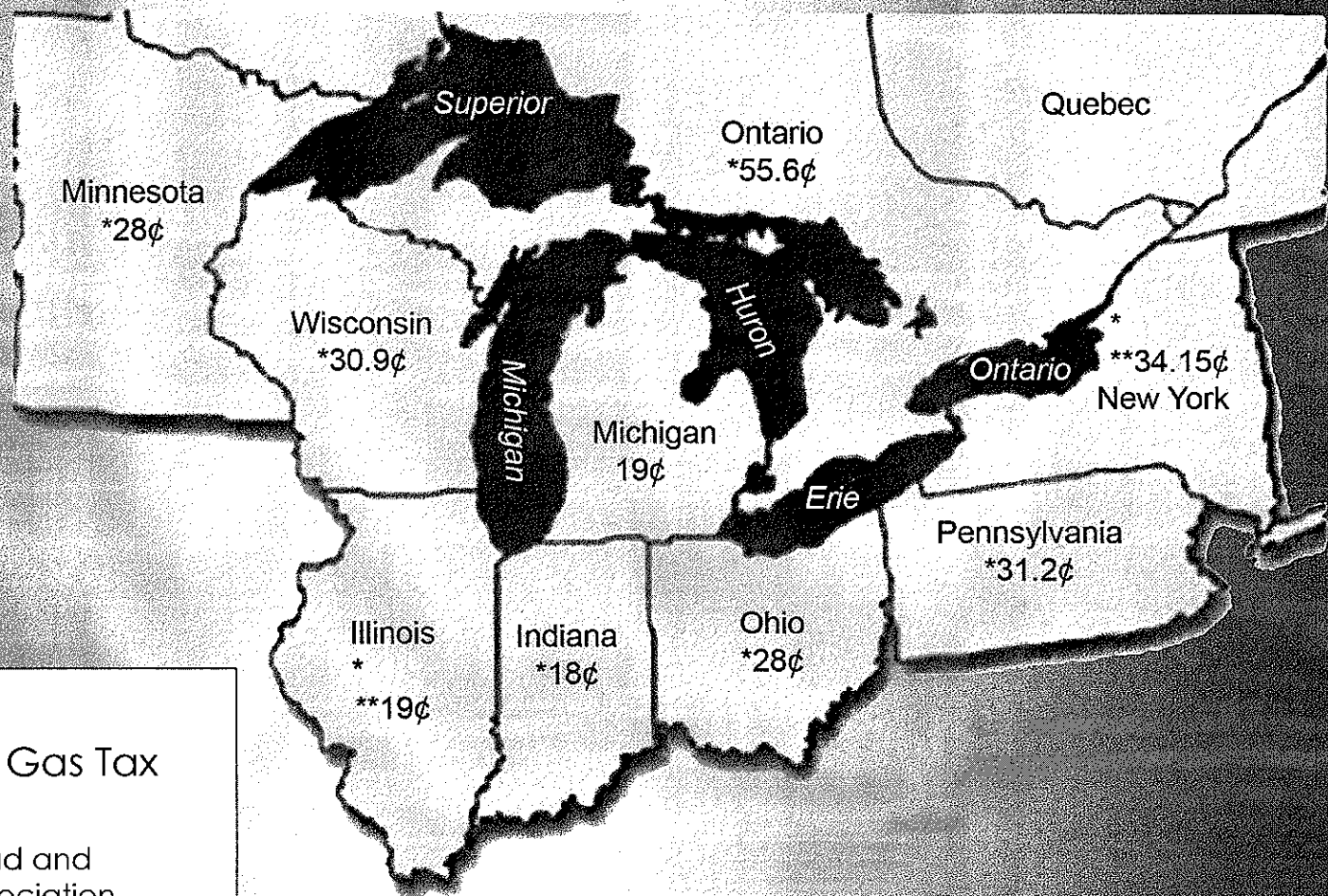
Roads & Bridges Funding

Roads and bridges in Michigan are funded by user fees– gas taxes and registration fees.

