

## LOCAL BRIDGE FUND PROGRAM

Mitchell Bean, Director  
Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**Senate Bill 98**

**Sponsor: Sen. Jud Gilbert, II**

**House Committee: Transportation**

**Senate Committee: Appropriations**

**Complete to 11-9-07**

## A REVISED SUMMARY OF SENATE BILL 98 AS PASSED BY THE SENATE 5-8-07

House Bill 5319, enacted as Public Act 384 of 2004, amended Section 10 of Public Act 51 of 1951 (Act 51) to establish a Local Bridge Fund as a separate fund in the state treasury. The Act states that *"money appropriated to the local bridge fund and interest accruing to that fund shall be expended for the local bridge program."* The Act also indicated that *"the purpose of the fund is to provide financial assistance to highway authorities for the preservation, improvement, or reconstruction of existing bridges or for the construction of bridges to replace existing bridges in whole or part."* The Act limited the distribution of program funds to local highway authorities (county road commissions, cities, and villages). The Act also established a process for the distribution of funds in the Local Bridge Fund: the Local Bridge Program was created as a competitive grant program, with awards based on determinations of the Local Bridge Advisory Board and the Regional Bridge Councils created in the Act. House Bill 5319, as enacted, effectively replaced the Critical Bridge Fund/Program, established in Act 51 since 1972, with the Local Bridge Fund/Program.

Senate Bill 98 would add a new subsection 13 to Section 10 to indicate that effective October 1, 2008, *"the regional bridge councils shall determine what bridge projects are selected for funding from the local bridge fund..."* The bill would also add a new subsection 14 to indicate that beginning October 1, 2008, *"a county road commission, city, or village may implement a bridge project if the bridge project has been selected for funding and is included in the appropriate regional bridge council's current multiyear bridge plan [...] but the regional bridge council has not allocated funds to the bridge project for the fiscal year that the bridge project is on the current multiyear plan."* The bill indicates that a county road commission, city, or village may borrow funds to implement a project that has been approved for funding but not allocated funding.

Although the bill references "borrowing," it does not indicate the specific source of borrowed funds. Section 11 of Act 51 already allows local road agencies to borrow money from the State Trunkline Fund; Sections 18a and 18c authorize local road agencies to borrow money and issue bonds by pledging Michigan Transportation Fund revenue as a source repayment. Senate Bill 98 does not appear to give local road agencies additional borrowing authority beyond that which is already provided in law.

The intent of the bill appears to be to allow local road agencies to construct a bridge project which had been selected for funding by a regional bridge council prior to the actual allocation of money to the bridge project. The local road agency could, in effect, "advance construct" a bridge project using 100% local funds (not necessarily borrowed), and then seek subsequent reimbursement from the Local Bridge Fund when funds became available.

MCL 247.660

**FISCAL IMPACT:**

The bill would have no fiscal impact on the state government. The bill appears to allow local road agencies to "advance construct" bridge projects in anticipation of available revenue in Local Bridge Fund.

It should be noted that the Local Bridge Fund provides only part of the revenue used for Local Bridge Program rehabilitation/reconstruction projects. Federal-aid generally provides the largest share of project cost; the Local Bridge Fund is used primarily to provide the non-federal match. It is not clear how the reimbursement of local "advance construct" bridge projects with federal aid and Local Bridge Fund revenue would work in practice.

Fiscal Analyst: William E. Hamilton

---

■ 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.