

Legislative Analysis



LOCAL FEDERAL MATCH GRANT PROGRAM

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Senate Bill 360 (Substitute H-2)
Sponsor: Sen. Judson Gilbert, II
Senate Committee: Transportation
House Committee: Transportation

House Bill 4556 (Substitute H-1)
Sponsor: Rep. Jeff Mayes
Committee: Transportation

Complete to 5-25-07

A SUMMARY OF SENATE BILL 360 (H-2) AND HOUSE BILL 4556 (H-1) AS REPORTED FROM HOUSE COMMITTEE

Senate Bill 360 (H-2) and House Bill 4556 (H-1) would amend Section 11e and Section 11f of Public Act 51 of 1951 (Act 51), respectively. Section 11e of Act 51 was amended in May 2006 to create a local federal match program within the State Trunkline Fund; Section 11f was added to Act 51 at the same time to establish selection criteria for a new local federal match grant program (*Local Jobs Today*).

The intent of the two bills is to extend the time period for projects to qualify for funding under the program.

With regard to Section 11e:

Senate Bill 360 (H-2) would amend Section 11e of Act 51 by changing the statement of legislative intent with regard to use of the funds in the local federal match program. Section 11e (3) currently indicates that one of the intended uses for the fund is for "projects that are the subject of Public Law 109-59 or Public Law 105-78 and have been designated as high priority road and bridge projects that have received earmarks in the federal budget, so long as those projects are under construction or let for bid by the end of the fiscal year that begins October 1, 2006." The bill would change the date reference by striking "*by the end of the fiscal year that begins October 1, 2006.*" and inserting "*on or before April 4, 2008.*" This effectively extends the time period by six months.

In addition, Section 11e (3) currently indicates that another intended use of the program was to advance projects scheduled to start after the 2006-07 fiscal year into the 2005-06 or 2006-07 fiscal year. The bill would amend the subsection to include projects that can be advanced into the 2007-08 fiscal year.

With regard to Section 11f:

House Bill 4556 (H-1) would amend Section 11f of Act 51 regarding to the project eligibility criteria. The bill would extend the time period criteria from September 30, 2007 to April 4, 2008. Under the bill, to be selected for funding, projects would have to

be under construction or let for bid no later than April 4, 2008. It is our understanding that the April 4, 2008 date corresponds to the Michigan Department of Transportation's bid letting schedule. [House Bill 4556, as introduced, would have extended the time period to December 31, 2007.]

In addition to the date criteria, there are two other criteria for project eligibility under current law: the applicant must have identified all the necessary funding to complete the project; and the project must be for the "opening, widening, improving, construction, or reconstruction of a federal aid eligible road or street" as well as related incidental work.

The bill would also add a new subdivision (d) to the Section 11f (1) list of eligibility criteria. The new language is similar to the language in Section 11e with the exception of the word "not." The bill indicates that to be selected for funding, projects must be "projects that are **not** the subject of Public Law 109-59 or Public Law 105-78 and have been designated as high priority road and bridge projects that have received earmarks in the federal budget..." The new subdivision would also apparently limit the use of funds to projects "scheduled to be under construction or let for bid during the 2007-08 fiscal year which can be advanced to the 2006-07 fiscal year and let for bid not later than September 30, 2007."

Section 11e (1) indicates that to be selected for funding, projects would have to meet all four criteria of subdivisions (a), (b), (c), and (d). It would appear that proposed subdivision (d) would exclude projects which had been earmarked in Public Law 109-59, the 2005 reauthorization of the federal-aid transportation program (SAFETEA-LU).

Public Law 105-78 appears to be a FY 1997-98 federal appropriations act for the departments of Health, Human Services, and Education. We believe the correct reference to be Public Law 105-178, the 1998 reauthorization of the federal aid transportation program (TEA-21).

Senate Bill 360 as passed by the Senate also amended Section 11f. The Section 11f amendments were not included in the House substitute; instead, the Senate bill was tie-barred to the House Bill 4556. House Bill 4556 is not tie-barred to Senate Bill 360.

BACKGROUND INFORMATION:

Under the Local Federal Match Grant program, as first established in 2006, the Michigan Department of Transportation was to use up to \$80 million in State Trunkline Fund (STF) bond proceeds to provide the 20% non-federal match for road projects under the jurisdiction of local road agencies.

The program was put into effect through three pieces of legislation:

House Bill 6003 (2006 PA 141) and Senate Bill 1132 (2006 PA 139) amended Section 11e of Act 51 to create a local federal match program within the State Trunkline Fund to receive proceeds from bond sales, not to exceed \$80.0 million, to be used for federal high

priority projects, or for the advancement of 2006 projects into 2005, or 2007 projects into 2006. Senate Bill 1192 (2006 PA 140) added new Section 11f to establish criteria for project selection. For additional information on the program, refer to the legislative analysis of the above-referenced bills.

FISCAL IMPACT:

Because we can not identify the impact of the proposed new Subdivision (d) to Section 11f(1), we can not include a fiscal impact at this time.

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■ 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.