- User Fees
  - Federal Gas Tax = 18.4 cents/ gallon
  - State Gas Tax = 19 cents/ gallon in Michigan
  - Registration Fees = Based on value of a vehicle
  - Toll Roads (none in Michigan)
- Sales Tax
  - Some states allocate sales tax to transportation investment. Michigan collects 6% sales tax on gasoline purchases, a vast majority of which is not used for transportation purposes.

Roads & Bridges Comparison

Michigan's gas tax is one of the lowest in the Great Lakes region.



* Toll Roads

** Local Option for Gas Tax

Source: the American Road and Transportation Builders Association

Roads & Bridges Comparison

Michigan's investment in transportation per capita is the lowest among neighboring states, which is almost half of what Pennsylvania spends per person.

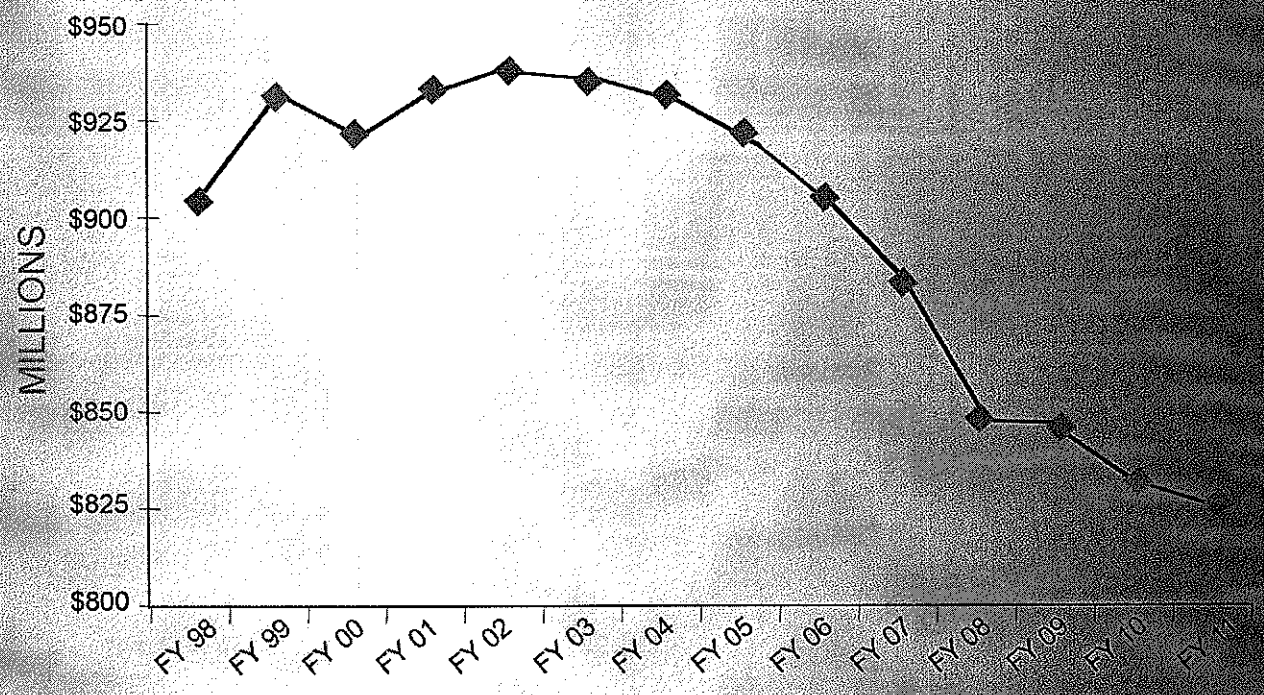
Michigan	42nd	$277.22 per person
Ohio	41st	$278.57 per person
Indiana	39th	$310.84 per person
Wisconsin	32nd	$336.26 per person
Illinois	28th	$349.35 per person
Minnesota	19th	$405.78 per person
Pennsylvania	9th	$521.26 per person

Source: US Census/ Federal Highway Administration

Roads & Bridges Revenue

Our gas tax revenue has declined steadily since 2005 while the cost of materials used to rebuild our infrastructure continue to rise.

