



**House  
Legislative  
Analysis  
Section**

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**TRANSPORTATION FUNDS FOR BUS SERVICES**

House Bill 4448 (Substitute H-1)

First Analysis (5-15-89)

**RECEIVED**

Sponsor: Rep. Nate Jonker

Committee: Transportation

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H.B. 4448 (5-15-89)

**THE APPARENT PROBLEM:**

Public Act 51 of 1951 provides the mechanisms by which the Michigan Department of Transportation (MDOT) receives and distributes state restricted funds from fuel and motor vehicle weight taxes. The act establishes the formula for distributing money from the Michigan Transportation Fund (MTF) to counties, cities, the State Trunkline Fund, and the Comprehensive Transportation Fund (CTF). After hearing concerns expressed about the way the act distributes funds, the legislature enacted a new transportation distribution formula, under Public Act 234 of 1987, which considers current needs and provides alternative ways to pay for road construction, bus service, and other transportation projects throughout the state. MDOT officials, after reviewing and implementing the act's new provisions, have discovered technical problems within the act's language relative to bus services, among other provisions, and have suggested amendments that would clarify the act's intent.

**THE CONTENT OF THE BILL:**

The bill would amend Public Act 51 of 1951 to clarify language, and provide new language, within the act's distribution formula relative to bus services provided by local governments, and to make other technical amendments.

**Include Trunk Line Funds for National Historic Landmarks.**

The act makes MDOT responsible to bear certain costs for maintaining all trunk line highways. The bill would allow the department, notwithstanding other laws to the contrary, to include costs needed to maintain trunk lines that abut a national historic landmark (as designated under the National Historic Preservation Act) without disrupting the aesthetic and historic character of the abutting area within the total cost of the project. The installation or maintenance of lighting needed to preserve the aesthetic or historic character of an abutting area would not impose a duty on the department to provide or maintain lighting for the improved portion of the highway designated for vehicular travel.

**Use of Formula Operating Assistance Funds.** The act currently defines "new small bus service" to mean the operation of a vehicle which can carry up to 29 persons and has been in operation less than three full state fiscal years. The bill would delete this definition. The act directs operating grant funds received under the Federal Urban Mass Transportation Act not obligated at a fiscal year's end to a section of the act which deals with unobligated funds of the Comprehensive Transportation Fund. The bill would allow these that non-obligated funds to be used for local share and effective bonus assistance programs.

**Local Bus New Services Funding.** The act requires the department to annually prepare and distribute, by December 1, instructions to various eligible government authorities to enable them to prepare local transportation programs. The bill would delete the department's

responsibility to do this for intercity carriers, and would provide that a transportation program could include the following local bus programs:

- local bus operating and capital assistance;
- local bus new services beginning in the fourth year;
- specialized services assistance;
- marketing; and
- grants from the federal government under provisions contained in the federal Urban Mass Transportation Act (UMTA).

In addition, certain programs could prepare and distribute instructions to eligible governmental agencies and authorities, and to intercity carriers as needed. The programs that could do this would include a) intercity passenger and freight, b) local bus new services for the first three years, and c) federal grants as specified in the UMTA.

The act outlines the sources of funds for the local bus new service program, specifies who is eligible, and provides the level of assistance for service initiated after October 1, 1988. The bill would replace this provision with new disbursement of funds guidelines. Identical funding percentages would be retained, but would be specifically for new local bus service programs. (The percentage of these programs that would be funded after the fourth year of operation would depend on whether the service received federal operating assistance under the UMTA.) Under the bill, all approved new local bus services initiated by eligible authorities (or agencies) that were not in their fourth year or beyond of funding on October 1, 1988 would be funded from that portion of the act that covers funding for new local bus services. New services would not be eligible for federal assistance under the UMTA whenever the Michigan apportionment was less than that received in 1987-88 under the federal law which disburses funds. However, if the state apportionment exceeded that received in 1987-88, the department could distribute these additional funds for new local bus services.

MCL 247.651b, 247.660c and 247.660e.

**FISCAL IMPLICATIONS:**

According to the Department of Transportation, the bill as reported from committee could have fiscal implications for state and local governments. The amount of impact would depend on any future changes made to federal rules that guide funding for bus transit in non-urban areas. The department, however, said the bill would have no fiscal impact if amendments suggested by the department were adopted (see SUGGESTED AMENDMENTS). (5-11-89)

**ARGUMENTS:**

**For:**

The bill would provide "clean-up" language to amendments made to Public Act 51 under Public Act 234 of 1987 — the new transportation funding distribution act.

OVER

(Although the bill as reported from committee would provide substantive changes to the way funds are distributed for local bus new service programs, the bill's original intent was to make only technical changes to language currently in the act, according to a spokesperson from the department. The substantive provisions should be removed from the bill, as specified under SUGGESTED AMENDMENTS.)

***SUGGESTED AMENDMENTS:***

According to the transportation department, the bill should be amended to retain the department's responsibility to distribute certain information to intercity carriers. Also, certain proposed language within the H-1 Substitute relative to "local bus programs" should be deleted, as well as language detailing the eligibility of local bus new services for federal operating assistance.

***POSITIONS:***

The Department of Transportation would support the bill if its amendments were adopted. (5-11-89)

The Michigan Public Transit Association would support the bill with the amendments suggested by the Department of Transportation. (5-11-89)