michigan's transportation programs and the appropriation of revenue collected for them are governed by Public Act 51 of 1951, as amended. The Michigan Transportation Fund (MTF) is the primary collection and distribution fund for transportation monies; from it dollars are allocated, using the statutory funding formula, to state, county, and city and village road agencies as well as to the special funds: Critical Bridge Fund, Comprehensive Transportation Fund (in support of public transit programs), and Economic Development Fund (for roads in support of economic development projects). This description greatly simplifies the complicated Act 51 MTF distribution formula, and for more information, readers are directed to "Road Funding," in *Michigan in Brief, 6th Edition*, which may be found at www.michiganinbrief.org.

In addition to creating the MTF and setting out the spending formula, Act 51 specifies how the state and locals shall spend the money from the various funds, how federal funds shall be allocated (roughly 75 percent for repairing and rebuilding state roads and 25 percent for building, repairing, and rebuilding local federal-aid eligible roads), and how compliance and reporting shall be accomplished.

GLOSSARY

Transportation Equity Act for the 21st Century (TEA-21)

Federal law that authorizes federal surface-transportation programs for highways, highway safety, and transit for the six-year period from 1998 to 2003.

Trunk line

Any road for which the Michigan Department of Transportation has responsibility.

The FY 2001–02 state transportation budget of \$3.1 billion is approximately \$1.3 billion more than the FY 1995–96 budget—an increase of 70 percent in six years. This is due partially to the enactment of TEA-21 in 1998, which is bringing an additional \$300 million a year in federal funding for Michigan roads and transit systems. Also, Build Michigan, Governor Engler’s three-phase transportation funding program of \$5 billion over 10 years has increased revenue: A 4-cents-per-gallon gasoline tax hike and increases in commercial truck registration fees are bringing \$300 million more annually to the state transportation budget.

Safety

According to the National Highway Transportation Safety Administration (NHTSA), traffic crashes are a leading cause of death in the United States (*the* leading cause for 5–27-year-olds) and cost Michigan taxpayers nearly \$10 billion a year.

The good news is that while the number of vehicles on Michigan roads and the number of miles traveled are increasing, traffic crashes and fatalities are not, and this probably is due to a number of actions taken in recent years.

- *Seat-belt use enforcement* As of March 2000, Michigan law enforcement personnel may issue a citation whenever they observe an unbelted driver or passenger. The NHTSA estimates that annually this will save about 150 Michigan lives, prevent almost 3,600 crash-related injuries, and save \$2.6 million. Indeed, there were 8 percent fewer fatalities in the state in 2001 than in 2000 (the figure dropped from 1,382 to 1,267).
- *Graduated driver licensing* Michigan’s graduated driver licensing (GDL) program has lowered crash rates among teenaged drivers. It is a three-stage licensing process for new drivers: In the first stage they have a learner’s permit (allowing them to drive only with supervision); in the second they have an intermediate license (requiring supervision at certain times of the day); and in the third they receive full licensure (imposing no restrictions). A recently released study by the University of Michigan Transportation Research Institute reports that crash rates among 16-year-old drivers are down 25 percent since 1996, when the GDL program began.
- *Repeat-offender limitations* In 1999 several laws were enacted to crack down on people who repeatedly commit traffic offenses. Repeat offenders may not only have their driver’s license revoked, but their vehicle license plate may be confiscated, their vehicle immobilized, they may be prohibited from being issued li-

cense plates and titles, and anyone who co-owns a vehicle with a repeat offender may be denied registration for and title to the vehicle. For drivers convicted of alcohol-related offenses, an ignition interlock may be required (this is a device that renders a vehicle inoperable when a driver fails to pass a breath test for alcohol), and they may be required to obtain substance-abuse treatment. The laws also classify several actions as a crime, including causing serious injury while driving on a suspended license, causing death while driving on a suspended license, allowing another person to drive on a suspended license and causing serious injury, allowing another person to drive while suspended and causing death, and driving while drunk with a person under age 16 in the vehicle.

DISCUSSION

Build Michigan

The Build Michigan program has been the topic of debate since its debut in 1992. The 4-cent gasoline tax hike was particularly onerous to some and, more recently, Build Michigan III has been criticized because it requires a one-time \$100 million General Fund/General Purpose (GF/GP) appropriation and an additional \$800 million from bonding. Critics disapprove of using GF/GP monies for roads; they point out that many important programs have no source of funds other than GF/GP, whereas roads get upwards of \$2 billion a year from revenue dedicated solely to that purpose. They further disapprove of engaging in long-term borrowing to fund road improvements, which they equate to the state’s getting a credit card and making future generations pay off the debt. Supporters contend that long-term debt is appropriate in this instance because future generations will benefit greatly from the projects, which were carefully selected to address safety, congestion, and economic development, because they will serve the state for 100 years. Local road agencies worry that some of the money needed to repay the bonds could be diverted from road maintenance and construction.

Although Build Michigan III has \$900 million in funding in addition to the \$12.5 billion set aside for Michigan roads in the next five years, organizations such as the Southeast Michigan Council of Governments (SEMCOG) and the Michigan Road Builders Association (MRBA) say it is insufficient to meet growing needs. SEMCOG predicts that by 2025, the metropolitan Detroit area alone will have a \$17 billion shortfall in meeting its transportation needs, which include public transit and rail as well as roads.

Many are concerned about Build Michigan III’s emphasis on expanding the highway system to the detriment of repairing roads. Although traffic volume has increased 30

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percent since 1991 and capacity only 3 percent, critics question the wisdom of failing to fix deteriorating roads before taking on expansion projects. Environmental organizations fear that Build Michigan III's focus on expansion will widen urban sprawl by leading to more development in rural areas. Organizations such as the Michigan Land Institute claim that the Build Michigan program has ignored public transit, and they recommend increasing and stabilizing transit funding.