Michigan Gasoline Tax Revenue

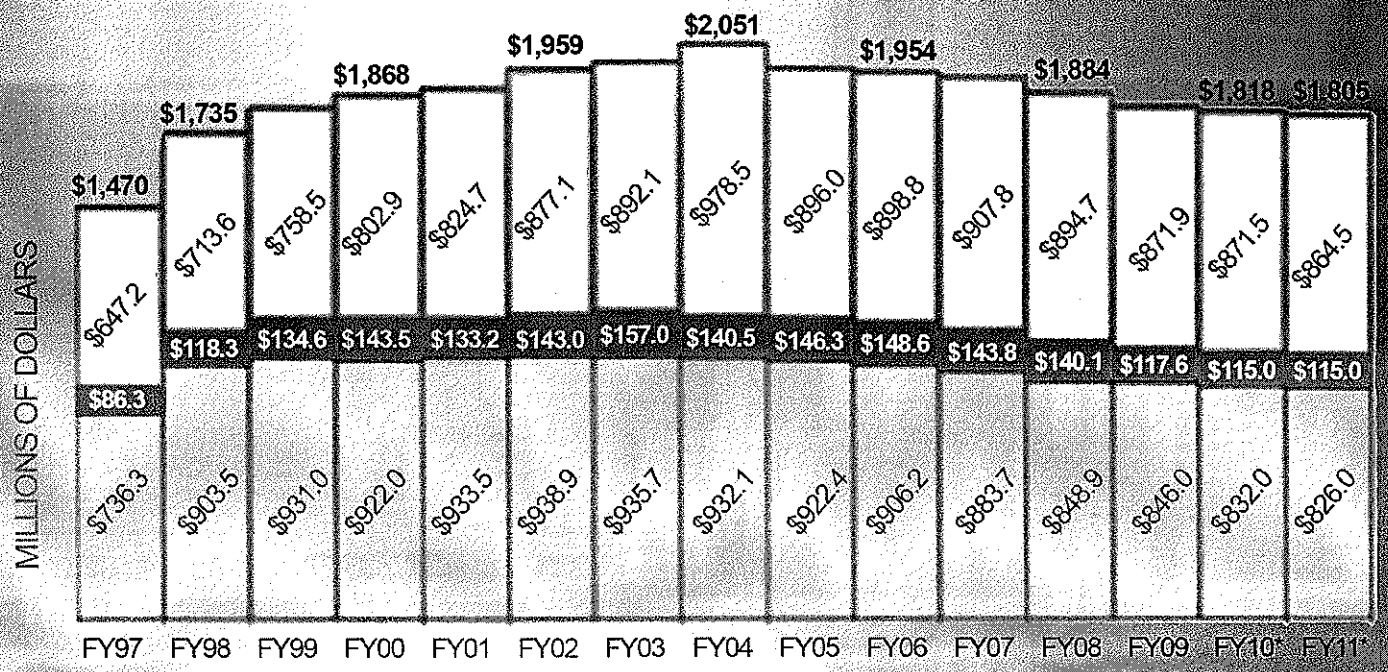


Source: Michigan Department of Treasury

Roads & Bridges Revenue

Similar to gas tax revenue, our overall transportation revenue has also declined steadily since 2005.

