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OAKLAND COUNTY VEHICLE REGISTRATION FEE BALLOT ISSUE

Act 237, Public Acts of 1987, authorizes a county to impose up to a \$25 annual registration fee on motor vehicles owned by persons living in the county, upon approval of a majority of the electors voting on the issue. The revenue is to be used for road improvements and operations, and up to 10 percent can be used for comprehensive transportation purposes. Not more than one election can be held in a county each calendar year. The Oakland County proposal is one of five to be on the ballot in November. The other counties are Alpena, Eaton, Monroe and Tuscola and other counties in the state may offer similar proposals in the future.

Michigan has a three-tier system of highways, roads, and streets with a different level of government responsible for each tier. The state is responsible for the state trunkline system which is used to move inter-city traffic and serves long-distance travel. The county road system consists of primary and local roads and connects smaller municipalities and villages. The city and village street system consists of major and local streets, which provide access to homes, businesses, and industrial sites within the jurisdictional boundaries of cities and villages. Counties are responsible for roads and streets within townships.

As of July 1, 1987, Michigan had 117,784 miles of highway roads and streets. The state trunkline system totaled 9,519 miles, the counties total was 88,597 miles, and the cities and villages total was 19,668 miles.

The Proposal. The Oakland County Board of Commissioners has placed on the November 8 election ballot a proposal which authorizes a \$25 registration fee on each motor vehicle registered in Oakland County. The revenue is earmarked, by statute, for road improvements, operations, or comprehensive transportation purposes as defined by law.

The ballot question is as follows:

Shall a \$25 (twenty-five dollar) motor vehicle registration fee be imposed on each motor vehicle registered to an owner residing in the county of Oakland, with the revenues therefrom being used exclusively in Oakland County and specifically earmarked for the purposes set forth in the "Local Road Improvements and Operations Revenue Act", being Public Act 237 of 1987, with said fee to be effective for vehicle registrations for a period of ten years?

Background. Using 1986 data, the Michigan Department of Transportation estimated that if all counties adopted a \$25 registration fee the total annual revenue generated would be \$167.8 million. **Table 1** presents estimated registration fee revenue for Michigan's 83 counties.

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Table 1
Estimated Potential County Motor Vehicle Registration Revenue

<u>County</u>	<u>Motor Vehicle Registrations</u>	<u>Estimated Revenue</u>	<u>County</u>	<u>Motor Vehicle Registrations</u>	<u>Estimated Revenue</u>
Alcona	8,609	\$215,225	Lapeer	54,427	\$ 1,360,675
Alger	6,528	163,200	Leelanau	12,199	304,975
Allegan	62,575	1,564,375	Lenawee	66,851	1,671,275
Alpena	24,930	623,250	Livingston	83,049	2,076,225
<u>Antrim</u>	<u>13,841</u>	<u>346,025</u>	<u>Luce</u>	<u>4,742</u>	<u>118,550</u>
Arenac	11,528	288,200	Mackinac	7,805	195,125
Baraga	5,926	148,150	Macomb	559,102	13,977,550
Barry	34,986	874,650	Manistee	17,844	446,100
Bay	85,715	2,142,875	Marquette	47,938	1,198,450
<u>Benzie</u>	<u>9,623</u>	<u>240,575</u>	<u>Mason</u>	<u>19,455</u>	<u>486,375</u>
Berrien	122,014	3,050,350	Mecosta	22,416	560,400
Branch	29,551	738,775	Menominee	19,287	482,175
Calhoun	101,240	2,531,000	Midland	57,311	1,432,775
Cass	35,627	890,675	Missaukee	8,951	223,775
<u>Charlevoix</u>	<u>16,884</u>	<u>422,100</u>	<u>Monroe</u>	<u>99,620</u>	<u>2,490,500</u>
Cheboygan	17,003	425,075	Montcalm	37,097	927,425
Chippewa	20,065	501,625	Montmorency	6,992	174,800
Clare	18,885	472,125	Muskegon	115,604	2,890,100
Clinton	41,506	1,037,650	Newaygo	27,709	692,725
<u>Crawford</u>	<u>8,144</u>	<u>203,600</u>	<u>Oakland</u>	<u>820,025</u>	<u>20,500,625</u>
Delta	29,502	737,550	Oceana	16,902	422,550
Dickinson	21,244	531,100	Ogemaw	14,215	355,375
Eaton	66,208	1,655,200	Ontonagon	6,967	174,175
Emmet	20,478	511,950	Osceola	15,267	381,675
<u>Genesee</u>	<u>329,110</u>	<u>8,227,750</u>	<u>Oscoda</u>	<u>6,212</u>	<u>155,300</u>
Gladwin	16,330	408,250	Otsego	13,504	337,600
Gogebic	13,000	325,000	Ottawa	125,963	3,149,075
Grand Traverse	51,434	1,285,850	Presque Isle	10,897	272,425
Gratiot	28,901	722,525	Roscommon	16,365	409,125
<u>Hillsdale</u>	<u>31,497</u>	<u>787,425</u>	<u>Saginaw</u>	<u>160,353</u>	<u>4,008,825</u>
Houghton	21,940	548,500	St. Clair	106,773	2,669,325
Huron	30,338	758,450	St. Joseph	44,115	1,102,875
Ingham	201,860	5,046,500	Sanilac	30,521	763,025
Ionia	36,667	916,675	Schoolcraft	6,417	160,425
<u>Iosco</u>	<u>23,033</u>	<u>575,825</u>	<u>Shiawassee</u>	<u>53,084</u>	<u>1,327,100</u>
Iron	10,708	267,700	Tuscola	42,299	1,057,475
Isabella	31,683	792,075	Van Buren	48,831	1,220,775
Jackson	108,196	2,704,900	Washtenaw	187,492	4,687,300
Kalamazoo	157,060	3,926,500	Wayne	1,409,963	35,249,075
<u>Kalkaska</u>	<u>10,412</u>	<u>260,300</u>	<u>Wexford</u>	<u>19,594</u>	<u>489,850</u>
Kent	365,420	9,135,500			
Keweenaw	1,349	33,725	State Total	6,711,921	\$167,798,025
Lake	6,213	155,325			

