



May 20, 2014

**RE: House Transportation Funding Package**

Dear Senator,

The transportation funding package passed by the State House on May 8, 2014, is a positive step forward for road funding. However, its neglect for other important parts of our state transportation system would be a negative step backwards. As is, the package will bypass the top half of the Public Act 51 (1951) transportation funding formula, and allocate new revenues only to roads. A significant piece of the bypassed portion of the formula is the Comprehensive Transportation Fund (CTF), which funds passenger rail in Michigan.

If we are going to start to tackle the shortfalls of Michigan's transportation funding, we need to do so through the traditional *full* Act 51 formula so that our state's *full* transportation system can benefit from new revenues generated. The Act 51 formula functions to distribute state transportation revenues through the Michigan's *full* transportation system, not just one part of it.

Rail is a vital part of Michigan's transportation system, moving people across our state and in bringing them into our state. Michigan's three passenger train routes have been experiencing record growth. Last year, over 800,000 passengers were carried by Michigan trains in 2013<sup>1</sup>. Passenger rail ridership in our state has increased 78% since 2002<sup>2</sup> – growth like this simply cannot be ignored. Across the 22 Michigan communities with train stations, \$62 million in annual quantifiable benefits come from passenger rail service, including individual traveler savings, local business benefits, and Amtrak investments<sup>3</sup>.

Limiting new revenues simply to roads repeats a substantial mistake of the 1997 gas tax increase (1997 PA 83). Every year since 1997, the CTF has missed out on approximately \$15.2 million that could have come from the new revenues generated by that gas tax increase<sup>4</sup>. That adds up to over \$250 million that could have gone to the CTF, if it had been included in PA 83 of 1997.

We urge you to distribute all new transportation revenues through the traditional full Act 51 Formula, including but not limited to amending the transportation funding package passed by the House on May 8, 2014 to use the traditional full Act 51 Formula.

Sincerely,

**Robert Tischbein**

Robert Tischbein  
Executive Chair  
Michigan Association of Railroad Passengers

1 – Amtrak Press Release, 10/14/2013, "Amtrak Sets Ridership..." - pg. 3

2 – MDOT Annual Ridership Summary, 1994-2013

3 – Michigan Passenger Rail Station Community Benefits Study, 2009 - pg. 9

4 – Based on the House Fiscal Agency current estimate of \$45 million revenue per \$0.01 of the gasoline tax, and 8.47% as the fraction of the total Michigan Transportation Fund (MTF) that the CTF received in FY 2012-2013

