



# “Plan B” Road Fix Options

May 7, 2015

# Ballot Proposal 15-1 Summary



## Legislation

- [HJR UU](#)
- [Public Act 473 of 2014](#)
- [Public Act 474 of 2014](#)
- [Public Act 475 of 2014](#)
- [Public Act 476 of 2014](#)
- [Public Act 477 of 2014](#)
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## Fiscal Impact

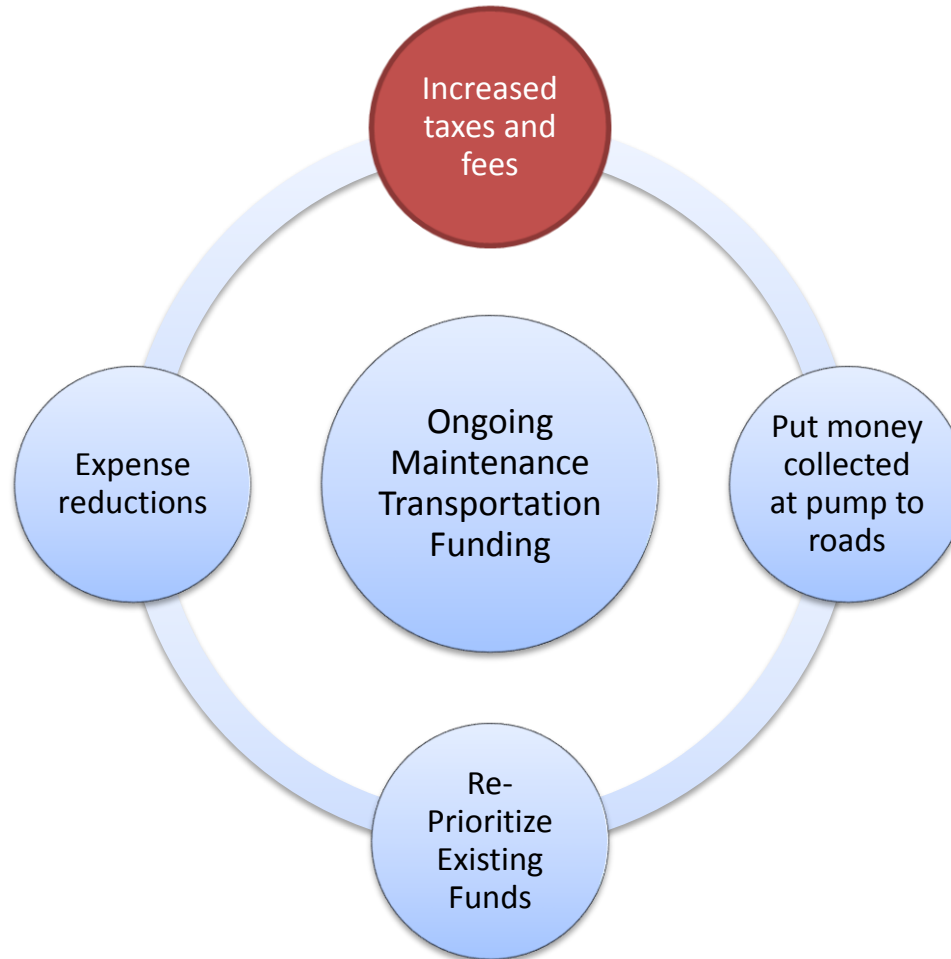
Line Item	FY15-16	FY16-17	FY17-18
Ballot : Prop 1 Road Funding		\$891.00	\$1,464.30
		319.4	521.2
		497.5	811.8
<b>Statewide Vote</b>	<b>#</b>	<b>%</b>	
Yes	349813	19.93%	\$71.10
No	1405716	80.07%	\$3.00
Counties reporting	83/83		\$456.20
		\$25.60	\$27.60
School Aid Fund	\$336.50	\$376.20	\$393.80
Constitutional Revenue Sharing	\$106.40	\$114.00	\$118.30
General Fund	\$25.40	\$33.10	\$36.40
<b>TOTAL</b>	<b>\$1,768.70</b>	<b>\$1,896.10</b>	<b>\$2,040.30</b>

# Plan B Objectives




- A long-term structural fix for our road funding shortfalls
- No new taxes or fees
- Improved road construction quality
- Define threshold for tax relief

