

PA 51: ALLOW CITIES AND VILLAGES TO USE MTF REVENUE FOR CAPITAL EQUIPMENT AND BUILDINGS

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Senate Bill 1180 as passed by the Senate

Sponsor: Senator Buzz Thomas

Senate Committee: Transportation

House Committee: Urban Policy

Complete to 11-23-10

A SUMMARY OF SENATE BILL 1180 AS PASSED BY THE SENATE 11-10-10

The Michigan Transportation Fund (MTF) is the main collection/distribution fund for state restricted transportation revenue generated from fuel taxes and vehicle registration taxes. Public Act 51 of 1951 governs the distribution of MTF revenue to various recipients including county road commissions, and cities and villages. Section 13 of Act 51 governs the distribution, and permitted uses, of MTF revenue returned to cities and villages.

Senate Bill 1180 would allow a cities and villages to use MTF revenue to purchase capital equipment and buildings. Specifically, the bill would amend Section 13 of Act 51 (MCL 247.663) to allow cities and villages to use MTF revenue *"for capital outlay projects for equipment and buildings, contributions pledged for the payment of loans and for the payment of contractual debt service requirements for the payment of bonds for the purpose of providing funds for capital outlay projects for equipment and buildings necessary for the development and maintenance of the road system so long as amounts allocated under this subsection are used for transportation purposes."*

Under terms of the bill, MTF funds could only be used for capital equipment and buildings from the portion of the MTF distribution reserved for major streets, and in fifth order of priority, after payment of debt service and other obligations, and preservation, construction, acquisition, and extension of the major street system.

We note that Senate Bill 1180 refers to *"development and maintenance of the road system."* In reference to cities and villages Act 51 otherwise uses the terms "streets," or more specifically, *major streets, local streets, or major street system and local street system.*

County road commissions have been allowed to use MTF revenue to purchase capital equipment or buildings, such as maintenance garages. However, we do not find a specific authorization for this use in Act 51, only an indirect reference in Section 12(16) related to a calculation of a limitation on administrative expense.

FISCAL IMPACT:

Senate Bill 1180 would have no direct fiscal impact. It would not change the distribution of MTF revenue to local units of government (road commissions, cities, or villages), and would not change the distribution of MTF revenue to any particular city or village. The bill would allow a cities and villages to use MTF revenue to purchase capital equipment and buildings.

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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.