

Report on Michigan's \$646 'hidden tax' fuels Whitmer road funding push

Jonathan Oosting, The Detroit News



Chris Lynch of Wetmore's Auto and Tire in Ferndale displays a tire damaged by Michigan's pothole-marked roads in 2018. (Photo: Todd McInturf / The Detroit News)

Lansing — Michigan's poor-quality roads cost the average motorist \$646 a year in extra vehicle operating costs, according to a new report from a national research group partially funded by road builders and engineers. The estimate from The Road Information Program (TRIP) comes as Michigan Gov. Gretchen Whitmer urges the Legislature to approve a 45-cent-per-gallon fuel tax increase that would generate \$2.5 billion in annual revenue for the state and increase planned road repair spending by \$1.9 billion when fully implemented in 2021. The East Lansing Democrat has argued Michigan residents already pay a "hidden tax" because of deteriorating roads and said Tuesday the "cost just went up," noting TRIP previously estimated the cost at \$562 per driver.

"If we don't raise the \$2.5 billion we need to actually fix our roads the right way, with the right materials, the cost will continue to go up year after year," Whitmer said in a statement. "Patching potholes and ignoring the problem isn't working. Instead, it's hurting our families and businesses and holding our economy back."

Leaders in Michigan's Republican-led Legislature oppose Whitmer's fuel tax plan but have acknowledged the need for more spending to fix the state's crumbling roads. The governor has challenged them to present an alternative plan. The TRIP estimate factors in the costs of vehicle repairs and tire wear attributable to deteriorating roads. It also includes a calculation of vehicle depreciation costs and fuel consumption, which the group says can increase on poor quality roads because there is less efficient transfer of power to the drive train and additional friction between the road and the tires.

Estimates are higher in urban areas, including Detroit, where bad roads cost the average driver \$824 per year in additional vehicle operation costs, according to TRIP. The Washington, D.C.-based group estimates that deteriorated road conditions collectively cost Michigan motorists \$4.6 billion a year.

"It may not necessarily be that you're laying out several hundred dollars at the mechanic shop, though certainly that is the case for some drivers," said Carolyn Bonifas Kelly, associate director of research and communications from the transportation group.

"It can be the accelerated vehicle depreciation, the additional tire wear and the additional fuel

consumption — these kind of invisible factors that are also part of the extra vehicle operating costs." The Whitmer administration estimates her proposal for a 45-cent hike in Michigan's 26.3-cents-per-gallon gas tax would cost the average motorist \$23 a month, or about \$276 a year. The governor has also proposed expanding the Earned Income Tax Credit to lessen the impact on low-income workers.

TRIP is believed to be the only group in the country that calculates additional vehicle operating costs resulting from deteriorating roads, making it difficult to confirm the accuracy of the estimate.

The group's methodology is partially based on a Highway Development and Management tool model developed by international researchers and recognized by the U.S. Department of Transportation as a way of analyzing the impact of road conditions on operating costs. TRIP uses AAA data as a baseline for vehicle depreciation estimates and uses fuel consumption research from the Texas Transportation Institute. "We're confident that it really does reflect that hidden cost of potholes and rough roads in general," Kelly said.

The non-profit research group acknowledges it is "sponsored" by insurance companies, equipment manufacturers, distributors and suppliers, businesses involved in highway and transit engineering and construction, labor unions and other organizations concerned with transportation. Several of those industries could benefit from additional aid for state infrastructure.

"We don't take a position on how the state should fund its transportation system or the mechanisms that should be used," Kelly said. "Our goal as an organization is to make sure that when the state legislators and decision-makers and the public are making those decisions, they've got all the information available."

State Sen. Wayne Schmidt, a Traverse City Republican who chairs the transportation budget committee, had not seen the new report but acknowledged that some motorists are paying for vehicle repairs caused by poor quality roads.

"It does have an impact on cars, on school bus fleets, on trucks and all of that," he said. "Whether or not it's \$600 or \$500 is up for debate."

But Republican lawmakers have criticized Whitmer's gas tax plan, calling it too steep a hike, and have raised questions about her proposed funding formula that would focus the new spending on high-traffic roads rather than lane miles.

"Are they blowing a tire on I-75 or are they blowing a tire on the way to church or the grocery store?" Schmidt said. "That's the question if we're talking about wear and tear on a vehicle. So we're going to get to the bottom of it."

While some motorists have avoided significant vehicle damage, others have "paid way more" than \$646, Michigan Department of Transportation Director Paul Ajegba told reporters after outlining Whitmer's road funding plan to a skeptical state Senate committee.

Money paid to "repair your tires is not going to the roads," Ajegba said. "Why don't we ... fund the roads appropriately and fix the roads the right way? Then we're not spending our money fixing tires."

Former Michigan Gov. Rick Snyder, a Republican, also relied on TRIP reports to make the case for additional road funding and in 2015 signed a package that raised gas taxes and registration fees to raise \$600 million a year in new revenue. The law would also divert \$600 million in general fund money to roads once fully implemented in 2021.



Michigan Democratic gubernatorial candidate Gretchen Whitmer fills a pothole during a campaign event in Southfield, Mich., Monday, Aug. 6, 2018. (AP Photo/Paul Sancya) (Photo: Paul Sancya, AP) But non-partisan experts and state officials say the 2015 road funding law did not go far enough and will not stop continued deterioration of local roads, highways and bridges.

A Snyder-appointed commission in 2016 recommended the state spend an additional \$2.2 billion a year on roads, and officials say the price tag has grown in the past two years. It's more expensive to replace a failed road than maintain a good one, according to experts.

TRIP estimates that traffic congestion — which would be remedied by roadway improvements — also costs Michigan motorists hundreds of dollars each year. Additionally, roadway conditions could be a factor in expensive vehicle crashes.

Combined, vehicle operating costs, safety and congestion cost the average Detroit resident \$2,544 a year, according to the group.

Kelly noted TRIP reports include data from the Federal Highway Administration, the National Highway Transportation Safety Administration and the Texas Transportation Institute, which calculates congestion data.

"Our numbers are all coming from these really credible sources," she said.

"You can either invest up front to improve the roads or you can pay this money as a result of driving on rough roads. I'm sure drivers in Detroit could find a better use for more than \$2,500 a year that they're currently losing."

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