# Road Funding Options



# Legislative Strategy




**Do Nothing**

Road condition degrades  
Repairs become more expensive



**Pale Pastels**

Ignore expenses  
Raise taxes and fees  
Risk economic growth



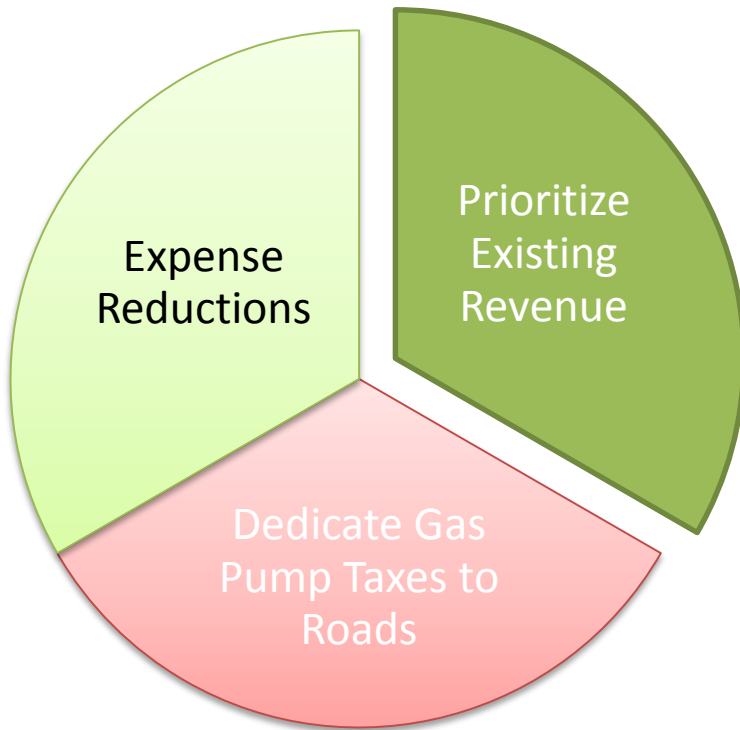
**Bold Colors**

Re-Prioritize Existing Revenue  
Expense reductions

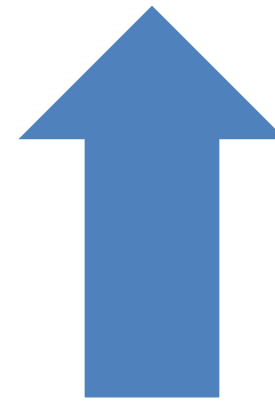
# Proposed “Bold Color” Strategy



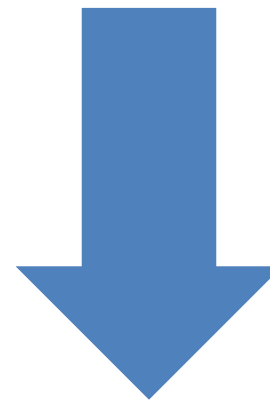
## Short Term



## Long Term



Expense  
Reductions &  
Dedicated  
Road Revenue



Reliance on  
Prioritization

# Options



## Fixing the roads without raising taxes...

### Option A: Money Collected at Pump Goes to Roads

- Bolger Road Plan
  - Already passed House
  - 6 of 10 Bills would be reintroduced
  - Ensures 100% of taxes raised at gas pump goes towards roads
- Proos Road Plan
  - 25% of 4% Sales Tax at pump goes to Michigan Transportation Fund. No impact to SAF or Locals
  - Stop appropriations to Secretary of State for administration and enforcement of vehicle registration fees

### Option B: Prioritization

- Dedicate 100% of 1-Time Spending to Roads
- Freeze Ongoing GF Spending Increases
- Open Restricted Funds to Free Up GF for Roads