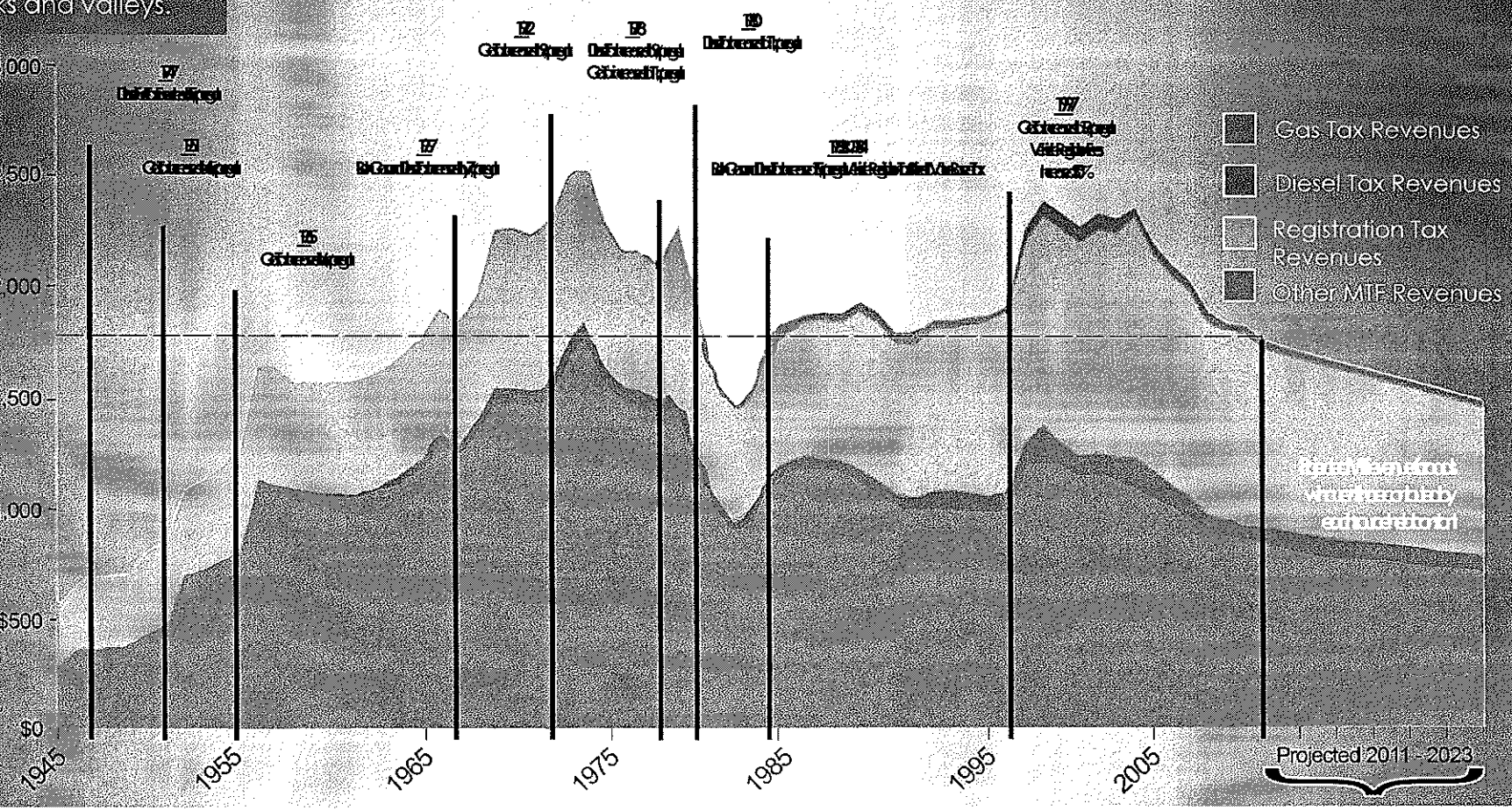
Transportation Revenue



Roads & Bridges Revenue

Going back in history, revenues allocated for roads have seen many peaks and valleys.