Source: Michigan Department of Transportation; CRC calculations.

The Act 237 definition for road improvements and operations is broad and includes road construction, repair, and maintenance activities. The activities extend from construction of new roads to maintenance work such as snow removal, salting or sanding, weed control, and street cleaning. Up to 10 percent of the fees available after the payment of collection expenses may be used for public transportation purposes. The statute provides that the fees collected by the Secretary of State, after deducting the costs of collection, shall be returned to the county treasurer. The treasurer, in turn, must allocate the revenue to the county road commission, city, and village in a percentage amount equal to the percentage amount received by the local units of government from the Michigan Transportation Fund in accordance with the distribution formulas found in Act 51, Public Acts of 1951, as amended. Although there are a number of factors affecting the local units' revenue allocation, the major ones include urban, primary road, and local road mileage; number of registered motor vehicles; and population.

The Oakland County Road Commission estimates that the registration fee would generate \$20.5 million in total collections based on an estimated 820,000 motor vehicles. The county further estimated that the collection cost will be \$200,000 based on a 200 to 250 per vehicle collection cost. Following the statutory formula, it is estimated that \$8,466,000 will be allocated to cities and villages as indicated in column 2 of **Table 2**, and \$11,774,000 to Oakland County. However, the Oakland County Road Commission has by resolution adopted on May 12, 1988, committed to returning all motor vehicle registration fee revenue to the city, village, or township where the motor vehicle is registered. The Road Commission further committed to allow each local community to make the final decision on the specific projects to be funded by the revenue. In order to return registration revenue to the community where the vehicle is registered, it will be necessary to undertake an extensive review of the Secretary of State's vehicle registration records. Column 3 indicates the estimated amount that will be allocated to local units in order to guarantee them revenue equal to the revenue generated from the motor vehicles registered in their communities. This policy will result in allocations to townships, which currently do not receive road funds directly from the state. The county currently is responsible for township roads. Additional funds for cities and villages, and the initial allocations to townships will come from the county's \$11.8 million estimated registration fee revenue. Column 4 indicates the total estimated revenue that will be generated.

In 1987, the Oakland County Road Commission had revenues of \$53.9 million from all sources including an Oakland County appropriation of \$1.6 million. Of this total, \$16.8 million was expended for construction. Cities and villages received \$21.7 million from the Michigan Transportation Fund during this same time period.