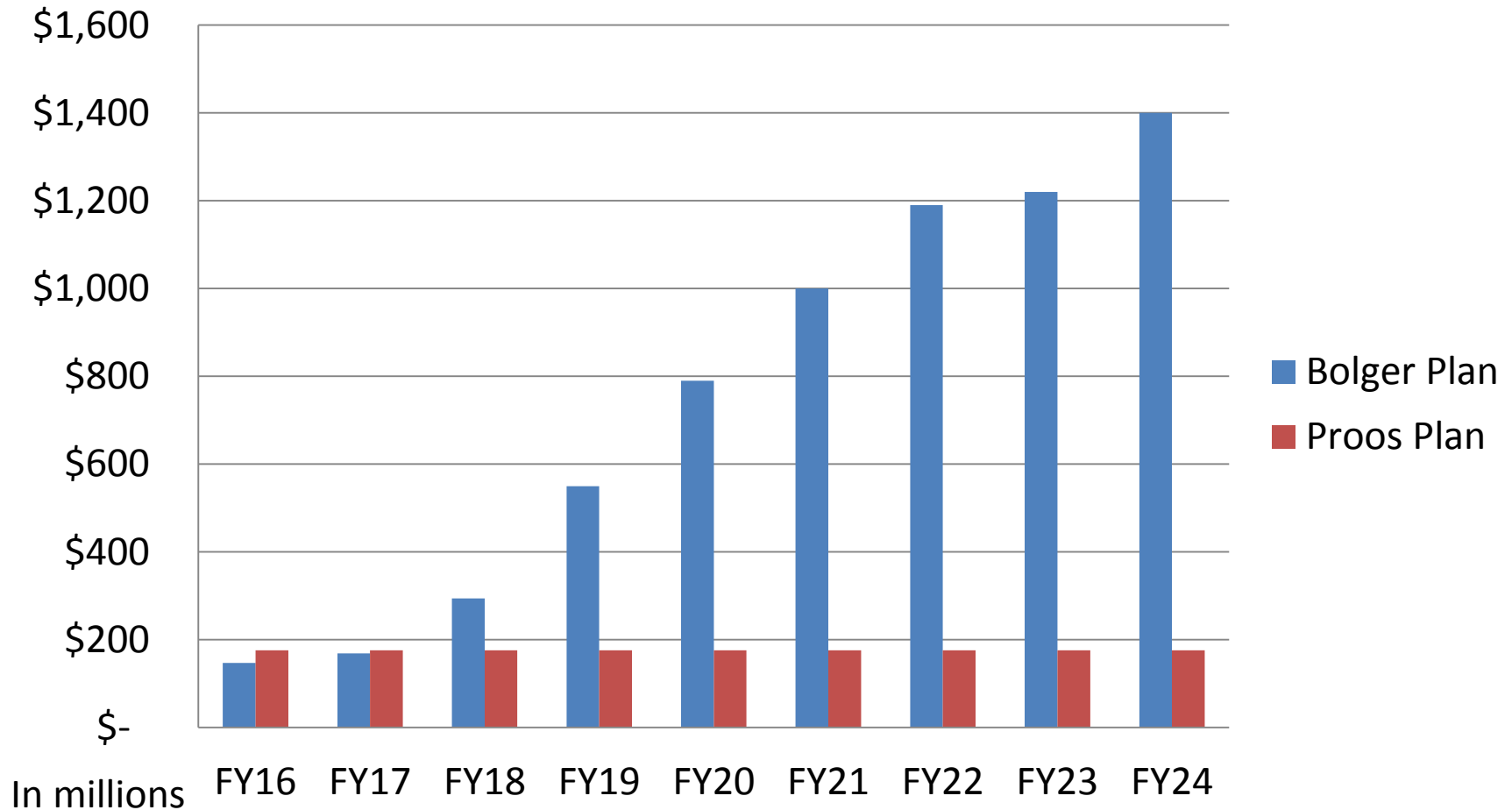
### Option C: Expense Reduction

- Extend Road Design Life
- Lower Road Construction Material Costs
- Privatize Some MDOT Services
- Cut State Healthcare Expenses
- Eliminate Programs
- Federal Regulatory Reform