Supporters point out that Build Michigan I repaired more roads than any other program in a similar period of time in Michigan history, and, furthermore, Build Michigan III is not focused solely on expansion. Moreover, according to MDOT, the Build Michigan II and III programs have focused on "fixing the worst roads first," with a goal of bringing 90 percent of state roads to good condition by 2007. The department points out that annually, less than 25 percent (and sometimes much less) of the state's transportation budget is invested in new roads. They also dispute environmentalists' claims that new road construction leads to urban sprawl, saying that this phenomenon generally is caused by local land-use planning.

TEA-21 Reauthorization

Organizations such as MDOT and the MRBA have begun working on the reauthorization package that is expected to replace TEA-21 in 2003. Although TEA-21 brought record investment and improvements in all forms of Michigan transportation, current allocation formulas return only 90.5 cents for every federal gas tax dollar sent to Washington. To bring more transportation funding to Michigan and address certain safety and security concerns, they are lobbying for several changes that will benefit the state.

- *Full funding of federal-aid highway and transit programs* This could be accomplished through continuing the Revenue Aligned Budget Authority from TEA-21 or allowing states to spend down unobligated balances in the federal Highway Trust Fund.
- *Higher return on the money that states send to the Highway Trust Fund* MDOT believes that each state should get at least a 95 percent return on its contributions to both the highway and transit accounts of the Highway Trust Fund.
- *Significant reinvestment in the high-level road system (interstates, freeways, and national highways)* This becomes more vital every year as Michigan falls further behind in modernizing the interstate system and addressing capacity issues, especially in urban areas.

- *Protocols and funding to address security issues* Michigan has an international border and the security issues that go with it. Michigan also must review security/safety risk in all areas of transportation—highways, pipelines, rail transit, facilities, bridges, and so on. In addition, the state must address its need to monitor traffic on these systems, especially "HAZMAT" (hazardous materials) shipments by truck and rail.
- *More flexibility for states in determining how programs are structured and money is spent* MDOT supports consolidating federal categorical funding (that is, funding dedicated to specific programs) into block grants to the states. The current multitude of categorical grants, set-asides, and discretionary grant programs complicate the funding process and make it difficult to direct funding to the most-needed transportation improvements.
- *Streamline federal planning and program-delivery requirements* MDOT believes that state transportation agencies should lead statewide planning and have as much authority as possible in administering federal transportation programs in their states.

Diesel Fuel Tax

Legislation (House Bills 5733–36) has been introduced to extend the 4-cents-per-gallon gasoline-tax hike to diesel fuel and simplify its collection. Opponents (including the Michigan Trucking Association) argue that truckers already pay their fair share through other fees and taxes, and they contend that it would negatively affect the industry, which already is suffering in the declining economy.

Proponents (including MDOT, county road commissions, the Michigan Association of Counties, and the MRBA) cite a recent Federal Highway Administration study that estimates that commercial trucks are responsible for up to 40 percent of the cost to design, build, maintain, and repair roads and bridges; in 2000 the trucking industry contributed only 16 percent of Michigan funding for such work. MDOT reports that equalizing the tax by extending it to truck fuel will yield an additional \$38 million annually in revenue and, if at the same time, reporting and collection are simplified, an additional \$10 million will be realized.

Safety

In late 2000 federal legislation was enacted requiring all states either to adopt .08 percent blood-alcohol concentration (BAC) as the presumptive level of intoxication for driving or lose a portion of their federal highway monies. Michigan's BAC level currently is .10 percent, and legislation to lower it to .08 (HBs 4084 and 4134) was

introduced in 2001. The Michigan Licensed Beverage Association and Michigan Beer and Wine Wholesalers oppose lowering tolerances on the ground that when driving is a factor in a serious accident, the driver's blood-alcohol level more often is near or above .15 percent. They favor targeting these drivers and repeat offenders. Road safety advocates, such as Mothers Against Drunk Driving, strongly support lowering the limit to .08 percent.

Since 1966 Michigan has required motorcyclists to wear helmets while operating their machines, but many motorcyclists vociferously oppose the requirement. Many consider the law an abridgement of freedom—an example of the state dictating behavior to persons who should be free to choose how to live their lives. Safety organizations urge continued resistance to allowing exceptions to this law, claiming that all society pays a price when a cyclist or passenger is injured or killed. House Bill 4823, which would limit the helmet requirement to operators under 21 years old, awaits action.

See also Emergency Preparedness and Response; Land Use and Sustainability; Substance Abuse.

FOR ADDITIONAL INFORMATION

Michigan Department of Transportation
 P.O. Box 30050
 Lansing, MI 48909
 (517) 373-2090
 (517) 373-8518 FAX
www.michigan.gov/mdot

Michigan Field Office
 Federal Highway Administration
 Federal Building, Room 207
 315 West Allegan Street
 Lansing, MI 48933
 (517) 377-1844
 (517) 377-1804 FAX
 [See "Highway Statistics 2000," available at www.fhwa.dot.gov/ohim/hs00]

Michigan Road Builders Association
 924 Centennial Way, Suite 460
 Lansing, MI 48917
 (517) 886-9000
 (517) 886-8960 FAX
www.mrba.com

Michigan Secretary of State
 Treasury Building
 430 West Allegan Street
 Lansing, MI 48918
 (517) 373-7296
 (517) 373-2510 FAX
www.michigan.gov/sos

Michigan State Police
 Office of Highway Safety Planning
 4000 Collins Road
 P.O. Box 30633
 Lansing, MI 48909
 (517) 336-6477
 (517) 333-5756 FAX
www.michigan.gov/msp

