

**Governor's Special Message on Infrastructure  
Summary  
October 26, 2011**

**Key Points**

- The governor's Special Message on Infrastructure calls for several legislative actions and initiatives to restore and enhance Michigan's transportation, water and sewer, and broadband infrastructure.
- Whether it's moving goods and people, protecting our water quality or ensuring that businesses and families are linked to Internet technology, infrastructure is essential to growing Michigan's economy, enhancing its quality of life and retaining young talent.
- Modern, efficient transportation is critical. Simply put: Better roads drive better jobs.
- Unfortunately, Michigan's infrastructure is living on borrowed time. We face a \$1.4 billion shortfall just to maintain our current road system.
- We can no longer put off reinvesting in our deteriorating infrastructure.
- Road work is currently funded at the state level by a cents-per-gallon tax on gasoline and diesel fuels, and vehicle registration fees. The gas tax was last raised in 1997. However, the gas tax is a 20<sup>th</sup> century tax on a 19<sup>th</sup> century resource. It cannot meet the needs of the 21<sup>st</sup> century. We need bold changes to our funding system.
- Similar needs also face our sewer, water and broadband infrastructures. For example, Michigan is in the middle of the pack nationally in terms of availability and use of broadband. In fact, only 67 percent of Michigan households choose to have a broadband connection.
- It's time to seriously engage in this issue that is so vital to Michigan's future.

**Transportation Recommendations**

- Develop Michigan as a global trade center by leveraging its position in the international shipping and logistics stream of Detroit, Chicago and Toronto.
- Create an authority to build the New International Trade Crossing, which will provide a direct freeway-to-freeway connection to support international trade.
- Allow counties to absorb their county road commissions to ensure greater accountability. Michigan is the only state with county road commissions.
- Allow the state to conduct audits of local road commissions.
- Revise the antiquated and complex transportation funding formula under Public Act 51 of 1951. The new law should remove cities and villages that receive less than \$50,000 in transportation funding from the distribution of P.A. 51 funds. Rather than go to jurisdictions, the money will stay with the road so it can be distributed to whatever larger road agency maintains those roads and bridges.

- Ensure that agencies covered under P.A. 51 conform to Michigan’s new law requiring employees to contribute 20 percent of their health care premiums, and have new employees placed on defined contribution retirement plans.
- Allow agencies covered under P.A. 51 to open maintenance and construction contracts to competitive bidding from the public and private sectors.
- Give counties and regional authorities the ability to levy a local vehicle registration fee to support transportation, if approved by voters.
- Eliminate the current 19-cents-per-gallon state gas tax and the 15-cent-per-gallon diesel tax in favor of a percentage wholesale tax on fuel, which is a more viable long-term funding approach. The wholesale tax would be revenue neutral upon enactment.
- The goal should be to increase investment by \$1 billion to \$1.4 billion each year. As an example, a state registration fee increase of \$10 per month on the average passenger vehicle would raise nearly \$1 billion.
- Distribute new transportation funding based on road use and traffic volumes with a seven- to 10-year transition period for full effect. This would include any new revenues beyond what is collected and spent today.

#### **Aviation, Bus & Rail Transit and Port Recommendations**

- About 36 million passengers and 520 million pounds of high-value cargo pass through Michigan’s airports each year. We must keep investing in their safety and efficiency.
- Create a Regional Transit Authority for southeast Michigan to establish rapid transit along the Gratiot, Woodward, Michigan and M-59 corridors.
- Work with Congress to fund harbor dredging and construction of a new Soo Lock.

#### **Water and Sewer Recommendations**

- Protect our abundant water resources by using \$1 billion approved by voters in 2002 to provide grants and low-interest loans to communities to upgrade their water and sewer systems. Last year alone, more than 7 billion gallons of raw sewage was discharged into our waterways and 20 percent of our monitored beaches experienced a closing or had an unsafe advisory issued.
- Step up state efforts to remove troublesome dams. Michigan has nearly 2,600 dams, most built by private owners decades ago. Many are no longer useful and pose risks. Repairs often cost hundreds of thousands of dollars and removal can cost millions.

#### **Broadband Recommendations**

- Leverage new investment and develop a unified vision with regard to broadband access and use in Michigan, with special attention to the rural areas in our state.
- Work with private-sector broadband providers to help close the “digital divide” with better coordination, shared resources, more training and greater investment.

**END**