Legislative Analysis

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PUBLIC ACT 51 of 1951 – MOVABLE BRIDGE FUND; AND USES OF MTF REVENUE BY CERTAIN CITIES

Senate Bill 281 (Substitute S-1)
Sponsor: Sen. Mike Green
Senate Committee: Transportation
House Committee: Transportation and Infrastructure (Assignment Anticipated)

Complete to 11-20-14

A SUMMARY OF SENATE BILL 281 (S-1) AS PASSED BY THE SENATE 11-13-14

Senate Bill 281 (S-1) would amend Section 10 of 1951 PA 51 ("Act 51"), the section that governs the distribution of Michigan Transportation Fund (MTF) revenue to other state transportation funds and programs, and to local road agencies (county road commissions, cities and villages). The bill would earmark $5.0 million each year to a new *Movable Bridge Fund* established by the bill in new Section 11g. The bill would also amend Section 13 of Act 51 to give certain cities as defined in the bill additional authority to use their MTF distribution for "public transit purposes."

Sections 10 and 11g: (Movable Bridges)
Section 10 of Act 51 governs the distribution of MTF revenue to other state transportation funds and programs, and to local road agencies (county road commissions, cities and villages). Senate Bill 281(S-1) would amend Section 10 to establish a new annual earmark of $5.0 million for credit to a new *Movable Bridge Fund* established in new Section 11g. The new $5.0 million earmark would come off the top of an existing earmark in Subsection(1), Subdivision(c), of revenue from 3 cents of the motor fuel tax on gasoline. This existing earmark is currently distributed to the State Trunkline Fund (39.1%), to county road commissions (39.1%), and to cities and villages (21.8%).

The bill would also require the Michigan Department of Transportation to "*annually adjust the amount allocated under this subdivision by an amount equal to the annual increase in the Detroit Consumer Price Index for the preceding year*." Although we assume this provision is intended to apply to the $5.0 million movable bridge fund earmark only, because the subdivision also deals with an earmark of 3 cents of the tax on gasoline, we believe the inflation adjusting provisions apply to the earmark as well.

As noted above, the bill would establish a new *Movable Bridge Fund* within the state Treasury. The bill would also authorized the Michigan Department of Transportation to enter into contracts with a person or agency that had jurisdiction over a publicly owned bridge for the operation of that bridge. The bill would require the department to establish operating cost estimates for each movable bridge owned by a person or agency other than the department, using a procedure established in the bill. The bill would require the department to annually distribute money from the *Movable Bridge Fund* to each person or agency responsible for operation of a publicly owned movable bridge. The department would be eligible for a distribution from the *Movable Bridge Fund* for movable bridges under its jurisdiction.

As part of a 2004 analysis of House Bill 4779, we determined that there were 13 movable bridges on the state trunkline network, and 12 movable bridges under the jurisdiction of 9 separate local road agencies (county road commissions or cities). We are in the process of determining if these figures are still accurate.

There is currently no specific earmark for movable bridges in Act 51; each road agency that owns a movable bridge pays for the cost of that bridge from its Act 51 distribution of MTF or STF funds. With regard to state trunkline bridges, the Michigan Department of Transportation currently operates, maintains, and rehabilitates its movable bridges from its STF funds as distributed by Act 51. The nine local road agencies which operate movable bridges pay for the costs those bridges from their share of MTF revenue as distributed by Act 51.

Section 13: (Distribution of MTF Revenue to Cities and Villages)

Section 10 of Act 51 governs the distribution of MTF revenue, and directs the distribution of 28.1% of the MTF balance, after various statutory deductions, to cities and villages. Section 13 of Act 51 governs the distribution city/village MTF among the state's 533 cities and villages. Section 13 also provides directives on the use of MTF revenue by cities and villages. Generally speaking, Section 13 directs the city/village distribution of MTF revenue to city and village *Major Street* funds, and *Local Street* funds – the system of major and local streets are defined in Sections 6 through 9 of Act 51.

<u>Senate Bill 281 (S-1)</u> would add a new Subsection 13 within Section 13 to authorize a city to use of to 20% of its MTF distribution for *public transit purposes*. The bill would require approval by the director of the Michigan Department of Transportation for this use. The provision would apply only if "*more than 10 million passengers used public transit within the city during the previous fiscal year*." It is not clear how this limiting provision would be interpreted. According to a Michigan Department of Transportation Transit Ridership Report webpage accessed November 19, 2014, there are three transit systems that provided more than 10 million passenger rides in FY 2012-13. Those systems were the Detroit Department of Transportation (DDOT), the Interurban Transit Partnership – the Grand Rapids regional system also referred to as *The Rapid*, and the Capital Area Transportation Authority (CATA) – the Lansing area regional transit system. DDOT is the only municipally-owned system.
http://michigan.gov/documents/mdot/Report_2013_Ridership_457986_7.pdf

However, the 10 million plus separate *passenger rides* provided by these three transit agencies is not the same as 10 million *passengers* using public transit within a city. The application of the bill's proposed amendment to Section 13 depends on whether 10 million *passengers* using public transit within a city means 10 million discrete individuals using transit with a city. Michigan's 2010 census population is 9.9 million.

FISCAL IMPACT:

Senate Bill 281(S-1) does not increase state or local revenue or state or local costs. The bill's amendments to Section 10 of Act 51 would earmark $5.0 million from existing MTF revenue for distribution to those agencies that own and operate movable bridges. The distribution of the $5.0 million earmark between state and local road agency owners of movable bridges cannot be determined at this time.

The bill's amendment to Section 13 of Act 51 would provide additional flexibility to certain cities in the use of MTF revenue. Specifically, the bill would appear to allow a city to use up to 20% of its MTF distribution for *public transit purposes*. However, this use would require approval by the director of the Michigan Department of Transportation. And only those cities where "*more than 10 million passengers used public transit within the city during the previous fiscal year*" would be eligible under this provision. This provision appears to be applicable only to the city of Detroit, although language of the amendment is ambiguous.

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