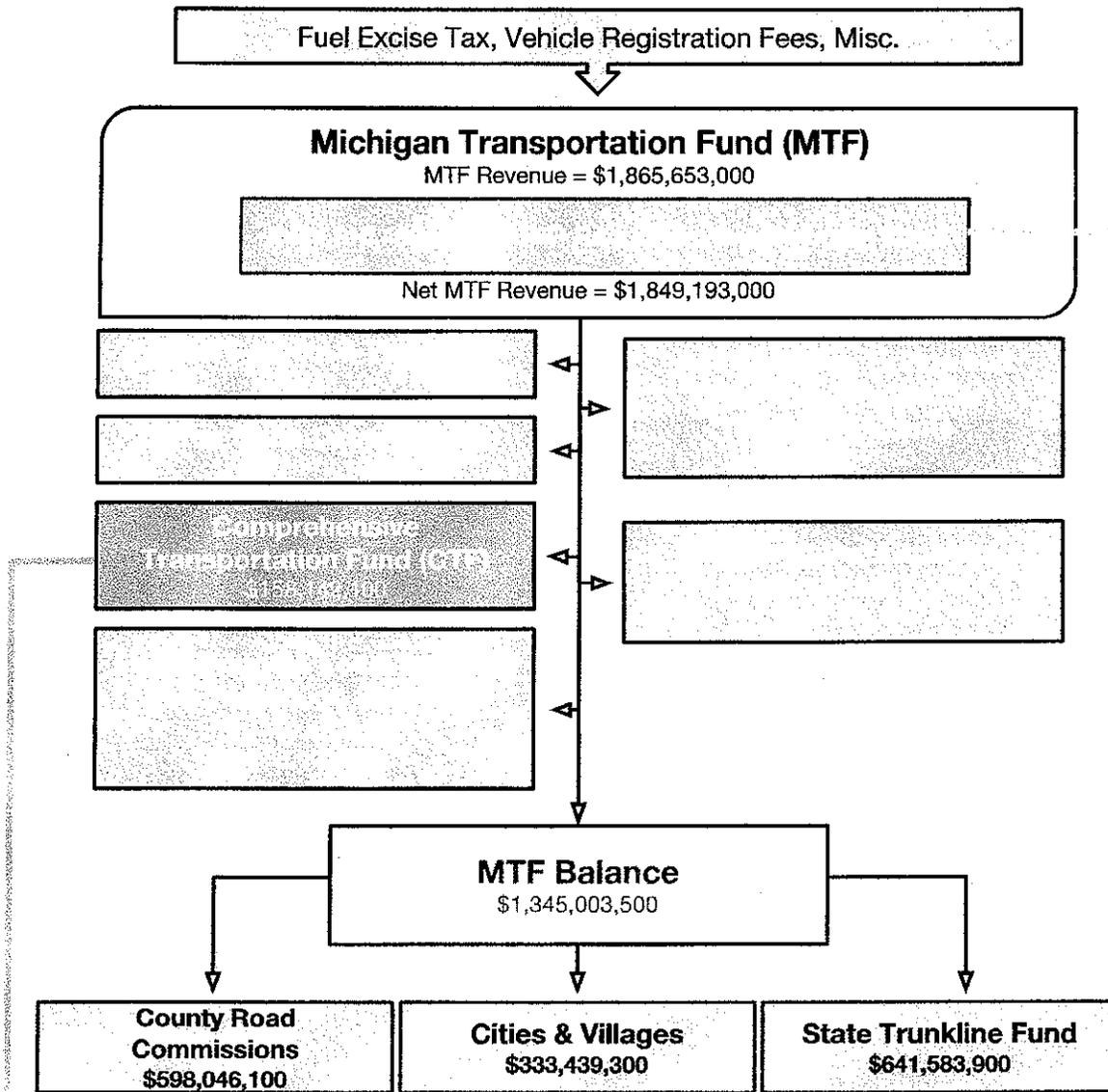
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# Michigan Transportation Fund Distribution

## FY 2012-2013 Michigan Transportation Fund Revenues and Distributions per 1951 PA 51 (Section 10)



### Comprehensive Transportation Fund (CTF)



- Targeted Transit Programs
- Intercity Bus
- Passenger Rail
- Freight Rail

### DNR Recreation Improvement Fund



- Waterways
- Snowmobile
- Other Recreation Projects

- DNR Recreation Improvement Fund (%)
- **80% for waterways**
  - The construction, operation, and maintenance of recreational boating facilities that provide public access to waterways or moorage of watercraft.
  - The acquisition of property for the purpose of paragraph (a).
  - Grants to local units of government and state colleges and universities for the provision of public access or moorage of watercraft and law enforcement or boating education to recreational watercraft operators.
  - The acquisition and development of harbors and public access sites.
  - The enforcement of laws related to the operation of watercraft and education related to the operation of watercraft. Not less than forty-nine percent of revenues from watercraft registration fees received by the waterways account shall be used for the purposes of this subdivision.
  - The administration of programs funded by the waterways account.
  - Other uses as provided by law as long as the uses are consistent with the development, improvement, operation, promotion, and maintenance of the state's waterways programs.
- **14% for snowmobile**
  - Planning, construction, maintenance, and acquisition of trails and areas for the use of snowmobiles.
  - Providing access to trails and areas for the use of snowmobiles.
  - Providing basic snowmobile facilities.
  - The administration and enforcement of state regulations related to snowmobiles.
  - Safety education programs related to the operation of snowmobiles.
  - Other uses as provided by law as long as the uses are consistent with the development, improvement, operation, promotion, and maintenance of the state's snowmobile programs.
  - Grants to state colleges and universities to implement programs funded by the snowmobile account.
- **6% for recreation projects**
  - projects intended for off-road vehicles shall be expended on projects to repair damages as a result of pollution, impairment, or destruction of air, water, or other natural resources, or the public trust, in air, water, or other natural resources, as a result of the use of off-road vehicles