### Option D: All of the Above

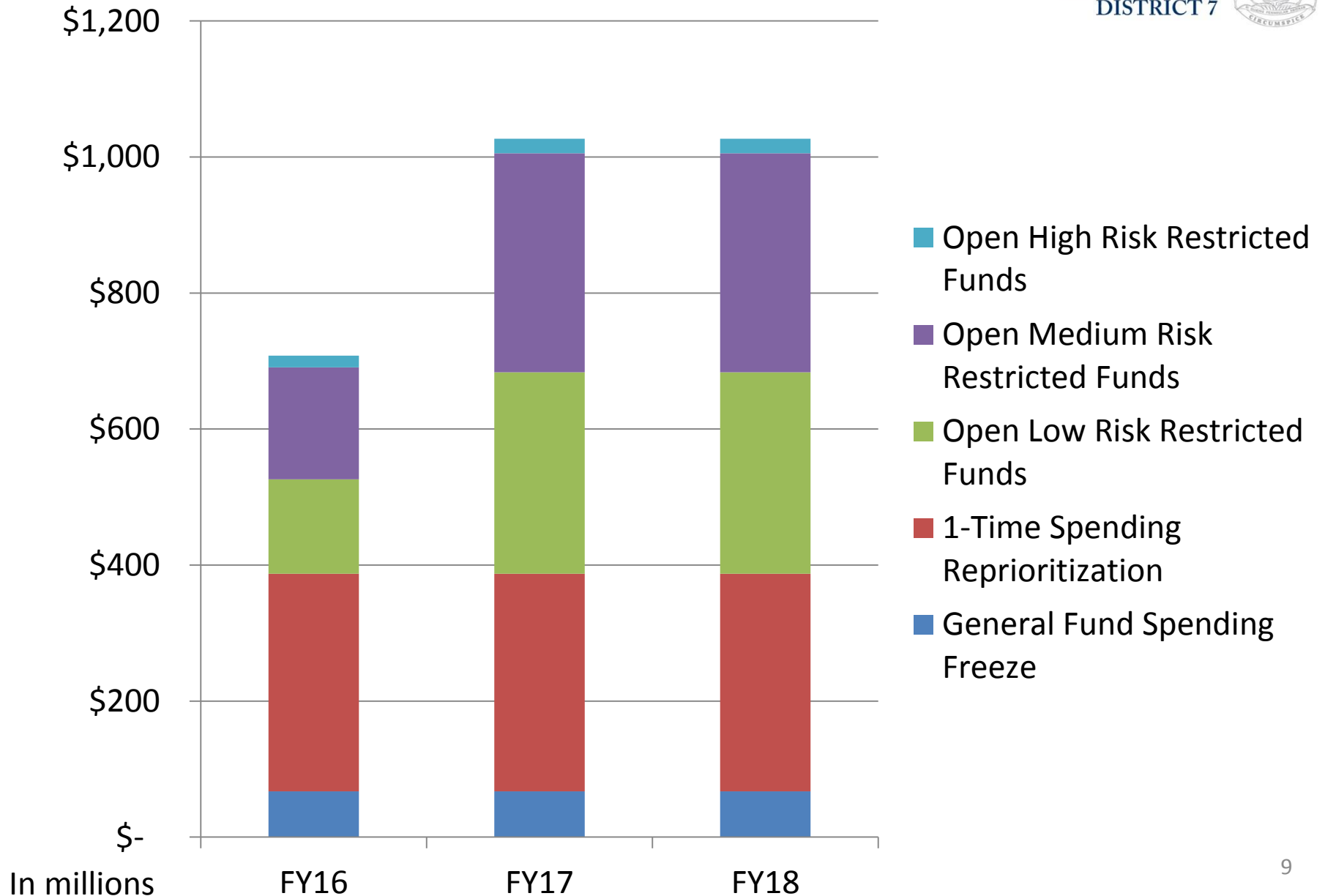
- See other options

# Option A: Pump Taxes to Roads

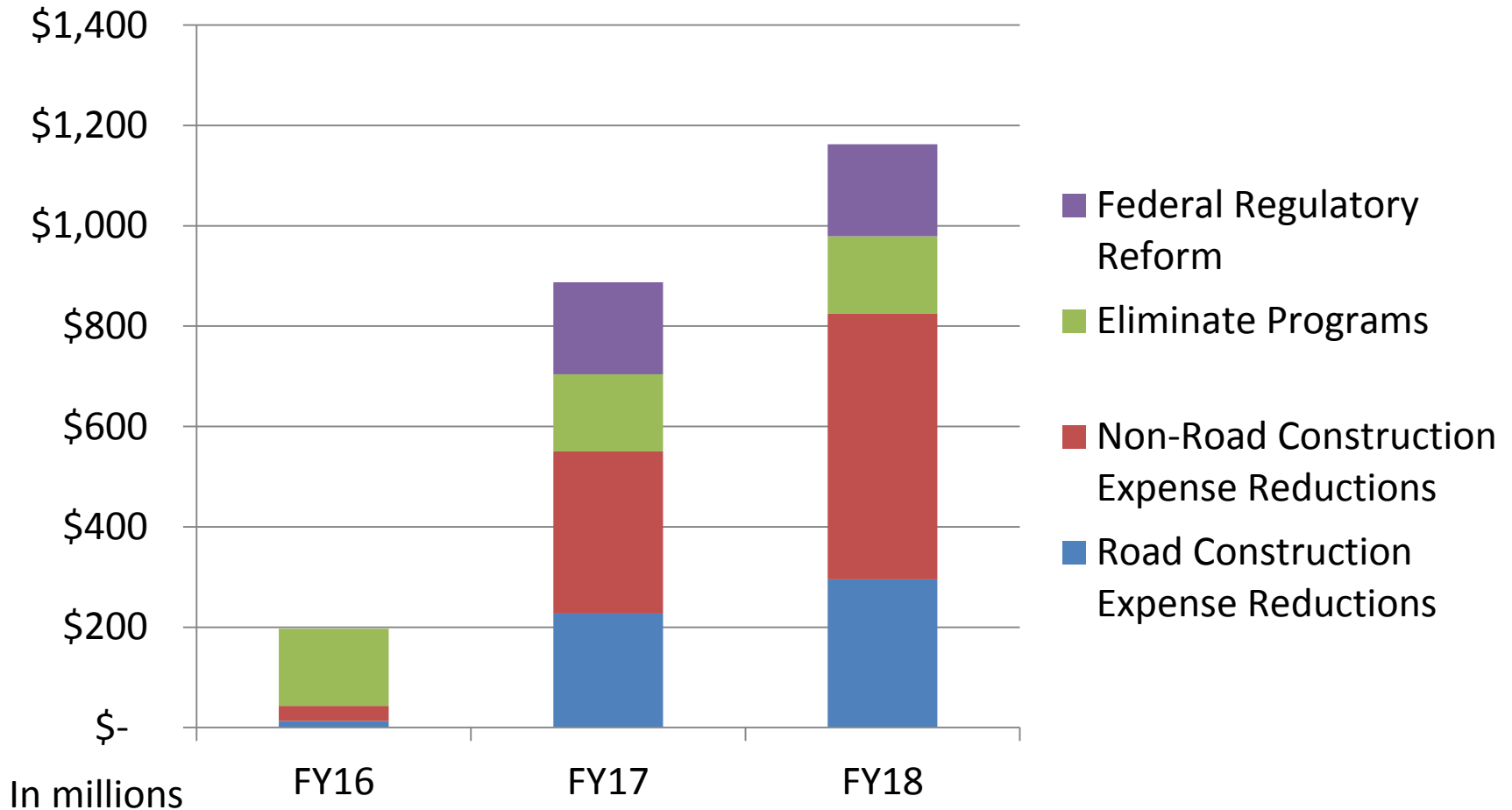




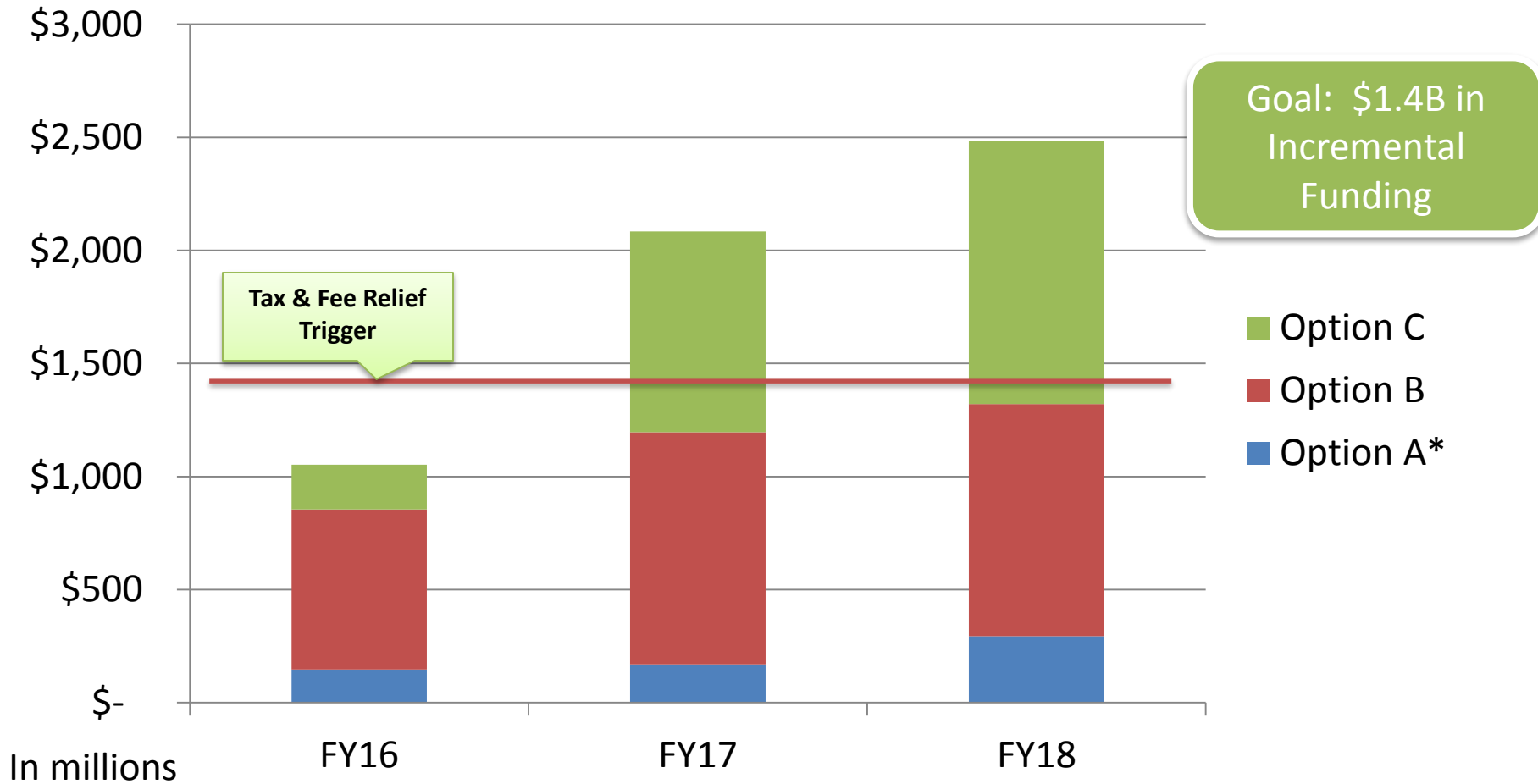
# Option B: Prioritization



# Option C: Expense Reduction



# Option D: All of the Above

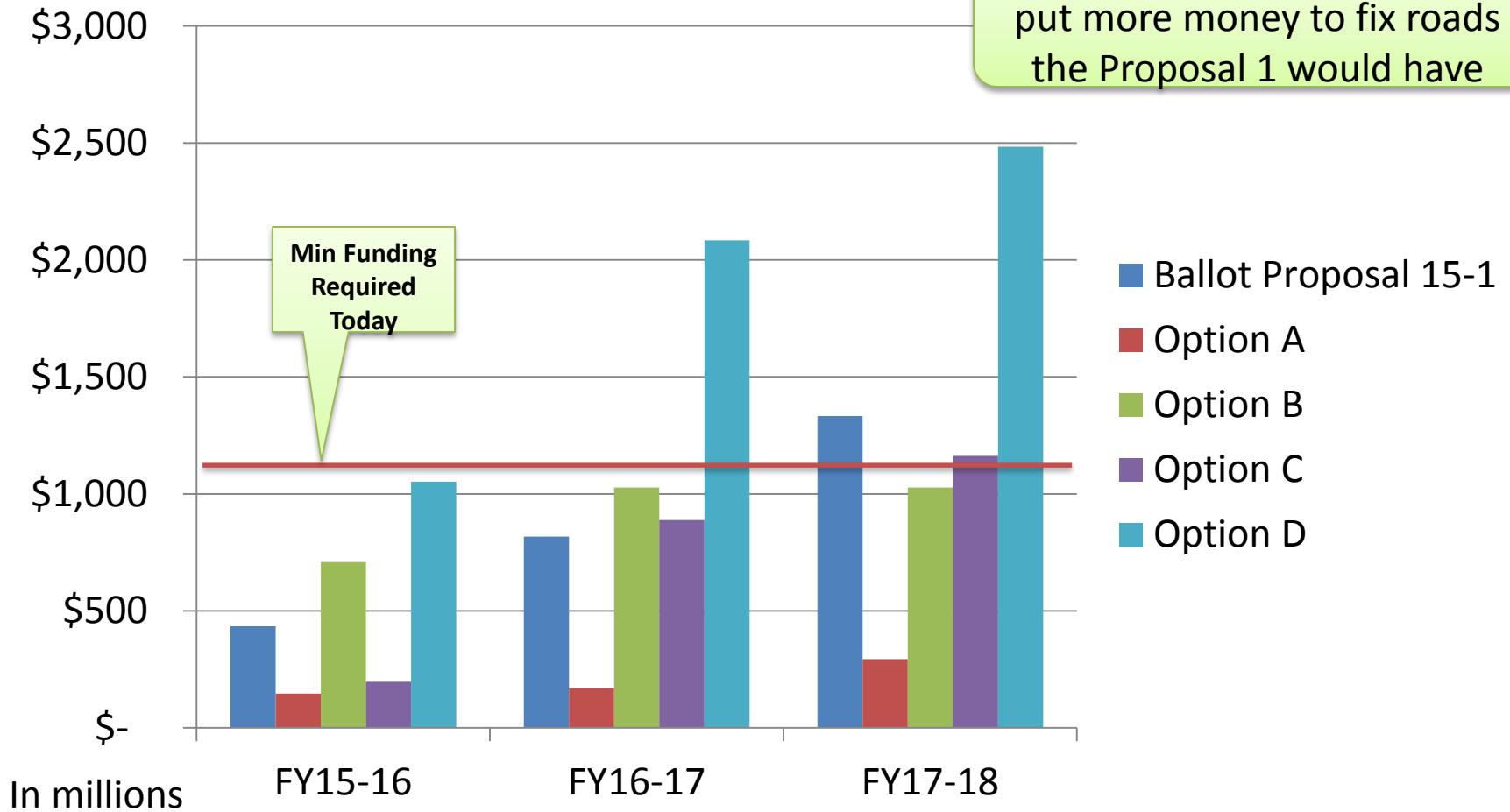


\*Bolger Plan used for Option A

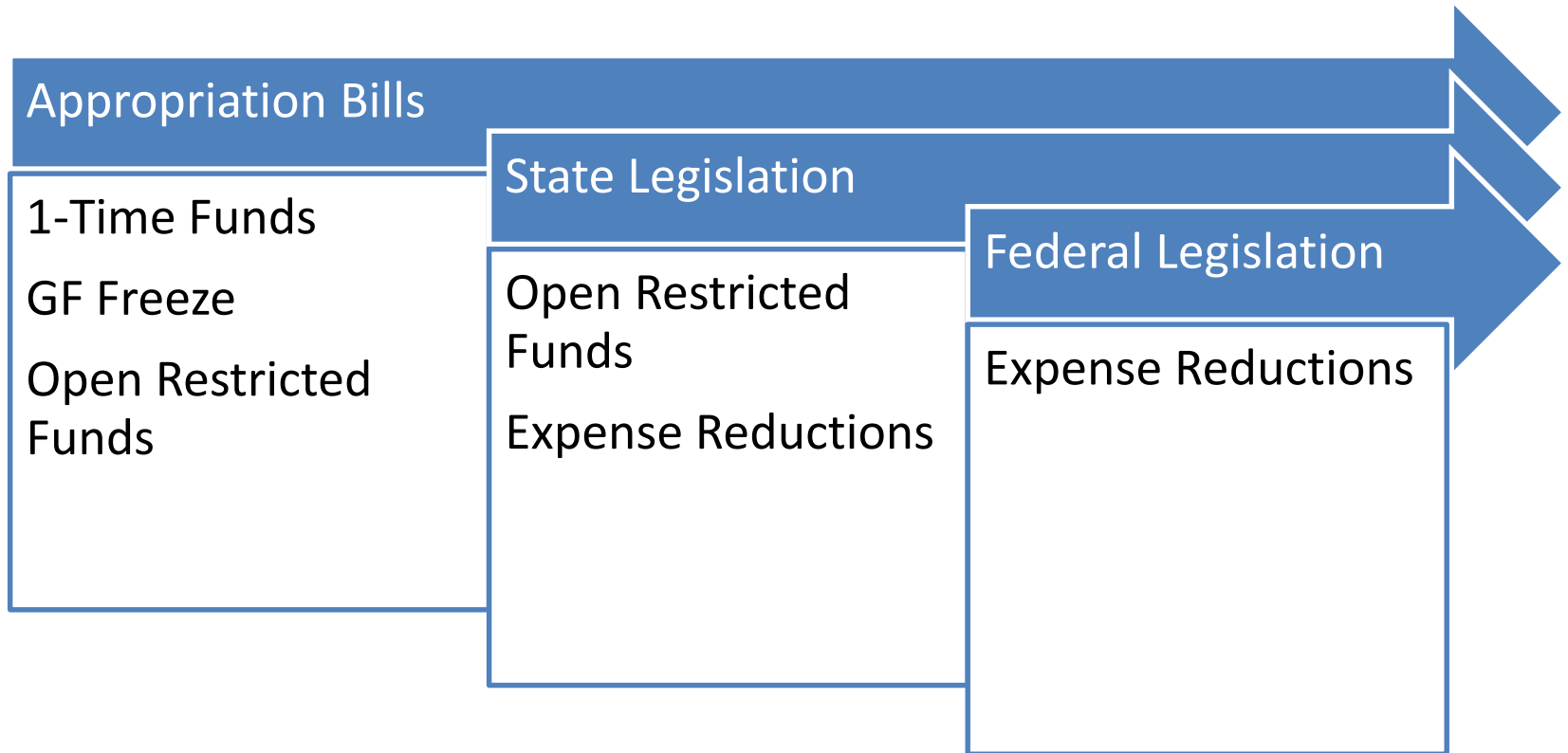


# Option Comparisons

Not all options are needed to put more money to fix roads the Proposal 1 would have



# Legislative Strategy



# Frequently Asked Questions



- Do we need to increase taxes to fund our roads?
  - No
- Will you cut funding to schools, police & fire in order to avoid tax increases?
  - No
- How many bills are required to implement this road plan?
