

MEMO

To: Chairman Roger Kahn
Senator John Pappageorge
Senator Rebekah Warren

From: Michael Nystrom, Executive Vice-President
Lance Binoniemi, Vice-President of Government Affairs

Date: November 6, 2012

Re: Follow up information for Senate Transportation Task Force

During testimony given by MITA at the October 30 Transportation Task Force hearing a comparison of transportation investment per capita was given with other surrounding states. It was noted that Michigan ranks 42nd amongst all states in its transportation spending, lower than all of the other Great Lake states. The question was raised as to how Michigan ranks in its spending per capita in other programs; i.e. education and corrections. Below is a listing of rankings per capita spending for other programs with comparisons to surrounding states and attached is a document illustrating how spending has increased in other areas compared to the rate of inflation while transportation funding has declined.

Corrections (Per capita spending – 2010 / 2011):

<u>State</u>	<u>National Ranking</u>
Wisconsin	7 th
Michigan	16 th
Pennsylvania	25 th
Ohio	30 th
Indiana	44 th
Illinois	45 th
Minnesota	47 th

Education (Per capita spending for all education – 2010 / 2011):

<u>State</u>	<u>National Rankings</u>
Minnesota	7 th
Michigan	12 th
Indiana	22 nd
Wisconsin	25 th
Ohio	29 th
Pennsylvania	40 th
Illinois	49 th

Education (Per pupil spending for public K-12 schools – 2010 / 2011):

State	National Ranking
Pennsylvania	14 th
Michigan	15 th
Illinois	17 th
Minnesota	18 th
Wisconsin	19 th
Indiana	23 rd
Ohio	30 th

Additionally, MITA testified that Michigan is one of six states that charges sales tax on its motor fuel and, with the exception of fiscal year 2012 / 2013, the only state that does not dedicate any of the revenue collected for sales tax on gasoline for its transportation system. It was asked during the hearing how other states that collect sales tax on gasoline invest that money into their infrastructure. Below illustrates that information.

State	Sales Tax Rate on gasoline	Distribution
California	2.25%	All gas tax and sales tax on gas constitutionally dedicated to transportation.
Florida	6%	Majority of "fuel sales tax" is distributed to the State Transportation Trust Fund.
Michigan	6%	All revenues from the last 2 percent of the sales tax go to the state school aid fund. Of the revenues from the base 4 percent tax on all items, 15 percent is distributed to cities, villages and townships, and 60 percent to the state school aid fund. After those set-asides, of the remaining sales tax collected on motor fuels and other vehicle-related items only, a variable amount is allocated to the Comprehensive Transportation Fund. The balance goes to the general fund.
Illinois	6.25%	20 percent of all general sales tax revenue goes to local and regional projects which can include transit.
Indiana	7%	0.8 percent of revenue from 7 percent general sales tax goes to transportation.
Georgia	4%	75 percent of the revenues generated from sales tax on gasoline are constitutionally dedicated to transportation.

State Department Expenditures

vs.

Inflation (1999-2009)

