

TRANSPORTATION ECON DEVELOPMENT FUND: GENERAL AMENDMENTS

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Senate Bill 1049 (S-1) as passed by the Senate

Sponsor: Sen. Mike Kowall

Senate Committee: Economic Development and International Investment

House Committee: Appropriations

Complete to 12-5-16

Analysis available at
<http://www.legislature.mi.gov>

BRIEF SUMMARY:

Public Act 231 of 1987 creates and governs the Transportation Economic Development Fund (TEDF). The act establishes and defines five categorical TEDF programs and prescribes the annual distribution of TEDF revenue among those five programs.

As described below, Senate Bill 1049 would amend six sections of Public Act 231 of 1987. The Michigan Department of Transportation indicates the amendments are primarily technical in nature and are intended to clean up language in the act to reflect current program administration. Some of the amendments reflect recommendations of an Office of Auditor General performance audit issued June, 2014.

Senate Bill 1049 is tie-barred to Senate Bill 25, which also amends Public Act 231 of 1987.

FISCAL IMPACT:

The bill would have no direct fiscal impact on the state or local units of government. The bill appears to primarily provide clarifying language. The bill does not change the current statutory distributions to the five TEDF program categories, and the bill does not appear to change the authorized uses of TEDF funds within program categories.

DETAILED SUMMARY:

Section 1 Definitions

The bill would strike the current definition of "transit oriented development" and expand the current definition of "transit oriented facility." Under current law "transit oriented facility" means "a facility that houses a transit station in a manner that promotes transit ridership or passenger rail use." The bill would strike the period after "use" and add the phrase "and other infrastructure improvements that facilitate transit ridership or passenger rail use."

Section 11 – TEDF Annual Distribution

Section 11 of the Public Act 231 currently directs the annual distribution of TEDF revenue among the categorical programs established in Section 9 of the TEDF act. Senate Bill 1049 would not change the amounts allocated among those categorical programs. The bill would amend Section 11 language describing two of those programs.

[Senate Bill 1049 does not amend the related language in Section 9 describing the TEDF categorical programs. However, Senate Bill 25, to which Senate Bill 1049 is tie-barred, does change the program descriptions in Section 9, although those descriptions are not the same as the new Section 11 language of Senate Bill 1049.]

Section 11(2)(b) currently provides for the annual distribution of \$2.5 million for a program of improvements to federal-aid eligible roads and streets in cities and villages with a population of 5,000 or greater within rural counties. This categorical program is sometimes described as *Cities in Rural Counties (Category F)*. Senate Bill 1049 would strike the reference to cities and villages with a population greater than 5,000 [within rural counties] and would instead refer to roads and streets "located inside the boundaries of an urban area or an urbanized area as determined by the most recent federal decennial census and as adjusted by the Michigan Department of Transportation."

Senate Bill 1049 would also amend Section 11(2)(c), which provides for the annual distribution of 25% of the net TEDF balance to *development projects* within rural counties. This categorical program is sometimes described as *Rural County Primary (Category D)*. The bill would strike the word "development"—the word "project" is already a defined term in the act.

Category D is intended to establish a local all-season road system linking communities with the state trunkline system. Program funds are for projects within rural counties for the improvement of rural county primary roads and major streets in cities and villages [within rural counties] with a population of 5,000 or less. The bill would amend the reference to cities and villages [within rural counties] with a population of 5,000 or less by adding the phrase "that are located outside the boundaries of an urban area or an urbanized area as determined by the most recent federal decennial census and as adjusted by the Michigan Department of Transportation."

The bill would strike language that currently prescribes how federal funds allocated to the TEDF Categories C and D programs are to be suballocated among rural task forces and urban task forces counties.

Section 12 – Provisions Regarding Category C, Urban Congestion Relief

Senate Bill 1049 would amend Section 12 regarding the process for selecting projects under Category C by urban task forces. Current law provides for use of Category C funding for widening projects on roads with two travel lanes carrying more than 10,000 vehicles per day, and for roads carrying more than 25,000 vehicles per day "in accordance with traffic counts done on or before April 1, 1993." The 1993 date reference is now more than 20 years old. The bill would amend this reference to "*the most recent traffic count* or a traffic count done on or before April 1, 1993." This amendment reflects the recommendation of a performance audit of the Office of Economic Development issued by the Office of Auditor General in June, 2014 (OAG Report No. 591-0135-13).

The bill would strike language that requires Category C projects to be consistent with the provisions of Section 10 of Public Act 51 of 1951. Section 10 of Public Act 51 provides for the appropriation of Michigan Transportation Fund revenue.

Section 12a – Provisions Regarding Category D, Rural County Primary

Senate Bill 1049 would amend Section 12a to strike language that requires Category D projects to be consistent with the provisions of Section 10 of Public Act 51 of 1951. Section 10 of Public Act 51 provides for the appropriation of Michigan Transportation Fund revenue.

Tie-Bar

Senate Bill 1049 is tie-barred to Senate Bill 25.

BACKGROUND INFORMATION:

The Transportation Economic Development Fund (TEDF) was created by Public Act 231 of 1987 (MCL 247.901) to help fund highway, road, and street improvements related to either a specific type of economic activity or a specific type of road system. The stated purpose of the TEDF is "*enhancing this state's ability to compete in an international economy, serving as a catalyst of the economic growth of this state, and to improve the quality of life in the rural and urban areas of this state.*" Public Act 231 established five categorical programs within the TEDF, each with defined program objectives and eligible recipients.

For additional information on the TEDF, see House Fiscal Agency analysis of Senate Bill 25 at:

<http://www.legislature.mi.gov/documents/2015-2016/billanalysis/House/pdf/2015-HLA-0025-4C1A620F.pdf>

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