MTF Revenues Allocated for Roads 1945-2010



Roads & Bridges

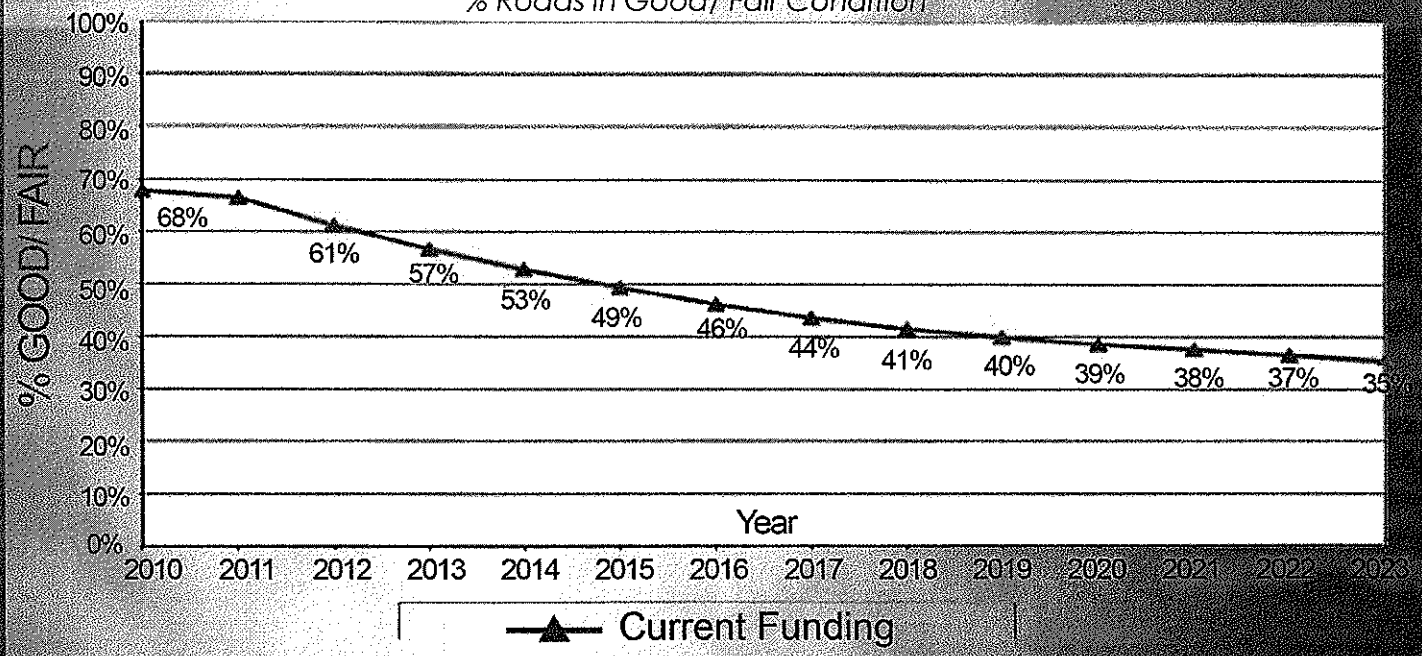
The Decline

Under the current investment strategy, the future is bleak. By 2023, 65% of Michigan roads will be rated in poor condition.

Future Projections Under The Current Revenue Structure

All Paved Federal-Aid Eligible Roads

% Roads in Good/ Fair Condition



Source: A special message by Gov. Rick Snyder; *Reinventing Michigan's Infrastructure: Better roads drive better jobs*

Analysis: Anderson Economic Group, LLC (2012)

