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Senate Bill 1180 (Substitute S-1 as passed by the Senate)

(as enrolled)

Sponsor: Senator Buzz Thomas

Committee: Transportation

Date Completed: 11-18-10

CONTENT

The bill would amend Public Act 51 of 1951, the Michigan Transportation Fund (MTF) law, to allow funds returned to cities and villages to be used for certain transportation-related capital outlay projects.

Public Act 51 provides for the distribution of money from the MTF. The State "returns" MTF funds to cities and villages, which may use the money for specific purposes. After 0.7% of the total amount returned to all cities and villages during the previous calendar year is withheld to reimburse certain local units for snow removal, 75% of the remaining amount must be returned to cities and villages according to a formula specified in the Act. Each city and village must use the amount returned for the following purposes, in the following order of priority:

- Payment of contributions required to be made by a city or village under provisions of previous contracts, which contributions have been pledged for the payment of the principal and interest on certain bonds.
- Payment of obligations of the city or village on highway projects undertaken by the city or village jointly with the Michigan Department of Transportation.
- Payment of principal and interest upon certain loans, to the extent other funds have not been made available for that payment.
- Preservation, construction, acquisition, and extension of the major street system, including the acquisition of a necessary right of way for the system and other related expenses.

Under the bill, the fifth purpose and priority for use of those funds would be 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 to the development and maintenance of the road system, as long as amounts so allocated were used for transportation purposes.

MCL 247.663

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no impact on State revenue or expenditures, but could affect the distribution of local revenue by increasing the types of expenses the distributed revenue may be used to finance.

Fiscal Analyst: David Zin

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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.