



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 627 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Senator Mike Kowall
Committee: Commerce

CONTENT

The bill would create the "Michigan Alternative Project Delivery Act" to do the following:

- Allow a public authority to enter into public-private agreements to develop eligible projects, enter into ancillary agreements to public-private agreements, and exercise eminent domain to acquire property necessary for an eligible project.
- Require a public authority to consider and compare various methods for developing a project and identify the proposed delivery method.
- Require a public authority to consult with the State Budget Director regarding the fiscal impact on affected State agencies when developing a project.
- Allow any lawful source of public and private funding to be used for the development of an eligible project under the proposed Act.
- Allow a public authority to impose or increase and collect fees, including user fees.
- Authorize a public authority to include provisions addressing the allocation of project risk, payment terms, utilities, and other matters in a public-private agreement.
- Specify that authority granted under the Act would supplement any existing authority.
- Prescribe a penalty for a person who failed to pay a user fee for use of an eligible project.
- Provide that property developed or held by a private party under a public-private agreement would be exempt from all applicable State and local ad valorem and other property taxes.
- Specify that a public-private agreement would be subject to the Fair and Open Competition in Governmental Construction Act and the Local Government Labor Regulatory Limitation Act, as applicable.
- Specify that nothing in the proposed Act would expand the type of asset or provision of type of services that a public authority would otherwise be authorized to develop under applicable existing law.
- Specify that the proposed Act would not affect a public-private agreement entered into before the bill's effective date, or prohibit a public authority from using other legal authority to enter into a public-private agreement.

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would have an indeterminate, though likely minimal, fiscal impact at the State and local levels. The bill would not directly create new revenue or costs. The bill would empower a public authority with options to manage, create, and spend revenue sources (including private investment, grants, Federal aid, the imposition of user fees, and bond issuance), but the bill would not mandate a specific method, or methods, of revenue creation.

Date Completed: 11-30-16

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Bill Analysis @ www.senate.michigan.gov/sfa

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