

Legislative Analysis



LOCAL FEDERAL MATCH GRANT PROGRAM

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Senate Bill 360 (H-3) Floor Substitute Adopted 5-29-07

Sponsor: Sen. Judson Gilbert, II

Committee: Transportation

House Bill 4556 (H-4) Floor Substitute Adopted 5-29-07

Sponsor: Rep. Jeff Mayes

Committee: Transportation

Complete to 5-29-07

A SUMMARY OF FLOOR SUBSTITUTES FOR SENATE BILL 360 & HOUSE BILL 4556

Senate Bill 360 (H-3) and House Bill 4556 (H-4) 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*).

With regard to Section 11e:

Senate Bill 360 (H-3) 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.

The H-3 substitute makes a technical correction to the H-2 committee substitute; it corrects and clarifies the references to the applicable federal aid to transportation acts. Public Law 109-59 refers to the 2005 reauthorization of the federal-aid transportation act (SAFETEA-LU); Public Law 105-178 refers to the 1998 reauthorization of the federal-aid transportation act (TEA-21).

With regard to Section 11f:

House Bill 4556 (H-4) 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 and indicates that to be selected for funding, projects must meet one of more a certain specific criteria: projects that *are* the subject of a federal appropriation in Public Law 109-59 or Public Law 105-178 and have been designated as high priority road and bridge projects and that can be let for bid no later than April 4, 2008; projects that are *not* the subject of a federal appropriation in Public Law 109-59 or Public Law 105-178, that have received earmarks in the federal budget; and projects on federal aid eligible roads scheduled for construction during the 2008-09 fiscal year which can be advanced to the 2007-08 fiscal year and can be let for bid no later than April 4, 2008.

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).

Senate Bill 360 as passed 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 cannot identify the impact of the proposed new Subdivision (d) to Section 11f(1), we do not include a fiscal impact statement at this time.

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