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BILL ANALYSIS

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Senate Bill 281 (as introduced 3-20-13)
Sponsor: Senator Mike Green
Committee: Transportation

Date Completed: 12-10-13

CONTENT

The bill would amend Public Act 51 of 1951, the Michigan Transportation Fund law, to establish the "Movable Bridge Fund", which would be used to fund the operational costs of publicly owned movable bridges in the State. The bill also would allocate a portion of the motor fuel tax to the Fund.

Fund Establishment

The bill would establish the Movable Bridge Fund within the State Treasury. The Department of Transportation could spend money from the Fund, upon appropriation, only to fund the operational costs of all publicly owned movable bridges in Michigan. The Department could not spend funds toward routine maintenance of a movable bridge or snow removal on a movable bridge.

If money appropriated to the Fund were not enough to completely pay the operational costs of all publicly owned movable bridges, the shortfall would have to be split equally among all publicly owned movable bridges. If a local road agency owned a movable bridge, the Department would withhold the agency's share of the shortfall from the Michigan Transportation Fund distribution to the agency. If the State owned a movable bridge, the Department would have to use money appropriated to it from the State Trunk Line Fund for routine maintenance to fund its share of the shortfall.

"Operational costs" would include all of the following:

-- Daily operation of movable spans and traffic control gates during the navigation and off-call seasons.
-- Visual inspection of all electric, mechanical, and hydraulic equipment.
-- Quality assurance and quality control, including weekly inspections and operational tests.
-- Billing and administrative costs, including record-keeping.
-- Management of the daily and annual operations of a bridge, including communication with the U.S. Coast Guard.
-- Operational utility costs.
-- Daily mechanical and electrical maintenance, including lubrication of mechanical components.
-- Training of bridge operators.
-- Toll collection.
-- Training in and implementation of safety procedures.
-- Training for emergency and disaster procedures.

-- Vessel bridge-to-bridge radiotelephone operations.
-- Performing sound signals in accordance with U.S. Coast Guard regulations.
-- Filling out vessel, vehicle, pedestrian, and bicycle accident reports.
-- Custodial activities, including daily cleaning and preservation of property.
-- Any other costs that the Department determined to be appropriate.

Funding

The Act establishes the Michigan Transportation Fund, governs the distribution of all money in the Fund, and directs certain revenue from the Motor Fuel Tax Act and the Motor Carrier Act to the Fund. All money in the Fund must be apportioned and appropriated according to the Act.

Appropriations from the Fund include revenue from three cents of the motor fuel tax, which is allocated in the following manner: 39.1% to the State Trunk Line Fund, 39.1% to county road commissions, and 21.8% to cities and villages. The bill instead would direct revenue from three cents of the motor fuel tax to the Movable Bridge Fund, with the remainder to the State Trunk Line Fund, county road commissions, and cities and villages in those percentages.

(The Motor Fuel Tax Act generally imposes a tax of 19 cents per gallon on gasoline, and 15 cents per gallon on diesel fuel.)

Fund Administration

The State Treasurer could deposit money or other assets from any source into the Movable Bridge Fund, and would have to credit to the Fund any interest and earnings from Fund investments. Money in the Fund at the close of the fiscal year would remain in the Fund and would not lapse to the General Fund.

The Department of Transportation would be the administrator of the Movable Bridge Fund for auditing purposes.

Movable Bridge Operational Procedures

The Department of Transportation would have to develop procedures governing the operation of all publicly owned movable bridges in the State, but could not transfer jurisdiction of any local road or movable bridge to the Department. The Department could enter into contracts for the operation of any publicly owned movable bridge, or it could operate any publicly owned movable bridge in any other manner.

MCL 247.660 et al. Legislative Analyst: Glenn Steffens

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 provisions of 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 bill would require that all of the $129.0 million be deposited into the Movable Bridge Fund and the funds then be appropriated by the Legislature. The result would be $129.0 million less in funds that would be distributed 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 dependent on the procedures that ultimately would be developed; however, it is anticipated that these costs should be minimal.

Fiscal Analyst: Joe Carrasco