  - Depending upon timing, either two substitutes for existing Omnibus appropriation bills or two supplemental appropriation bills
  - Additional legislation would be required but total count depends upon how solutions are packaged. One bill could include multiple solutions or each solution could be a unique bill.

# Solution Catalog



## Option A: Pump Taxes to Roads

- Reintroduce the House versions of the following bills without HJR UU tie bar:
  - HB 4251 Competitive Bidding
  - HB 5167 MDOT Performance
  - HB 5460 Warranties
  - HB 5477 Gas Tax Restructuring
  - HB 5492 Dedicate 1% Use Tax to Roads
  - HB 5493 Eliminate Flat Tax on Gas
- Reintroduce Senate version of the following bills:
  - SB 6 Put 25% of 4% Sales Tax at Pump to Roads not GF
  - SB 149: Shift \$20M/year from SOS to roads

## Option B: Re-Prioritize Spending

- Appropriations Non-Education Omnibus
  - GF Freeze
  - 1-Time Spending Prioritization
  - Use Budget Stabilization Fund for Budget Stabilization
- Open Restricted Funds (Partially or Fully)
  - Michigan Natural Resources Trust Fund (SB 16)
  - Newborn Screening Fees
  - Parole/Probation Oversight Fee Set-Aside
  - Special Equipment Fund
  - CMI Revenue Fund
  - Mbi-Pharmaceutical Products Fund
  - Corporation Fees
  - Revitalization Revolving Loan Sub-Fund
  - Off-Road Vehicle Trail Improvement Fund
  - Small Business Pollution Prevention Assistance Revolving Loan Fund
  - Enhanced Driver License & Personal ID Fund
  - Contingent Fund, Regular Penalty & Interest Account
  - Transportation Administration Collection Fund
  - 21st Century Jobs Trust Fund
  - Health Professions Regulatory Fund
