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BILL ANALYSIS

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Senate Bill 1163 (as reported without amendment)

Sponsor: Senator Shirley Johnson

Committee: Appropriations

CONTENT

The bill would amend Section 10 of Public Act 51 of 1951 (PA 51) to provide for the Comprehensive Transportation Fund (CTF) to receive up to 10% of the Michigan Transportation Fund (MTF) as appropriated, rather than requiring 10% of the MTF to be distributed to the CTF.

Section 10 of PA 51 provides for the distribution of the MTF, after various statutory deductions, to State and local road agencies. One of the statutory deductions is a distribution to the CTF. Under the Act, 10% of the MTF, after various deductions, is distributed to the CTF to help fund a number of public transportation and freight programs contained in the annual Michigan Department of Transportation (MDOT) budget. In fiscal year (FY) 2003-04, this distribution is estimated at \$178,803,500. The CTF also receives a portion of the auto-related sales tax revenue, estimated in FY 2003-04 at \$67,785,000.

After the 10% distribution to the CTF, the MTF balance is shared by the State Trunkline Fund (39.1%), county road commissions (39.1%), and cities and villages (21.8%). The Act further distributes funding to individual county road commissions and cities and villages based on various factors. The amount provided to the State Trunkline Fund is used to fund MDOT's annual road and bridge program.

Under the bill, the CTF would receive up to 10% of the MTF, as appropriated by the Legislature. In other words, the bill would establish a maximum amount of revenue that the CTF could receive from the MTF, subject to appropriation by the Legislature.

MCL 247.660

FISCAL IMPACT

Under the bill, if the Legislature decided to appropriate less than the full 10% of the MTF to the CTF additional MTF revenue would be made available for distribution to State and local road agencies pursuant to the PA 51 formula. Each 1% of the MTF provided to the CTF amounts to approximately \$17,880,300 in FY 2003-04. Every 1% reduction in the MTF set aside to the CTF would reduce revenue to the CTF by \$17,880,300 and result in \$6,991,200 to the State Trunkline Fund, \$6,991,200 to county road commissions, and \$3,897,900 to cities and villages.

If the Legislature appropriated less MTF money to the CTF, appropriations from the CTF would have to be reduced. The CTF funds a number of public transportation and freight programs in the MDOT budget totaling \$246,328,500 in FY 2003-04. Of this total, \$161,680,000 or about 65.6% is appropriated for distribution to local public transit agencies statewide for local bus operating assistance. The actual impact of CTF reductions would be contingent on annual appropriation decisions.

Date Completed: 6-21-04

Fiscal Analyst: Craig Thiel

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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.

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