Roads & Bridges Rising Costs

Materials Price Inflation 2008 - 2012

Percentage Increase

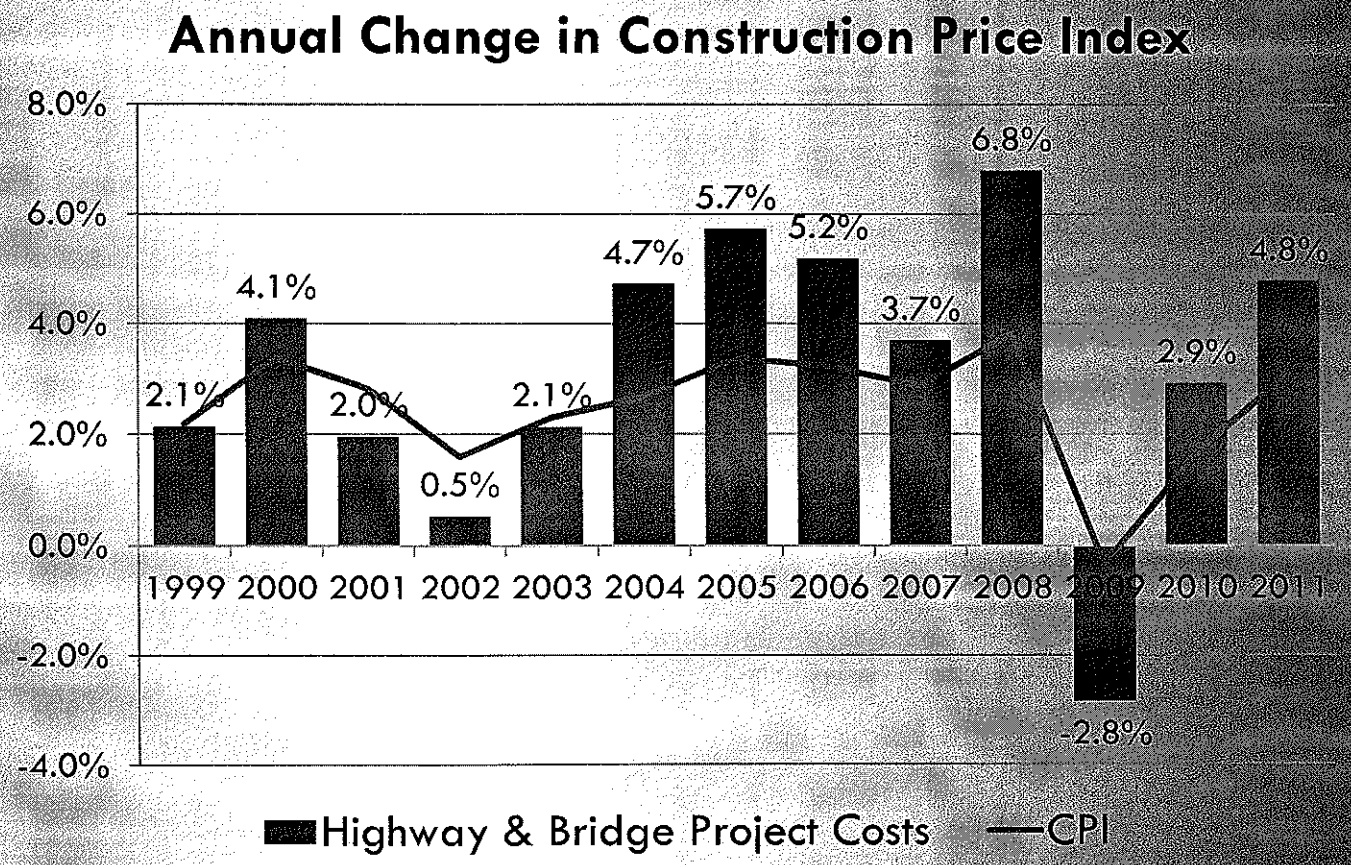
	2008	2009	2010	2011	2012
Asphalt Paving	22.3	0.7	4.3	6.1	1.0
Concrete Paving	6.3	2.9	-4.4	-1.3	2.8
Structural Steel	10.3	-2.8	0.0	5.1	1.0
Equipment	2.8	3.2	3.5	3.9	10 - 14
Diesel Fuel	-30.0	19.0	14.0	23.0	-2.0

Significant material and equipment price increases erode available resources

Source: HIS Global Insight Inc., U.S. Energy Information Administration

Roads & Bridges Rising Costs

Prices for highway & bridge construction outpace inflation nationwide



Source: American Road & Transportation Builders Association

ROADS & BRIDGES FUNDING

Source: Michigan Transportation Asset Management Council

Because of ARRA funding in 2009, Michigan saw a spike in one time funding that the motoring public and the road building industry was able to absorb.

