Highway Funding...
John K. Abraham

Green Sticker Courtesy Mr. Fred Cram, FHWA Michigan Office
CE 7630
Wayne State University

Characteristics of the Federal-Aid Highway Program

- Federally assisted, State administered
- Funding tied to specific systems
- Requires States to have highway agency
- States pay for maintenance
- Matching requirements
- Reimbursable program

Wayne State University

Reimbursement

Contractor does work
State pays contractor
State submits voucher to FHWA
FHWA sends check to State
Contractor does work
State pays contractor
State submits voucher to FHWA
FHWA sends check to State
Treasurer sends check to State
Functional Classification – U.S. Eligibility for Federal Financial Assistance

- Interstate - 1% (Included in NHS %)
- NHS - 4%
- Local - 75%
- Other - 20%
- Ineligible
- Eligible

Out of 5.6 million miles of roads in the U.S., less than 1 million miles are eligible for federal financial assistance.

Functional Classification – Michigan Eligibility for Federal Financial Assistance

- Local - 73%
- Interstate - 1% (Included in NHS %)
- NHS - 3%
- Other - 23%
- Ineligible
- Eligible

Out of 16,000 thousand miles of roads in Michigan, less than 20 thousand miles are eligible for federal financial assistance.

Transportation Equity Act for the 21st Century (TEA-21)

- Highways, highway safety, transit
- 6-year legislation - 1998-2003
- Signed into law June 9, 1998 (P. L. 105-173)
- $218 billion authorized over 6 years
- 40% increase over ISTEA
  - Highways - $177 billion
  - Transit - $41 billion
**Authorizations 1998 - 2003**

Highway, Highway Safety, and Rail Programs

- Minimum Guarantee: $34.1 B
- High Priority Projects: $25.3 B
- Rail: $14.1 B
- Planning: $8.1 B
- Safety: $6.4 B
- R&D: $2.2 B
- Other Programs: $33.8 B
- Total: $177 B

---

**Budgetary Changes under TEA-21**

- TEA-21 creates firewalls between Highway, Transit, and other domestic discretionary spending.

---

**Guaranteed Funding**

- $198 billion guaranteed available for obligation during TEA-21 period
- $162 billion for highway and highway safety programs
- $36 billion guaranteed for transit programs
- Guaranteed amount based on amount selected by Congress
Highway Trust Fund

Income

Federal-aid highway Act of 1966
- Provided authorizations for FY 1957 to 1969
- Established Trust Fund to collect revenue to pay
  for the authorizations, FY 1967 - 1972
- TEA-21 of 1998
  - Extended authorizations for FY 1998 to 2003
  - Extended Trust Fund through FY 2005

$20.00 of Gasoline @ $1.449/Gal.

13.8 Gallons of Gasoline

Price includes 37¢/gallon
state and receive excise taxes
and may include additional
State or local taxes

6% State sales tax $1.13
19¢/gal State excise tax $2.62
18.4¢/gal Federal excise tax $2.54
Total taxes are $4.29

Focus on Federal tax of $2.54

$0.01 goes to L.U.S.T. Trust Fund
$0.40 goes to Transit Account
$2.13 goes to Highway Account
$2.54 Whitney State

Wayne State University
Federal Gasoline Tax

- 0.1 cent to L.U.S.T. Trust Fund
- 18.4 cents
- 15.44 cents to Highway Account
- 2.86 cents to Mass Transit Account

Effective October 1, 1997

$20.00 of Gasohol @ $1.449/Gal.

Same 13.8 gallons, but Federal tax rate is only 13.1¢/gallon so Federal tax is $1.81 instead of $2.54

- $0.01 goes to L.U.S.T. Fund
- $0.40 goes to Transit Account
- $1.05 goes to Highway Account
- $0.35 goes to General Fund
- $1.81

Federal Gasohol Tax

- 0.1 cent to L.U.S.T. Trust Fund
- 13.1 cents
- 7.64 cents to Highway Account
- 2.5 cents to General Fund
- 2.86 cents to Mass Transit Account

Effective January 1, 2001

In cents per gallon
$20.00 of Diesel @ $1.009/Gal.

