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BILL ANALYSIS

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Senate Bill 281 (Substitute S-1 as reported)
Sponsor: Senator Mike Green
Committee: Transportation

CONTENT

The bill would amend Public Act 51 of 1951, the Michigan Transportation Fund law, to:

-- Establish the "Movable Bridge Fund" in the State Treasury.
-- Allocate to the Fund $5.0 million each year of the revenue from three cents of the motor fuel tax, with the remainder going to the State Trunkline Fund, county road commissions, and cities and villages (which currently receive all of the revenue from the three cents, in specified percentages).
-- Allow the Michigan Department of Transportation (MDOT) to enter into a contract with a person or agency having jurisdiction of a publicly owned movable bridge for operation of that bridge.
-- Require each person or agency, other than MDOT, that owned or had jurisdiction of a publicly owned movable bridge to submit to MDOT the operational procedures for that bridge and the costs of operating it on an annual basis.
-- Require MDOT to develop procedures to govern the operation of, and determine the operational costs of, all publicly owned movable bridges in the State for each fiscal year; and each year to develop an estimate of those costs.
-- Require MDOT, using the estimates, to distribute a percentage of money from the Movable Bridge Fund to each person or agency responsible for operating a movable bridge, including the Department if it operated a bridge.
-- Provide that, if MDOT offered to enter into a contract for the operation of a movable bridge, and owner or agency with jurisdiction of the bridge declined, the owner or agency would continue to receive the money that it otherwise would have received for operation of the bridge under the Act.
-- Require MDOT annually to adjust the amount allocated to the Movable Bridge Fund by an amount equal to the increase in the Detroit Consumer Price Index for the prior year.

The bill specifies that "operational costs" would include all reasonable and customary costs associated with the operation of a publicly owned movable bridge. The term would not include routine maintenance costs, capital improvement costs, or emergency structural, mechanical, electrical, or hydraulic repairs.

MCL 247.660 et al. Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would reduce the amount of funds received by the State, counties, and cities and villages for road and bridge programs across the State by an estimated $129.0 million combined on an annual basis. Current provisions of Public Act 51 of 1951 (Act 51) distribute all available Michigan Transportation Fund (MTF) revenue to a variety of sources. After statutory deductions are made under Act 51, the net remaining MTF funds are distributed as follows: 39.1% to the State's 83 counties (county road commissions in general); 28.1% to

533 cities and villages; and 39.1% to the State Trunkline Fund (STF). All of these funds are used for road and bridge programs at the State, county, and city and village levels.

According to the Department of Transportation, there are currently 24 publicly owned movable bridges across the State that would be affected by the bill. Twelve of the bridges are owned and operated by the State while the other 12 are owned and operated by local units of governments: cities and villages operate nine bridges while counties operate three. The annual cost to operate these 24 bridges totals an estimated $5.0 million. The costs to operate these bridges are paid by counties, cities, and villages from the funds received via their Act 51 distributions, while the State uses STF funds for its operational costs.

The bill would require that three cents of the gasoline tax be deposited in the proposed Movable Bridge Fund. Current estimates for FY 2013-14 indicate that approximately $129.0 million is the amount of revenue from the three cents of the gas tax. The $129.0 million deposited into the Movable Bridge Fund then would be appropriated by the Legislature. As a result, there would be $129.0 million less for distribution to counties, cities and villages, and the State for road and bridge projects across the State.

Finally, the bill would require the Department to develop procedures governing the operation of all publicly owned movable bridges across the State. The cost of this provision is indeterminate and would depend on the procedures that ultimately would be developed; however, it is anticipated that these costs would be minimal.

Date Completed: 10-30-14 Fiscal Analyst: Glenn Steffens