



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 1182 (as introduced 3-21-06)
Sponsor: Senator Jud Gilbert, II
Committee: Transportation

Date Completed: 4-24-06

CONTENT

The bill would amend Public Act 51 of 1951, the Michigan Transportation Fund (MTF) law, to do the following:

- Increase from 25% to 75% the maximum amount that a city or village may transfer from its annual major street funding for the local street system (unless it is following an asset management process).**
- Eliminate a provision that, beginning on January 1, 2009, will prohibit a city or village from transferring surplus MTF revenue for use on a local street system without local matching revenue.**

Public Act 51 provides for the distribution of money from the MTF. Under the Act, the State "returns" MTF funds to cities and villages for specific purposes in a particular order of priority. Money returned to a city or village must be spent on its major and local street systems, with the major street system being the first priority. Money returned for expenditure on the major street system must be spent in the priority order established in the Act, and surplus funds may be transferred for preservation of the local street system. Under the Act, a city or village may not transfer more than 25% of its annual major street funding for the local street system unless it has adopted and is following an asset management process for its major and local street systems and adopts a resolution setting forth the following:

- A list of the major streets in that city or village.
- A statement that the city or village is maintaining its major streets adequately.
- The dollar amount of the transfer.
- The local streets to be funded with the transfer.
- A statement that the city or village is following an asset management process for its major and local street systems.

The bill would increase the limit to 75%.

Under the Act, effective on January 1, 2009, a city or village may not transfer for use on the local street system surplus MTF money returned to it for use on the major street system, except to the extent matched by local revenue (revenue other than MTF revenue) spent by the city or village on the major street system or State trunk line highways. The bill would delete this language.

MCL 247.663

Legislative Analyst: Julie Koval

FISCAL IMPACT

The bill would have no fiscal impact on State government.

The bill would have no net fiscal impact on local units of government, but it would allow for more flexibility in how they spend their street improvement dollars by allowing more funding to be dedicated to the local street system and by eliminating the match requirement scheduled to become effective January 1, 2009.

Fiscal Analyst: Jessica Runnels

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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.