Roads & Bridges Capacity

	07/08	08/09	09/10	10/11	11/12
Avg. # of bids	5.38	5.96	5.52	5.09	4.8
Percentage compared to Eng. Est.	-6.3	-8.15	-7.92	-4.27	-1.35

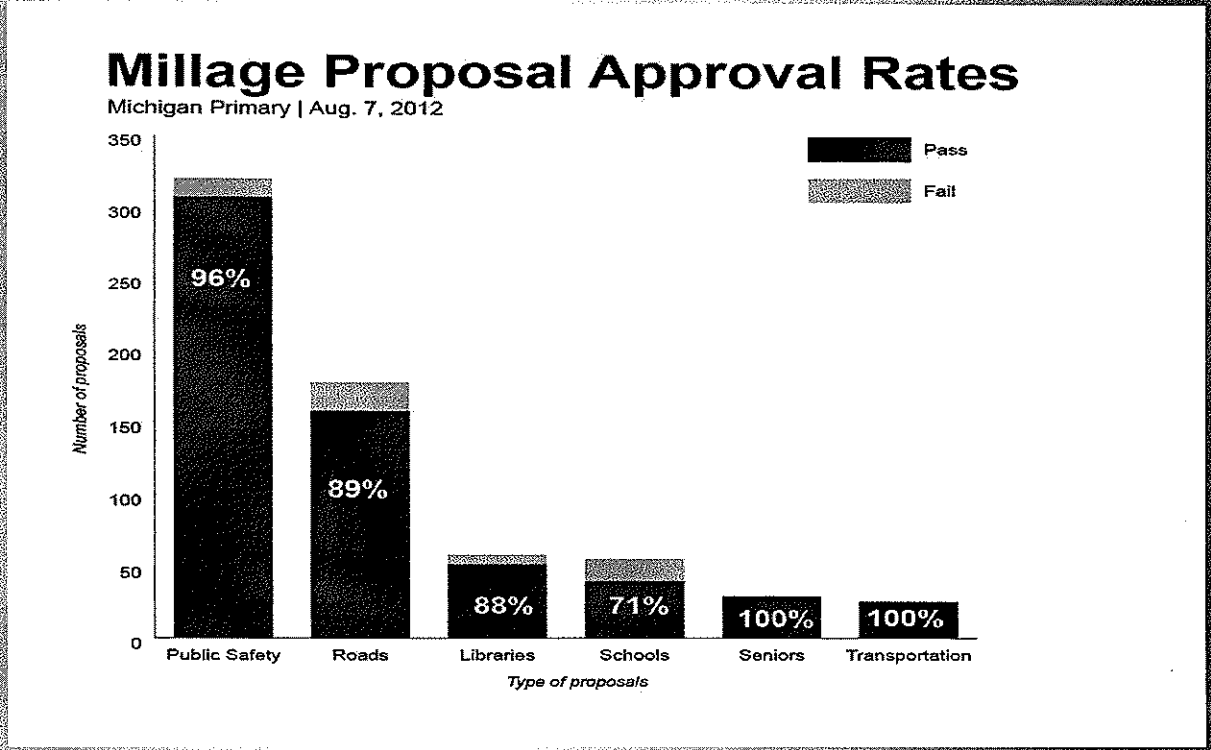
Competitive bids continued to occur during the American Recovery and Reinvestment Act of 2009

- The American Recovery and Reinvestment Act
  - $1.3 billion total increase in funding
  - $875 million for roads and bridges
  - Comp. bids left $70M for additional projects
- Unemployment Rate in Construction Industry
  - MITA member survey 35% - 45%
  - Union Trust Fund hours down 43% since 2007

Source: Michigan Department of Transportation Annual Reports, International Union of Operating Engineers

Roads & Bridges Public Support

Many communities recognize the need to improve their roads and bridges and voted in favor of increasing their millages to pay for those improvements.



Source: *BRIDGE MAGAZINE, August 2012.*