**STATE CONSTITUTION (EXCERPT)  
CONSTITUTION OF MICHIGAN OF 1963**

**§ 40 Michigan conservation and recreation legacy fund.**

Sec. 40. The Michigan conservation and recreation legacy fund is established. The state treasurer shall direct the investment of the legacy fund. The state treasurer shall establish within the legacy fund restricted accounts as authorized by this section and may establish additional subaccounts as authorized by law. The state treasurer may receive gifts, grants, bequests, or assets from any source for deposit into a particular account or subaccount. The assets of the legacy fund shall be invested as provided by law. Interest and earnings accruing from each account or subaccount shall be credited to that account or subaccount.

The forest recreation account is established as an account within the legacy fund. The forest recreation account shall consist of revenue derived from concessions, leases, contracts, and fees from recreational activities on state forestlands and other revenues as authorized by law. Money in the forest recreation account shall be expended only for the following:

- (a) The development, improvement, operation, promotion, and maintenance of forest recreation activities.
- (b) Grants to state colleges and universities to implement programs funded by the forest recreation account.
- (c) The administration of the forest recreation account.

The game and fish protection account is established as an account within the legacy fund. The game and fish protection account shall consist of revenue derived from hunting and fishing licenses, passbooks, permits, fees, concessions, leases, contracts, and activities; damages paid for the illegal taking of game and fish; revenue derived from fees, licenses, and permits related to game, game areas, and game fish; and other revenues as authorized by law. Money in the game and fish protection account shall be expended only for the following:

- (a) The development, improvement, operation, promotion, and maintenance of wildlife and fisheries programs and facilities.
- (b) The acquisition of land and rights in land that support wildlife and fisheries programs.
- (c) Research to support wildlife and fisheries programs.
- (d) The enforcement and administration of the wildlife and fisheries laws of the state, including the necessary equipment and apparatus incident to the operation and enforcement of wildlife and fisheries laws.
- (e) The protection, propagation, distribution, and control of wildlife and fish.
- (f) Grants to state colleges and universities to implement programs funded by the game and fish protection account.

(g) The administration of the game and fish protection account, which may include payments in lieu of taxes on state owned land that has been or will be purchased through the game and fish protection fund or account.

The off-road vehicle account is established as an account within the legacy fund. The off-road vehicle account shall consist of revenue derived from fees imposed upon the use or registration of off-road vehicles and other revenues as authorized by law. Money in the off-road vehicle account shall be expended only for the following:

- (a) Signage for and the improvement, maintenance, and construction of off-road vehicle trails, routes, or areas.
- (b) The administration and enforcement of state regulations related to off-road vehicles.
- (c) The leasing of land for use by off-road vehicles.
- (d) The acquisition of easements, permits, or other agreements for the use of land for off-road vehicle trails, routes, or areas.
- (e) The restoration of any of the natural resources of the state on public land that are damaged due to off-road vehicle use.
- (f) Safety education programs related to the operation of off-road vehicles.
- (g) Other uses as provided by law as long as the uses are consistent with the development, improvement, operation, promotion, and maintenance of the state's off-road vehicle programs.
- (h) Grants to state colleges and universities to implement programs funded by the off-road vehicle account.
- (i) The administration of the off-road vehicle account.

