

# Road Funding and the Future of Mobility

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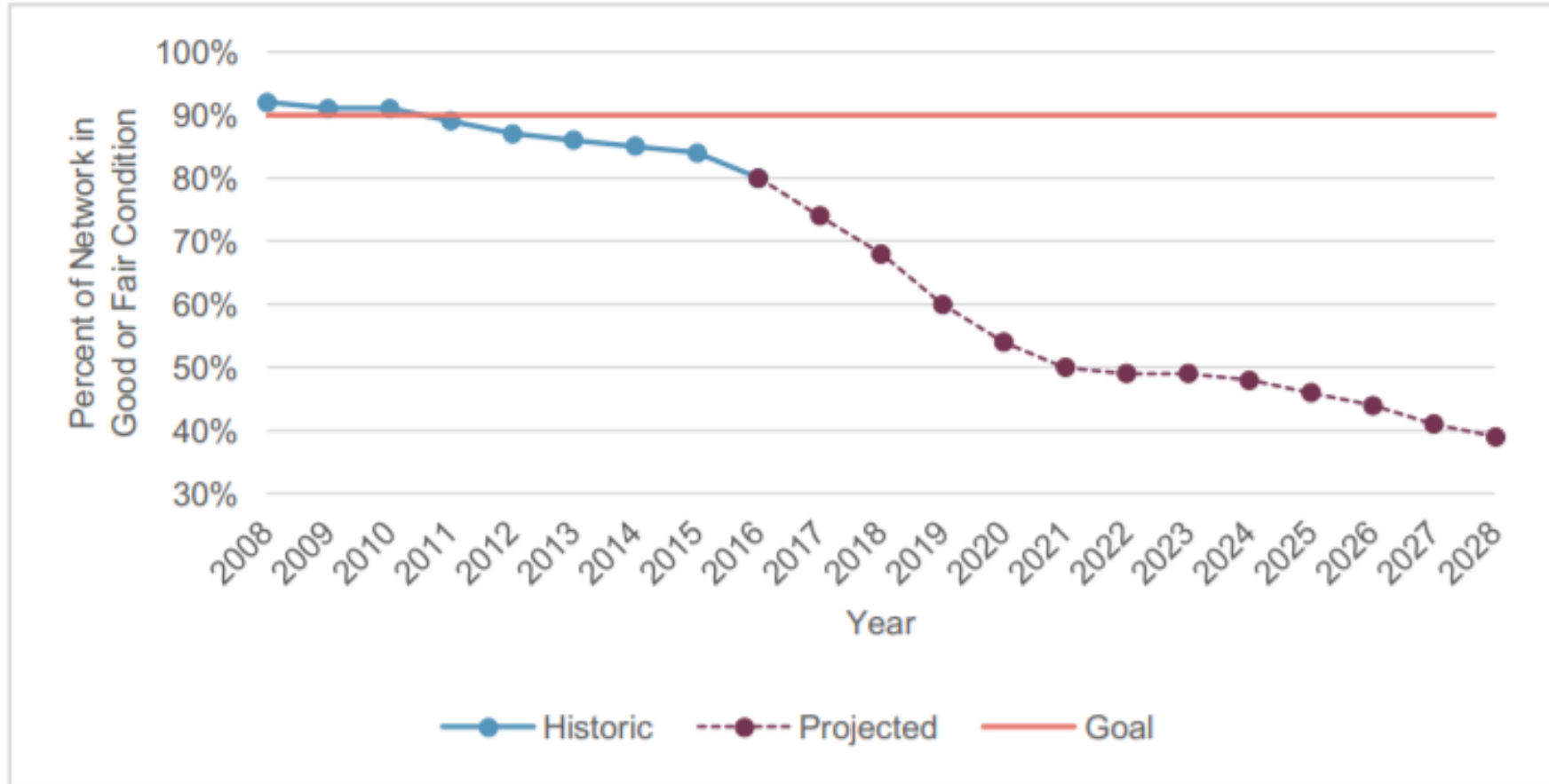
# Road Funding

# Need Identified by Infrastructure Commission

Transportation Mode	Current Annual Investment	Annual Investment Need	Annual Gap
Interstates and other principal arterials	\$1.2 billion	\$2.2 billion	\$1.0 billion
State highways and bridges	\$250 million	\$850 million	\$600 million
Local roads and bridges	\$740 million	\$1.34 billion	\$600 million
Multimodal	\$420 million	\$850 million	\$430 million
<b>Total</b>	<b>\$2.61 billion</b>	<b>\$5.24 billion</b>	<b>\$2.63 billion</b>

Source: 21<sup>st</sup> Century Infrastructure Commission Report.

