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TRANSFER SOO INTERNATIONAL BRIDGE AUTHORITY TO MDOT

House Bill 5813 as introduced First Analysis (5-25-00)

Sponsor: Rep. Scott Shackleton
Committee: Great Lakes and Tourism

THE APPARENT PROBLEM:

Public Act 237 of 1935 created a 3-member International Bridge Authority of Michigan to investigate the feasibility of a bridge or tunnel between Sault Ste. Marie, Michigan and Sault Ste. Marie, Ontario. Public Act 99 of 1954, among other things, authorized the International Bridge Authority of Michigan, created under the 1935 statute, to construct, maintain, repair and operate the International Bridge that subsequently was built connecting the two Soos. The 1954 statute also limited the bond term to 40 years, specified the bridge would become toll-free once the bond and interest had been paid off, and will dissolve the bridge authority (or its successor board, body, or commission). The bridge authority was transferred by a type I transfer to the Department of State Highways and Transportation in 1975 (now the Michigan Department of Transportation, or "MDOT"), and the last bond payment will be made on September 1, 2000. At that time, the bridge authority will be dissolved, and there will be no bridge authority to oversee the bridge's operation, maintenance, or repair.

Legislation has been introduced to transfer the bridge authority's powers and responsibilities to the Department of Transportation and to keep the toll on the bridge.

THE CONTENT OF THE BILL:

The bill would amend Public Act 99 of 1954 to allow the Department of Transportation to assume the powers and responsibilities of the International Bridge Authority of Michigan when all of the bonds issued under the act are paid. The bill also would make a number of other changes to the act.

Transfer to MDOT. Currently, when all bonds issued under the act in connection with the international bridge ("the project"), along with the interest on those bonds, are paid, the portion of the bridge in Michigan is to be turned over to the state. In addition, the bridge authority is to be dissolved, any remaining funds are to

be paid to the state, all property belonging to the authority is to be delivered to the state, and the bridge is to become a free bridge without any tolls or charges for its use by the public. (The act defines "project" to include "a bridge or tunnel, overpasses, underpasses, entrance plazas, toll houses, administration, storage and other building and facilities and all equipment therefor, and may include buses and terminal facilities, the existing ferry system, and such approaches and approach highways as may be determined by the authority to be necessary to facilitate the flow of traffic or to connect the project with the existing highway systems, together with all property, rights, easements and interests which may be acquired by the authority for the construction or operation of the project.")

The bill would amend this section of the act to instead transfer the bridge, its property, and any remaining funds, once the bonds and interest have been paid, to the state Department of Transportation, which would assume all of the authority's powers and responsibilities under the act and which would use that property and funds for the bridge. The bill would delete the language that currently would make the bridge a free bridge once the bonds and interest had been paid off.

Bridge authority powers. Under the act, the bridge authority can adopt bylaws and an official seal; maintain an office; sue and be sued; elect officers; determine the location of the project, the project's design standards and materials, and construct, maintain, repair, and operate the bridge; issue revenue bonds; fix, charge, and collect tolls; establish rules and regulations for the use of the bridge; acquire, hold, and dispose of property; acquire the ferry system and buses operating between the two Soos, and run the ferry system until the bridge opened for traffic; enter into contracts; employ the necessary employees; accept federal grants and any other contributions for constructing the bridge; enter into contracts and leases to provide for property owned by the authority to be used for customs

House Bill 5813 (5-25-00)

brokering or export; and do everything necessary to carry out powers granted in the act.

The bill would amend this section to add to the bridge authority's (which is to say, MDOT's) powers the power to enter into an "interlocal" agreement with the owner of the Canadian portion of the bridge (or its authorized agents) to provide both for joint operational and policy oversight and for operating, maintaining, repairing, and improving the bridge in the United States and Canada by an administrative unit within the Department of Transportation. The governor would appoint the members of a separate joint United States-Canadian body created under the interlocal agreement to provide joint operational and policy oversight of the bridge. Employees of MDOT wouldn't be eligible to be appointed to this joint body.

The bill also would add a new section saying that if taxes or assessments were imposed by law in Canada on the Canadian portion of the project to be paid by bridge revenue under an interlocal agreement, an equal sum could be expended in Michigan from bridge revenue for similar purposes, for "reasonable appurtenances," or for the maintenance or improvement of access to the bridge. If taxes or assessments were paid directly to a Canadian local unit of government, an equal sum would have to be paid directly to a Michigan local unit of government.

Repealers. The bill would repeal the sole remaining section of Public Act 237 of 1935 (MCL 254.202), which established the international bridge authority, and the section of Public Act 99 of 1954 that confirmed the appointment and terms of the international bridge authority members (MCL 254.239).

MCL 254.221 et al.

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, the International Bridge Authority's audited financial statements for the period ending August 31, 1999, show that the authority collected \$5,046,762 in bridge tolls. (The authority also collected other revenue from rentals and leases and from interest amounting to nearly \$400,000.) The authority's statement of revenues and expenditures also indicates that expenditures on toll collection, bridge maintenance, and administration amounted to \$2,737,651, and another \$2,697,572 was transferred out, going toward the general long term debt. (The annual required installments to pay principal and interest based on debt outstanding on August 31, 1999, were as follows: As of September 1, 1999,

\$1,948,308 and \$138,695, respectively, and as of September 1, 2000, \$856,694 and \$25,701 respectively, for a total of \$2,805,000 in principal and \$164,396 in interest.) (5-25-00)

ARGUMENTS:

For:

The International Bridge between Soo, Michigan, and Soo, Ontario, was financed by 40-year bonds that will be paid off in September of this year. The act governing the International Bridge Authority that runs the United States' part of the bridge dissolves the authority when the bonds are paid off and makes the bridge toll-free. The bill is needed both to allow there to be a bridge authority to run and maintain the U.S. part of the bridge and to continue the \$5 million revenue stream generated by bridge tolls. The Department of Transportation would continue to act in an administrative role, and the bill would continue to keep the bridge authority a quasi-independent entity (by prohibiting employees from the department from serving on the authority) within the department.

Reportedly, the 40-year-old bridge is in need of major work, including redecking, in the next few years, and by keeping the bridge a toll bridge, revenues could be generated to pay for this work. Since the act specifically restricts all revenues to bridge-related purposes, the money would not go to the state general fund, but could be used for major bridge improvements.

POSITIONS:

The Department of Transportation supports the bill. (5-25-00)

Analyst: S. Ekstrom

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.