14.4 gallons of diesel

Federal tax rate is 24.4¢/gallon so Federal tax is $3.51.
$0.01 goes to L.U.S.T.
$0.41 goes to Transit Account
$3.09 goes to Highway Account
$3.51

Federal Diesel Tax

24.4 cents
L.U.S.T., Trust Fund

21.44 cents
Highway Account

2.86 cents
Mass Transit Account

Effective October 1, 1992
In cents per gallon

Federal Truck User Taxes

Truck Sales: 12% of retail price for trucks over 35,000 lbs or trailers over 26,000 lbs GVW

Truck Use
Up to 55,000 lbs No tax
Over 55,000 lbs $100 + $2.21/1000 lbs over 55,000 lbs $250 maximum

Tires
0 - 40 lbs No tax
40 - 70 lbs $15/lb
70 - 90 lbs $4.50 + 30c/lb
Over 90 lbs $10.50 + 50c/lb
Apportionment Factors

- VMT
- Lane Miles
- Population

Contributions to HFP
- Ettended Fuel Used
- Cost to Repair or Replace Deficient Bridges

States

Contributions vs. Receipts

Issues for further consideration
- Gasohol
- Alternative fuel vehicles
- Tax Contribution Attribution Process
Issues for further consideration

Gasohol
✓ Taxed at lower rate
✓ $1.053B instead of $2.306B
✓ Increasing usage
   ➢ 1.20% in 1996 - 4.29% in 2000
✓ Replacing MTBE

Issues for further consideration

Alternative fuel vehicles
✓ Vehicle types
   ➢ Fuel cell
   ➢ Hybrid
   ➢ Electric
✓ How to collect equitable user fees

Michigan Funds

<table>
<thead>
<tr>
<th>Bridge</th>
<th>Roadside Maintenance</th>
</tr>
</thead>
<tbody>
<tr>
<td>SURFACE TRANSPORTATION</td>
<td></td>
</tr>
<tr>
<td>National Highway System</td>
<td></td>
</tr>
<tr>
<td>TRANSPORTATION PLANS</td>
<td></td>
</tr>
<tr>
<td>Congestion Mitigation Air Quality</td>
<td></td>
</tr>
<tr>
<td>State Planning and Research</td>
<td></td>
</tr>
<tr>
<td>Metro Planning</td>
<td></td>
</tr>
<tr>
<td>Recreation Trails</td>
<td></td>
</tr>
<tr>
<td>HIGH PRIORITY</td>
<td></td>
</tr>
<tr>
<td>ENHANCEMENT</td>
<td></td>
</tr>
</tbody>
</table>

Contribute to Oakland County's share for Road Construction
Major Categories for Local Communities

- Surface Transportation Program (STP)
- Transportation Economic Development Funds (TEDF) - C Category
  - In recent times, Oakland County got about $25 Million/year for road construction
  - Distributed on the basis of a rating system

How do we finally get the money...

- All communities file applications for funding projects
  - each project is ranked based on congestion, safety, planning criteria and others
  - the top projects are selected for funding
  - Troy has received around 60% of the money in recent years
  - All federal funds have at least 20% local match

How are the federal funds applied to projects in Oakland County?

- Through the Oakland County Federal Aid Task Force.
- RCOC, cities & villages submit projects to the Task Force's Funding Committee.
- The Committee evaluates the projects and determines which should receive funding.
### How are projects rated?

<table>
<thead>
<tr>
<th>Engineering Considerations</th>
<th>STP</th>
<th>TEDF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accident reduction</td>
<td>33</td>
<td>25</td>
</tr>
<tr>
<td>Improve roadway cond.</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Improve traffic oper.</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>Improve soc., econ. &amp; envir.</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Planning Considerations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Importance to system</td>
<td>15</td>
<td>18</td>
</tr>
<tr>
<td>Coord. with planning</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Coord. with transp. planning</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

### Projects Submitted vs. Funds Available

<table>
<thead>
<tr>
<th>STP-U Funds</th>
<th>Projects submitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available</td>
<td>$13.5 million</td>
</tr>
<tr>
<td></td>
<td>$94.8 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TEDF-C Funds</th>
<th>Projects submitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available</td>
<td>$11 million</td>
</tr>
<tr>
<td></td>
<td>$74.1 million</td>
</tr>
</tbody>
</table>