Table 2

Estimated Motor Vehicle Fee Revenue for Oakland County

Community	Portion Rec'd Directly	Portion From Road Comm. Share	Estimated Total Revenue	Community	Portion Rec'd Directly	Portion From Road Comm. Share	Estimated Total Revenue
(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)
<u>Cities:</u>				<u>Townships:</u>			
Auburn Hills	\$154,415	\$178,167	\$332,582	Addison	0	\$85,324	\$ 85,324
Berkley	193,272	135,736	329,008	Bloomfield	0	791,028	791,028
Birmingham	250,343	153,920	404,263	Brandon	0	166,529	166,529
Bloomfield Hills	60,916	20,394	81,310	Commerce	0	370,236	370,236
Clawson	151,177	139,873	291,050	Groveland	0	84,461	84,461
Farmington	113,535	73,379	186,913	Highland	0	326,685	326,685
Farmington Hills	814,981	427,494	1,242,475	Holly	0	68,794	68,794
Ferndale	290,414	183,611	474,026	Independence	0	396,095	396,095
Hazel Park	222,212	151,685	373,897	Lyon	0	144,630	144,630
Huntington Woods	74,880	43,292	118,172	Milford	0	110,374	110,374
Keego Harbor	30,964	27,849	58,813	Novi	0	2,711	2,711
Lake Angelus	3,036	5,520	8,555	Oakland	0	152,182	152,182
Lathrup Village	58,892	23,369	82,261	Orion	0	373,563	373,563
Madison Heights	382,699	310,451	693,150	Oxford	0	154,224	154,224
Northville	29,345	27,268	56,613	Rose	0	89,373	89,373
Novi	263,498	288,159	551,657	Royal Oak	0	111,430	111,430
Oak Park	325,021	224,594	549,615	Southfield	0	687	687
Orchard Lake Vil.	24,083	14,556	38,640	Springfield	0	169,715	169,715
Pleasant Ridge	34,809	23,891	58,700	Waterford	0	1,227,911	1,227,911
Pontiac	948,349	441,496	1,389,845	West Bloomfield	0	833,752	833,752
Rochester	77,309	61,283	138,592	White Lake	0	409,034	409,034
Rochester Hills	591,352	418,663	1,010,015				
Royal Oak	861,326	404,485	1,265,811				
Southfield	1,011,492	551,958	1,563,450	Total	\$8,465,561	\$11,773,561	\$20,239,491
South Lyon	51,809	45,820	97,629				
Sylvan Lake	22,262	14,618	36,879				
Troy	837,850	914,725	1,752,575				
Walled Lake	51,809	48,583	100,392				
Wixom	75,487	81,870	157,357				
<u>Villages:</u>							
Beverly Hills	\$135,392	\$72,188	\$207,580				
Bingham Farms	8,298	20,713	29,010				
Clarkston	11,131	8,479	19,610				
Franklin	39,262	10,169	49,430				
Holly	57,678	39,387	97,065				
Lake Orion	31,774	25,719	57,493				
Leonard	8,500	0	8,500				
Milford	60,107	33,068	93,175				
Ortonville	15,988	6,720	22,708				
Oxford	37,035	16,127	53,162				
Wolverine Lake	53,226	35,548	88,774				

Source: Oakland County Road Commission.

Discussion. In 1986, the Oakland County Road Commission developed a long-range transportation plan for the next decade. Total plan implementation was estimated to cost \$750 million. A number of goals were established such as improved highway safety, preservation of the highway system, traffic congestion reduction, and enhanced economic development. Each of the goals was fit into a priority schedule. Finally, individual projects were ranked. By allowing individual communities to substitute their own priorities, the long-range transportation plan may be undermined.

Local control for all units of local government has strong support in Michigan. Returning revenue to the communities where the motor vehicles are registered, and allowing these communities to choose the specific projects upon which the funds will be expended, may encourage local officials and citizens to support the ballot proposal. This especially may occur in those communities where the long-range transportation plan is perceived as not improving the highway system in their areas.

The principal concern with allocating all funds to the local units is the revenues may not be used in the most efficient manner. For example, the funds allocated by statutory formula to the county under Act 237 will not be available for major road improvements or improved comprehensive public transportation systems unless the affected communities agree to the use of funds for these projects. It may not be possible for communities to reach agreement on transportation plan projects. County funds that might have been used for comprehensive projects will have been allocated to the local communities. Thus, priority projects identified by the Road Commission may not be undertaken because revenues have been allocated to local communities. Local communities may choose to expend disproportionate amounts on routine maintenance. This, in turn, could result in a patchwork road system rather than a well planned and constructed road network in the community. As a minimum, it will be more difficult to implement the county transportation plan if all Act 237 funds are allocated to local units.

(End)