The recreation improvement account is established as an account within the legacy fund. The recreation improvement account shall consist of all tax revenue derived from the sale of two percent of the gasoline sold in this state for consumption in internal combustion engines and other revenues as authorized by law. Money in the recreation improvement account shall be distributed as follows:

- (a) Eighty percent of the money shall be annually transferred to the waterways account to be used for the purposes of that account.

(b) Fourteen percent of the money shall be annually transferred to the snowmobile account to be used for the purposes of that account.

(c) The remainder of the money that is not transferred under this section shall be used, upon appropriation, for recreation projects, including grants to state colleges and universities to implement recreation projects, and for the administration of the recreation improvement account. Of the amount that is credited to recreational projects in a fiscal year, not less than twenty-five percent of any funds designated for projects intended for off-road vehicles shall be expended on projects to repair damages as a result of pollution, impairment, or destruction of air, water, or other natural resources, or the public trust, in air, water, or other natural resources, as a result of the use of off-road vehicles.

The snowmobile account is established as an account within the legacy fund. The snowmobile account shall consist of revenue derived from fees imposed for the registration or use of snowmobiles; revenue derived from the use of snowmobile trails; transfers from the recreation improvement account; and other revenues as authorized by law. Money in the snowmobile account shall be expended only for the following:

- (a) Planning, construction, maintenance, and acquisition of trails and areas for the use of snowmobiles.
- (b) Providing access to trails and areas for the use of snowmobiles.
- (c) Providing basic snowmobile facilities.
- (d) The administration and enforcement of state regulations related to snowmobiles.
- (e) Safety education programs related to the operation of snowmobiles.
- (f) Other uses as provided by law as long as the uses are consistent with the development, improvement, operation, promotion, and maintenance of the state's snowmobile programs.
- (g) Grants to state colleges and universities to implement programs funded by the snowmobile account.
- (h) The administration of the snowmobile account, which may include payments in lieu of taxes on state owned land that has been or will be purchased through the recreational snowmobile trail improvement fund or snowmobile account.

The state park improvement account is established as an account within the legacy fund. The state park improvement account shall consist of revenue derived from concessions, leases, contracts, fees, and permits for activities in state parks and recreation areas; damages paid to the state for illegal activities in state parks and recreation areas; and other revenues as authorized by law. Money in the state park improvement account shall be expended only for the following:

- (a) The development, improvement, operation, promotion, and maintenance of state parks and recreation areas.
- (b) Grants to state colleges and universities to implement programs funded by the state park improvement account.
- (c) The administration of the state park improvement account.

The waterways account is established as an account within the legacy fund. The waterways account shall consist of revenue derived from watercraft registration fees assessed on the ownership or operation of watercraft in the state; revenue derived from fees charged for the moorage of watercraft at state-operated mooring facilities; revenue derived from fees charged for the use of state-operated public access sites; transfers from the recreation improvement account; all tax revenue derived from the sale of diesel fuel in this state that is used to generate power for the operation or propulsion of vessels on the waterways of the state; and other revenues as authorized by law. Money in the waterways account shall be expended only for the following:

- (a) The construction, operation, and maintenance of recreational boating facilities that provide public access to waterways or moorage of watercraft.
- (b) The acquisition of property for the purpose of paragraph (a).
- (c) Grants to local units of government and state colleges and universities for the provision of public access or moorage of watercraft and law enforcement or boating education to recreational watercraft operators.
- (d) The acquisition and development of harbors and public access sites.
- (e) The enforcement of laws related to the operation of watercraft and education related to the operation of watercraft. Not less than forty-nine percent of revenues from watercraft registration fees received by the waterways account shall be used for the purposes of this subdivision.
- (f) The administration of programs funded by the waterways account.
- (g) Other uses as provided by law as long as the uses are consistent with the development, improvement, operation, promotion, and maintenance of the state's waterways programs.
- (h) The administration of the waterways account, which may include payments in lieu of taxes on state owned land that has been or will be purchased through the Michigan state waterways fund or waterways account.

The legislature shall provide by law for the implementation of this section.