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Senate Bill 434 (as introduced 4-26-05) Sponsor: Senator Alan L. Cropsey

Committee: Appropriations

Date Completed: 5-2-05

## **CONTENT**

The bill would amend Public Act (PA) 231 of 1987 to add "distribution centers" to the list of eligible road projects that may receive funding under category "A" (targeted industries) of the Transportation Economic Development Fund (TEDF). Currently, PA 231 lists the following targeted industries as eligible economic development road projects under category "A":

- · agriculture or food processing,
- tourism,
- forestry,
- · high technology research,
- manufacturing,
- mining,
- office centers of not less than 50,000 square feet.

MCL 247.909

## **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government. The bill would increase the scope of eligible economic development road projects in category "A" (targeted industries).

The TEDF receives money from two sources: an "off-the-top" allocation from the Michigan Transportation Fund (MTF) and a portion of driver license fees. The Fund receives \$36,775,000 annually from the MTF and about \$13.0 million annually from driver license fees. In addition to this funding, category "A" TEDF projects receive a separate \$3.5 million "off-the-top" MTF allocation.

Of the approximately \$49,775,000 in TEDF resources available each year, the first use of the funding is to pay annual debt service obligations. Following this distribution, \$5.0 million is dedicated for construction and reconstruction of forest roads, commonly referred to as category "E". The next \$2.5 is allocated for improvements to roads and streets that are eligible for Federal aid in cities and villages having a population of 5,000 or greater within rural counties, commonly referred to as category "F". The remainder of the TEDF is allocated on a formula basis among category "A" projects (50%), category "C" projects (25%), and category "D" projects (25%).

In fiscal year 2004-05, \$17,966,200 is available for category "A" projects; this includes the formula distribution portion and the \$3.5 million "off-the-top" MTF allocation. Category "A" projects are selected on a competitive basis. The funding is distributed to projects that meet the minimum requirements of the Act and provide a minimum 20% match. Eligible category "A" recipients include the Michigan Department of Transportation and local road agencies.

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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.