

Study: Michigan needs more revenue to fund road projects

By [Tyler Arnold | Watchdog.org](#) | Friday, May 15, 2019



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A [study](#) released this week claims that the Michigan Department of Transportation is running out of money for road projects, despite a 2015 bill that provides gradual increases in funding every year.

The study conducted by TRIP, a national transportation research group, found that the bill that increased funds from \$2.2 billion in 2015 to about \$3.7 billion in 2023 will not pay for enough projects to adequately improve road conditions, relieve traffic congestion or reduce costs caused by vehicle damages from poor roads.

TRIP is a Washington, D.C.-based nonprofit that is sponsored by several transportation-related interest groups, including equipment manufacturers, industry labor unions, distributors, suppliers, businesses involved in construction and insurance companies.

“The TRIP data confirms what we’ve been saying for some time: Michigan’s roads and bridges are crumbling because of decades of under investment,” Michigan DOT Chief Operating Officer and Chief Engineer Tony Kratofil said in a news release. “Ensuring safe and efficient travel is our top priority, and these findings demonstrate the challenges we face fulfilling our mission.”

According to the report, almost half of Michigan’s major roads are in poor or mediocre condition and more than 10 percent of bridges are structurally deficient. Twenty-four percent of the roads are in poor condition, while 20 percent are mediocre.

The analysis found that driving on deficient roads increase vehicles operating costs by \$14.1 billion annually because of damage from rough roads, traffic accidents and congestion-related delays that wouldn’t occur if the roads were properly structured.

The report lists about 150 projects statewide that will not have sufficient funding with the current revenue.

Gov. Gretchen Whitmer, who has proposed tripling the state’s gas tax to – in her words – “fix the damn roads,” referred to the additional vehicle operating costs as a hidden tax that Michiganders are already paying. She said that the average motorist pays more than \$500 every year in additional costs for car maintenance.

Whitmer’s proposal would increase the tax from 26 cents per gallon to 71 cents per gallon, which would be the highest gas tax in the country. The tax would raise an additional \$2.5 billion in road funding, but also eliminate \$600 million coming from the general fund, which means it would raise total funding by \$1.9 billion annually.

Republicans in the legislature tend to support a gas tax increase as a means to fund more road projects, because it is generally seen as a user fee. However, there has not been an agreement as to how much to increase the tax or whether such an increase would be offset with tax cuts elsewhere.

Christopher Douglas, an associate professor of economics at the University of Michigan-Flint and a scholar for the Michigan-based, free-market Mackinac Center, said in an email that the study is correct in saying that the \$3.7 billion by 2023 will likely be too late to fix the problems with roads.

“A consensus is emerging that \$2.5 billion is needed for the roads,” Douglas said. “This certainly would take care of the state roads and leave about \$1 billion left over for county and local roads. Approximately 50 percent of county and local roads are in poor condition, so it would take a long time to reconstruct them, even with an additional \$1 billion/year.”

According to Douglas, a user fee would be ideal for funding road improvements. He said that a gas tax is one example of a user fee, but that there’s some concern about the longevity of this plan because of cars becoming more fuel efficient and using alternative fuels. Other examples include tolls or a mileage tax, but he said that federal law prohibits the state from putting tolls on the interstate.

Additionally, Douglas said that Michigan should eliminate registration discounts for commercial trucks, because they often pay a lower fee despite causing more road damage than passenger cars.

“Logging trucks, farm trucks, moving vans, milk trucks, and carnival trucks get the registration discount,” Douglas said. “These registration discounts should be eliminated and the registration fee/diesel tax should be increased so that it is more in line to the damage being caused.”