  - Michigan Film Promotion Fund
  - Convention Facility Development Fund
  - Land Reutilization Fund
  - Certificate of Need
  - Oil and Gas Regulatory Fund
  - Refined Petroleum Fund
  - Scrap Tire Regulatory Fund
  - Autism Coverage Fund (Align with Demand)
  - Pain Management Fees
- Other Legislation
  - Budget prioritization bill

## Option C: Expense Reductions

- Road Construction Expenses
  - Road Construction Transparency (SB 111)
  - Road Construction Standards Reform
    - Align design specifications with truck weights
      - Reduce truck weights as warranted
  - Road Construction Maintenance Reform
  - Wear and tear road fines
  - *Infrastructure Investment Fund\**
  - *Infrastructure Operations Fund\**
  - Raise Forcing Limit on Road Projects
  - ITS Streamlining
  - Streamline Road Construction Management
  - Construction Materials Future Contracts
  - Innovation Contests
  - Privatize MDOT Road Design Services
  - Privatize MDOT Road Inspection Services
- Non-Road Construction Expense Reductions
  - Adopt DPCS health plans for state employees
  - Adopt DPCS health plans for Medicaid enrollees
- Eliminate Programs
  - Business Attraction and Community Revitalization
  - Entrepreneurship Ecosystem
  - Community Ventures
  - Planned Parenthood Funding
  - University Autism Program
  - Pay for Success Contracts
- Federal Regulations Reform
  - EPA
  - Davis-Bacon Exemption
  - FHA Land Use Restrictions

## Tax Relief

- *Cut Vehicle Registration Fees by 50%*

*We do not need all of the solutions to be implemented to exceed funding levels proposed by Proposal 15-1*