

**Ann Arbor / Ypsilanti (A2Y) Regional Chamber 2014 Statement Regarding Road Funding  
May 22<sup>nd</sup>, 2014**

Few issues unite Michigan residents from across the political spectrum like the shared abhorrence of the condition of our roads. Numerous studies routinely show we face significant monetary consequences for lack of action in repairing and maintaining our road system. Surveys and polls show voters want action and are willing to provide the necessary resources to address the problem. Now is the time for the Michigan Legislature to take action, passing legislation that accomplishes four key objectives:

- Restructuring the gas and diesel tax to adequately address our current situation;
- Shifting away from using general fund dollars for road repairs;
- Ensuring we invest now, thus avoid long term costs and reaping economic benefits; and
- Depoliticizing the process of choosing where repairs take place;

It is imperative that A2Y Chamber members urge their representatives to take these needed actions.

The Michigan Legislature needs to raise revenues to enable our state to improve and maintain our roads. It should do so in a way that shifts the gas tax from a flat tax per gallon to one which reacts to changes in fuel costs. This will accurately reflect the need to meet increased costs for road repair and maintenance. The legislature should also provide parity between gas and diesel taxes, so the damage done to our roads by diesel vehicles is no longer inadequately met with taxes raised from their fuel. No one wants to raise taxes, but if these revenues do not increase there will be more total money squandered on repairs to vehicles and lost economic opportunities from businesses not expanding in, or choosing to come to Michigan.

It is time to modernize our state's approach to road funding. Michigan uses the antiquated MTF (established in 1951) to divvy up road funding and our gas tax has not been raised since 1997. The tax has not kept up with inflation. After accounting for the additional revenues raised by toll roads and local governments in Indiana and Illinois, Michigan's 19 cent per gallon gas tax is by far the lowest of our Midwestern neighbor states (OH, IN, IL, WI, MN and PA) which face similar freeze and thaw cycles.

Road funding must be depoliticized. The vast majority of road funding comes through the Michigan Transportation Fund (MTF) formula allocation. But there have been instances in the past where additional funding was carved out of the general fund budget for specific projects, with partisan results. This process could repeat itself in 2014. Regardless of which party controls Lansing, road project selection cannot continue in such a blatantly partisan manner.

Road repair should use a formulaic approach, putting decisions in the hands of experts. Funding should come entirely from dedicated funding streams and not from the state's general

fund. This avoids further temptation to re-interject politics into the process. A fair, clear, and uniform formula will have the support of Michigan voters.

Combined with the need to raise these additional revenues is the need to put them to work immediately. The effects of poor road conditions currently cost the average Southeast Michigan driver an additional \$1,600 a year. Our roads and bridges do not have time to wait for repairs, and the longer we wait the greater the cost of inaction. Even more important than cost is the threat our roads pose to safety, as unsafe roads threaten drivers, bicycle riders, pedestrians and others.

The Michigan Legislature needs to take action to improve our road infrastructure. We need additional revenue for road funding and repair and the money we spend on these activities should come from dedicated sources devoid of political maneuvering. We need to restructure our funding in a manner that allows us to maintain quality roads, but not at the expense of other budgetary priorities, such as education, transit and public welfare. Decision makers who are willing to make these hard choices should have the support of A2Y Chamber members and the community as a whole. To make sure they hear about this need, the Chamber encourages its members to sign on to the efforts of a broad coalition of business, labor and government groups at [www.justfixtheroads.com](http://www.justfixtheroads.com). The more voices our legislators hear the more likely they are to take action now, saving our state's citizens, communities and businesses from the unnecessary pain of a broken and neglected road system.