# The Need for Investment



Source: 21<sup>st</sup> Century Infrastructure Commission Report.

# Current Transportation Funding

Revenue Source	Actual 2017	Projected 2018	Projected 2019	Projected 2020
Gasoline Tax	\$1,144,280,552	\$1,217,950,000	\$1,217,100,000	\$1,213,250,000
Diesel Tax	\$215,179,078	\$233,500,000	\$236,400,000	\$239,000,000
Motor Vehicle Registration Tax	\$1,209,982,529	\$1,288,000,000	\$1,318,900,000	\$1,350,900,000
Sales Tax	\$95,228,666	\$97,100,000	\$98,300,000	\$100,650,000
Income Tax	\$0	\$0	\$150,000,000	\$325,000,000
Federal Tax	\$855,278,242	\$1,380,301,200	\$1,318,271,700	\$1,318,271,700
All Other Revenues	\$147,926,704	\$215,840,300	\$199,054,000	\$202,443,000
<b>Total Transportation Funding</b>	<b>\$3,667,875,771</b>	<b>\$4,432,691,500</b>	<b>\$4,538,025,700</b>	<b>\$4,749,514,700</b>

## FY 2019 Funding

- Gasoline tax: 27 percent
- Registration tax: 29 percent
- Federal aid: 29 percent
- Total of these three sources: 85 percent

# FY 2015 Ballot Proposal

- Gas tax from \$0.19 per gallon to equivalent of \$0.417 per gallon
- Sales tax from 6 percent to 7 percent
- Remove gasoline from sales tax base
- Earned Income Tax Credit from 6 percent to 20 percent
- Would have generated \$1.3 billion for roads and \$485 million for other state priorities
- 80 percent voted no in statewide special election

# 2015 Enacted Transportation Package

- Gas tax from \$0.19 per gallon to \$0.263 per gallon
- Indexed to inflation starting in 2022
- Registration tax up 20 percent
- Earmarked \$600 million of income tax to transportation
- Increases road funding by \$1.2 billion but only \$428 million in net new revenues—reduces general fund by \$800 million

# How do you raise enough to fix the roads?

- Raise the gasoline tax
- Explore other options, such as tolling and GPS fees



# Future of Mobility

# Importance of Auto (Mobility) Sector to Michigan

- Michigan manufacturers more than 2 million cars and trucks each year
- 13 original equipment manufacturing (OEM) assembly plants, 35 OEM component plants, and 1,700 manufacturing facilities
- Directly supports 15 percent of state's workforce

# Industry Transformation

- Industry is moving toward autonomous vehicles
- Clean fuel vehicles will replace traditional motor fuel propulsion

# The World is Changing

- Innovative mobility services—transportation solutions enabled by wireless technology (e.g., car sharing, ride hailing, etc.)
- Connected autonomous vehicles (CAVs)—technologies range from driver assistance (e.g., blind spot warnings) to fully automated vehicles
- Countries are setting end dates for the sale of vehicles using gasoline and diesel: Norway in 2025; France and the UK in 2040; Germany, India, and China are planning on setting dates
- Many companies are only using electric or hybrid technology on CAVs

# Michigan is Well Positioned—MCity



# Michigan is Well Positioned—American Center for Mobility



# Michigan Assets

- Home to GM, Ford, and FCA and host to many other research facilities
- Michigan's research universities are leaders in these technologies
- MCity in Ann Arbor and the American Center for Mobility are premier testing facilities for CAVs
- However, no guarantee Michigan can maintain its leadership as the industry transforms—Tesla is manufactured in Silicon Valley