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BILL ANALYSIS

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House Bills 4747 and 4748 (as passed by the House)
Sponsor: Representative David Agema
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 7-1-11

CONTENT

House Bill 4747

The bill would amend the Michigan Vehicle Code to require the redirection of $12.0 million from the Transportation Economic Development Fund (TEDF) to the State Trunkline Fund (STF). Currently, $12.0 million in driver license fee revenue is deposited into the TEDF to help fund highway, road, and street improvements related to specific types of economic development activity. The bill would make this redirection beginning with the 2010-11 fiscal year, and in each subsequent fiscal year.

House Bill 4748

The bill would amend Public Act 231 of 1987, which created and governs the TEDF, to reduce by $12.0 million the amount allocated to the Targeted Industries Program (otherwise known as "Category A" programs) beginning in the 2010-11 fiscal year, and in each subsequent fiscal year. The proposed redirection of $12.0 million in TEDF funds from driver license fee revenue to the STF would be consistent with the implementation of the enacted FY 2010-11 and FY 2011-12 Michigan Department of Transportation budgets.

The bill also would amend provisions that prescribe the allocation of funds within the Urban Congestion Relief Program (known as "Category C" programs). Currently, funds for Category C are suballocated to five urban counties: Genesee, Kent, Macomb, Oakland, and Wayne. Allocations are based on population. Based on the 2010 census, the population in Kent County increased such that the distribution among the five counties would be changed. The bill would adjust the population references to maintain the current distribution formula among the five counties.

MCL 257.819 (H.B. 4747)
MCL 247.911 (H.B. 4748)

FISCAL IMPACT

The bills would redirect $12.0 million from the TEDF to the STF beginning in the current fiscal year, FY 2010-11, and in each subsequent fiscal year. The $12.0 million of TEDF funds would be taken entirely from the Target Industry (Category A) program. Category A is considered a "State" program and thus there would be no impact on the TEDF funds that support local and rural projects, otherwise known as Category "C" and "D" projects. This redirection of funds would be a shift between two State restricted funds and therefore would have no negative effect on State revenue. Finally, the redirection of funds proposed in the bills would reflect the intent of the Legislature in fully funding the Michigan Department of Transportation budgets for FY 2010-11 and FY 2011-12. The redirection of funds would allow the Department to match all available Federal-aid highway funds.

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