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SFA BILL ANALYSIS

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Senate Bill 303 (as enrolled)
Sponsor:
Senate Committee:
House Committee:

Date Completed: 8-6-97

CONTENT

Enrolled Senate Bill 303 provides for the following:

- Maintains the September 30, 1998 sunset for the distribution formula. Funding would be continued at a level of 80% of the current distribution formula if a distribution formula is not enacted into law for any time period after September 30, 1998.
- Earmarks 3 cents of the motor fuel tax to road authorities (State, counties, cities and villages).
- Earmarks 1 cent of the motor fuel tax for the repair of State bridges.
- Earmarks $43 million for debt service costs on State of Michigan projects.
- Earmarks an additional $3.5 million annually to the Transportation Economic Development Fund.
- Provides for one-time $20 million allocation to road authorities in FY 1996-97.
- Requires transportation funding to State departments to be based on established cost allocation methodologies that reflect actual costs.
- Phases out administrative charges by other departments to transportation funds over 3 years, except for the Department of State, Environmental Quality and Attorney General.
- Appropriates unreserved balance of Comprehensive Transportation Fund that exceeds $50 million on September 30, 1997 to local bus capital in FY 1997-98.

- Increases local bus operating assistance from up to 40% of eligible expenses to up to 50% for urban systems, and from up to 50% to up to 60% for rural systems. Prior to this change, CTF revenue (after debt service and administrative costs) was allocated as follows:

Local Bus Operating	70%
Intercity Passenger and Freight	10%
Public Transportation Development	20%

  Senate Bill 303 changes that allocation to make local bus operating grants the third priority after debt service and administrative costs. Intercity passenger and freight maintains its 10% share of CTF revenue (after debt service and administrative costs). Public transportation development receives remaining funds instead of its previous 20% share.

- Requires reimbursement for services provided by water vehicles to be reimbursed at not less than 50% of costs not eligible for Federal reimbursement.

- Eliminates the growth cap for local bus operating grants (previously limited to percentage growth in comprehensive transportation fund revenue).

- Requires the development of a pavement management system.

- Requires a life-cycle cost analysis for State projects with total pavement costs over $1.0 million. Requires the Department to design and award paving projects utilizing materials having the lowest life-cycle cost.

- Requires the Department to establish technical assistance programs and provide other assistance for minority business enterprises and disadvantaged business enterprises.

- Requires the Department to work with the State Chamber of Commerce and the Michigan Minority Business Development council to assist small businesses.

- Requires the Department to consult with the State Chamber of Commerce and Michigan Minority Business Development Council to ensure competitive and inclusive strategies for requests for quotations and proposals.

- Increases the municipal credit program by $1.0 million .

- Eliminates the local share and effective bonus program.

- Increases funding for specialized services from $2.0 million to $3.6 million.

- Allocates not less than $8 million annually for matching Federal funds for capital projects for or 100% funding of capital projects of eligible local transit authorities that are not eligible for Federal capital formula funds.

- Requires the department to secure warranties of not less than 5 years for State road projects where possible.

- Requires notification to Transportation Subcommittees of contract extras and overruns sufficient to require approval of either the State Administrative Board or Transportation Commission.

- Limits administrative costs for road authorities to not more than 10%.

- Requires Department of Treasury performance audits of local road authorities according to government auditing standards issued by the United States General Accounting Office. Requires 6 months prior notice to road authorities regarding standards and procedures that will be used.

- Requires the department and county road association to jointly develop incentives for counties to establish Statewide purchasing pools to more efficiently use Michigan Transportation Fund revenue.

- Tie bars the bill to House Bill 4180, House Bill 4191, and Senate Bill 208.

MCL Fiscal Analyst: B. Bowerman

FISCAL IMPACT

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.