

Hard times fuel debate over road funding

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LANSING - Michigan's 120,000 miles of roads will continue to worsen if the state cannot find the money to sustain and enhance their infrastructure soon, experts say.

Since the 1960s, Michigan has been among the bottom 10 states in state and local transportation funding, said Kirk Steudle, Michigan Department of Transportation (MDOT) director.

He cites a major decline in the primary funding sources for transportation: state gas taxes and vehicle registration fees.

Revenue from both is declining, Steudle said, because motorists are purchasing fewer new vehicles and the gas tax has been the same since 1997 - 19 cents per gallon.

But Oakland and Genesee counties road officials, industry groups and a West Michigan business owner disagree on how to best maintain Michigan roads.

The Legislature and Granholm administration are considering a variety of proposals and options to get additional money to maintain and enhance roads.

In 1996, approximately 64 percent of state highways were rated in good condition, Steudle said, and that figure rose to 90 percent in 2007.

But Steudle warned that 2010 could be the last year Michigan will be able to fully match federal funding.

If that happens, by 2014 the number of Michigan aging roads and bridges will drop to around 64 percent because they continue to carry traffic volumes which are higher than in all but eight other states, he said.

Robert Slattery Jr., director of information systems and planning for the Genesee County Road Commission, said Michigan roads handle at least two times the weight limit of other states in the nation.

"The roads will continue to get worse and worse until we get adequate funding in transportation," Slattery said.

In his opinion, lax weight limit restrictions and environmental factors - sudden warming and freezing during the winter - that Michigan roads face are a recipe for disaster because commuters are beating up roadways while government is underfunding their maintenance.

Roads have been underfunded for at least the last 40 years, Slattery said, and Michigan has never

ranked higher than 40 out of the 50 states for per-capita expenditures on transportation infrastructure. Currently, Michigan ranks 45.

"We surely have roads that people cannot get around on," Slattery said about road conditions' potential effects on tourism.

He said increasing the gas tax would be the fairest way to fund maintenance in the near future because "people who drive Michigan's roads more should pay more."

As hybrids and electric vehicles become more popular, it may cause the government to think differently about funding roads, Slattery said, but until then a gas tax increase "is a short-term solution for alleviating the situation."

Higher gas taxes could decrease fuel consumption, he said, encouraging conservation of resources and forcing manufacturers to develop more alternative fuels and vehicles.

"Gas prices fluctuate so much that a 10- or 20-cent gas tax increase would be almost forgotten overnight," Slattery said.

Keith Ledbetter, director of legislative affairs for the Michigan Infrastructure and Transportation Association, said based on overall performance, Michigan's road system is the eighth-worst in the nation and has the fourth-worst rural interstate and eighth-worst urban interstate conditions.

He said there were 11,499 miles of roads rated in "poor" condition in 2004 and the number increased by about 88 percent - approximately 21,617 miles - in 2007.

If that trend continues, nearly 45 percent of all roads will be in poor conditions by 2018, Ledbetter said.

Federal infrastructure aid is allocated in part on the basis of road quality. He projected Michigan will be short \$102 million and will be unable to receive the federal aid beyond 2011 based on cuts in the state transportation budget.

If that happens, Ledbetter said, it would cost the state \$576 million a year, totaling about \$2 billion in federal aid by 2014.

He said the federal stimulus money - \$845 million spread over two years - "would be a small drop in the bucket" compared to the needs.

Michigan's present spending of \$3 billion a year, Craig Bryson of the Oakland County Road Commission said, is just enough to maintain current conditions.

And the Transportation Funding Task Force said the state needs to at least double traditional funding to improve infrastructure.

"We must increase investment in transportation soon or we will put past investment at risk, and

the infrastructure and transportation service on which we rely will deteriorate," its 2007 report concluded.

Bryson said the state must do something with registration fees and gas taxes for "at least the next decade or so" until it can pursue other options.

He proposed ways to help local governments raise money for roads, including locally controlled sales taxes, vehicle registration fees, gas and diesel taxes, property transfer fee taxes and driver's license fees.

Bryson proposed a "private investment infrastructure funding" program to allow the initial money for enhancement of roads from private investors to be repaid from higher property tax revenue.

"The goal is to give communities choices," Bryson said. "In a sense, they are another tool for the toolbox."

Mark Griffin, president of the Michigan Petroleum Association/Michigan Association of Convenience Stores, said raising gas prices should be the last resort in a declining economy, not the first, and could harm the economy.

As an example, Griffin said someone who typically buys 20 gallons at about \$2 a gallon would normally spend \$40, but a 30-cent tax hike would cost an extra \$6 for the fill-up.

While the difference isn't huge, it could mean less spending elsewhere, Griffin said.

He said most of consumers want the roads fixed but don't want the state making gas more expensive.

Griffin suggested alternatives, such as increasing the number of toll roads to generate more revenue and replacing the motor tax with a higher sales tax.

He said raising the sales tax by 1 percent and eliminating the gas tax would allow for lower fuel prices and generate more revenue because it would cover a wider variety of goods and services.

Craig Hoppen, president of J & H Oil Co. which owns 34 gas stations in West Michigan, including stations in Holland, Hamilton, Caledonia and Grand Rapids, agreed with eliminating the gas tax and increasing the general sales tax.

The company is headquartered in Wyoming, Mich.

Because consumption of gas and diesel fuels has dropped four years in a row, taxing a declining commodity is bad business, he said.

"You can't pick one commodity and expect it to be a lifeline," Hoppen said. "A revenue generator of the future needs to be found."

