



May 20, 2014

**RE: Transportation Funding**

Dear Senator,

The transportation funding plan passed by the State House on May 8, 2014, is a positive step forward for road funding. However, as passed by the House, it will bypass the top half of the Public Act 51 (1951) transportation funding formula, and allocate new revenues only to roads. Significant pieces of the bypassed portion of the formula include the Natural Resource Recreational Improvement Fund and the Comprehensive Transportation Fund (CTF), which fund waterways and public transportation in Michigan.

If we are going to start to tackle the shortfalls of Michigan's transportation funding, we need to raise significantly more revenue to adequately address the true funding needs and do so through the *full* Act 51 formula so that our state's *full* transportation system can benefit from the new revenues that are generated. The function of the Act 51 formula is to distribute state transportation revenues through the state's full transportation system, not just one leg of it.

Michigan's waterways are a foundational part of our economy, and supported by the full Act 51 formula. Every year over 200 million tons of cargo pass through our Great Lakes waterways<sup>1</sup>. The shipping and storing of this cargo is responsible for over 65,000 Michigan jobs<sup>2</sup>. Recreational boaters, utilizing our state's 1300 public boating access sites and over 80 harbors and marinas<sup>3</sup>, put \$3.9 billion into our state's economy, supporting 50,000 jobs<sup>2</sup>. Shipping, recreation, and tourism are a vital part of Michigan's economy that cannot be overlooked in our infrastructure investments.

Regardless of how much new revenue is raised from the House passed transportation funding package, allocating all of it to roads repeats a major flaw of the 1997 gas tax increase (1997 PA 83). Every year since, the CTF has missed out on approximately \$15.2 million that could have come from the new revenue generated by the 1997 gas tax increase<sup>4</sup>. Totaling that up over the past 17 years, the CTF has missed out on \$259 million from not being included in the 1997 gas tax increase.

If the House passed transportation funding package goes through the full Act 51 formula, up to \$38 million per year<sup>5</sup> could go to the CTF. This is an annual 24% increase in CTF. However, pending legislation included in the House package, \$369 million in new transportation revenue would be dedicated solely to roads, through the bottom half of the Act 51 formula<sup>6</sup>. This removes \$31 million from its rightful place in the CTF.

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1 – NOAA Great Lakes Environmental Research Laboratory, *About Our Great Lakes: Economy*

2 – *Prima Civitas*, "Water, Michigan and the Growing 'Blue Economy'"

3 – MDNR Michigan Recreational Boating Information System (MRBIS)

4 – Based on the House Fiscal Agency current estimate of \$45 million revenue per \$0.01 of the gasoline tax, and 8.47% as the fraction of the total Michigan Transportation Fund (MTF) that the CTF received in FY 2012-2013

5 – Using 8.47% CTF fraction, as in FY 2012-2013 budget

6 – HB 5459 and HB 5492

The data demonstrating the growing value of public transportation is plentiful. Last year, over 95 million passenger trips were taken by local public transit in Michigan<sup>7</sup>. Nationally, public transit ridership hit record heights in 2013 that haven't been seen in 57 years, topping off at 10.7 billion passenger trips<sup>8</sup>. Across Michigan over \$730 million in economic and other benefits come from public transit<sup>7</sup>. On average, property values perform 42% better if they are located near public transportation with high-frequency service<sup>9</sup>. These are impacts we simply can't ignore.

We urge you to significantly increase the revenue raised to address our state's transportation needs and distribute all new transportation revenues through the traditional *full* Act 51 Formula.

Sincerely,



Chris Kolb  
President & CEO  
Michigan Environmental Council

On Behalf Of:  
Community Economic Development Association of Michigan  
Disability Advocates of Kent County  
Ecology Center  
Gamaliel of Michigan  
MASSTrans  
Metropolitan Organizing Strategy Enabling Strength  
Michigan Association of Railroad Passengers  
Michigan Environmental Council  
Michigan Land Use Institute  
Michigan League of Conservation Voters  
Michigan Public Transit Association  
Programs to Educate All Cyclists  
Transportation Riders United

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7 - MDOI Fast Facts 2014 Overview

8 - American Public Transportation Association, "Record 10.7 Billion Trips Taken On U.S. Public Transportation In 2013," March 10, 2014

9 - Center for Neighborhood Technology, "The New Real Estate Mantra: Location Near Public Transportation," March 2013