Senate Concurrent Resolution 19 (as reported without amendment)
Sponsor: Senator Mike Shirkey
Committee: Appropriations

CONTENT

The resolution would release money from the Roads Innovation Fund, allowing it to be deposited into the Michigan Transportation Fund and spent as appropriated.

As part of the package of bills enacted in November 2015 to address road funding in Michigan, the Roads Innovation Fund (RIF) was created by Public Act 175 of 2015. Under that Act, beginning in fiscal year 2016-17, the RIF receives the first $100.0 million of motor fuel taxes collected each fiscal year. Money in the RIF does not lapse to the General Fund at the end of the year, but remains until directed elsewhere. For the funds in the RIF to be spent, both chambers of the Legislature must approve a concurrent resolution to release the funds. If the Legislature approves a one-time concurrent resolution on a record roll-call vote to release money in the RIF, all money in the RIF will be deposited in the Michigan Transportation Fund and available for distribution according to Public Act 51 of 1951.

FISCAL IMPACT

If the resolution is adopted, transportation revenue to the Comprehensive Transportation Fund, the State Trunkline Fund, county road commissions, and cities and villages will be increased. The amount of the increase depends on when the resolution is adopted. Every year the resolution is not adopted, an additional $100.0 million of motor fuel tax revenue will be added to the balance of the RIF, where it will remain until released.

Because fiscal year 2016-17 has yet to begin, the Roads Innovation Fund has yet to receive any deposits and thus has a balance of zero. If the resolution is adopted by the Legislature before the fiscal year begins, no revenue will be deposited into the RIF and the $100.0 million that would have been deposited into the RIF will instead be deposited into the Michigan Transportation Fund, increasing the revenue available to the Comprehensive Transportation Fund by $10.0 million, the State Trunkline Fund by $39.1 million, county road commissions by $39.1 million, and cities and villages by $21.8 million. The conference committee for the FY 2016-17 Michigan Department of Transportation budget approved a conference report specifying appropriation levels that assume the funds in the RIF are released.

Under Public Act 51 of 1951, the Michigan Transportation Fund makes monthly revenue distributions to county road commissions and cities and villages. Furthermore, the State collects approximately $85.0 million a month in motor fuel tax revenue. Based on the language in Public Act 176 of 2015 (which amended the Motor Fuel Tax Act as part of the road funding legislation), if the resolution is not adopted by the beginning of the fiscal year, the first distribution of revenue of revenue under Public Act 51 of 1951 will be substantially reduced, reducing the first distribution of fiscal year 2016-17 transportation revenue to county road commissions, cities and villages, the State Trunkline Fund, and the Comprehensive Transportation Fund. This reduction will occur because the RIF receives the first $100.0 million collected under the Motor Fuel Tax Act, not just the first $100.0 million collected as a result of the tax increases adopted in November 2015. However, Public Act 176 of 2015 will not be effective until January 1, 2017; meaning that the first distribution of

revenue after January 1, 2017, would be the distribution that would be reduced if the resolution were not adopted before January 1, 2017. Similarly, if the resolution is adopted before the beginning of the fiscal year, no disruption in monthly distributions will occur.

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