Michigan Chamber Foundation Study Finds Further Transportation Investment Would Create 11,000 More Jobs For Our State

LANSING, Mich., June 20, 2012 /PRNewswire/ -- On the heels of news that the Detroit River International Trade Crossing will be built and bring thousands of new jobs, the Michigan Chamber Foundation today announced a new economic report which concludes that fixing the rest of the state's deteriorating roads and bridges would create an additional 11,000 jobs.

The economic report, which was commissioned by the Michigan Chamber Foundation and prepared by Anderson Economic Group (AEG), concludes that the most talked-about funding proposals would provide adequate funding to complete the necessary infrastructure repairs.

"We're looking to find the most sensible way to fix Michigan's roads and bridges while creating an environment for economic growth and prosperity here in Michigan," said Michigan Chamber President & CEO Rich Studley. "While there are several policy options for legislators, doing nothing is clearly a recipe for missed opportunities and lost jobs."

The report analyzed four possible $1.4 billion funding solutions to fix Michigan's crumbling roads and bridges. The study estimated the *net* economic benefit of these scenarios by accounting for both the benefits of infrastructure spending and the costs associated with forgone expenditures by taxpayers.

Proposed Funding Method		**Net Jobs Created**
Scenario 1	Increased vehicle registration fees	11,279
Scenario 2	Increased revenues from wholesale tax on motor fuels	11,207
Scenario 3	Increased revenue from wholesale tax and vehicle registration fees	11,243
Scenario 4	Lower gas tax to 10 cents; wholesale fuel tax and registration fee increase	11,230

The Michigan Chamber Foundation study found increased wholesale gas taxes and vehicle registration fees – or some combination of the two – were all very close in terms of the economic boost they would provide to the state.

The report concluded that money invested in roads and bridges has a higher economic multiplier than household spending because some of the money would have otherwise been spent out of state and because road construction work and its related supply chain is based largely in state. The report also notes that job providers benefit from a well-maintained infrastructure.

An earlier 2010 AEG report estimated the state would **lose** 12,000 jobs if policymakers did nothing, citing lost federal matching transportation dollars, increased vehicle accidents and the necessity of well-maintained infrastructure being a key to Michigan's leading industries. Doing nothing to fix the deteriorating roads is a net difference of roughly 23,000 less jobs compared to most of the road funding options considered in the report.

The new economic study found that funding for Michigan roads has declined in both real and nominal terms in the past decade – fuel taxes have not been indexed to inflation and those funds do not stretch as far as construction costs have escalated. In fact, the report points out that had gas taxes been increased at inflationary levels since 1955, our state gas tax today would be 55 cents per gallon compared to the current 19 cents. Instead, state fuel taxes have declined 20 percent since 2006 and registration fees have declined 16 percent.

The full study and an executive summary of the study are available on the Michigan Chamber's website at www.michamber.com/news/transportation.

The Michigan Chamber Foundation is a 501(c)3 charitable organization established in 1985 as a nonpartisan thought leader on public policy issues relating to free enterprise, job creation and business growth in Michigan. This includes conducting and distributing nonpartisan studies on public policy issues, planning and conducting nonpartisan public education programs, and operating a leadership program for Michigan's current and future leaders.

The Michigan Chamber of Commerce is a statewide business organization representing approximately 6,800 employers, trade associations and local chambers of commerce. The Michigan Chamber represents businesses of every size and type in all 83 counties of the state. Michigan Chamber member businesses provide jobs to 1.5 million residents. One of every 2.6 employees in Michigan works for a Chamber member firm.

The Michigan Chamber was established in 1959 to be an advocate for Michigan's job providers in the legislative, political and

legal process. It is one of only six state chambers accredited by the U.S. Chamber and one of only four state chambers accredited with distinction.

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