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BILL



ANALYSIS

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Senate Bill 711 (Substitute S-1)

Sponsor: Senator Jim Stamas

Committee: Economic Development and International Investment

Date Completed: 4-18-18

CONTENT

The bill would amend the Port Authority Act to do the following:

- **Permit an existing authority to enter into public-private partnerships with other owners or property or port facilities within the authority's jurisdiction.**
- **Amend the definition of "port facility", regarding existing authorities, to refer to facilities whether or not they are owned by the port authority, and to include other property necessary to enhance maritime activities.**
- **Include in the definition of "project" public infrastructure, as well as other property necessary to achieve the purpose of the Act, for existing port authorities.**
- **Provide that projects and port facilities could not include a bridge or a tunnel.**
- **Delete a provision that allows an authority to acquire land and property rights by condemnation.**
- **Allow an authority to receive money from certain sources to finance a project (rather than a port facility).**

Under the Act, an authority may acquire, construct, reconstruct, rehabilitate, improve, maintain, lease, repair, or operate port facilities within its territorial jurisdiction, including the dredging of ship channels and turning basins and the filling and grading of land for them.

The bill would allow authorities created before its effective date to enter into public-private partnerships with other owners or property or port facilities within the jurisdiction of the authority.

The bill states that nothing in the Act would limit the property rights of any person that owned property or port facilities within the jurisdiction of the authority. The bill also states that powers granted under the Act would be in addition to those powers granted by charter or other statute.

The Act defines "port facilities" as those facilities owned by the port authority such as: seawall jetties; piers; wharves; docks; boat landings; marinas; warehouses; storehouses; elevators; grain bins; cold storage plants; terminal icing plants; bunkers; oil tanks; ferries; canals; locks; bridges; tunnels; seaways; conveyors; modern appliances for the economical handling, storage, and transportation of freight and handling of passenger traffic; transfer and terminal facilities required for the efficient operation and development of ports and harbors; other harbor improvements; or improvements, enlargements, remodeling, or extensions of any of these buildings or structures. The bill would delete reference to bridges and tunnels.

For authorities created before the bill took effect, "port facilities" would mean those facilities listed above, whether or not they are owned by the port authority and would include other real or personal property necessary to enhance commercial or recreational maritime activities. Port facilities would not include a bridge or a tunnel, directly or indirectly.

"Project" means the acquisition, purchase, construction, reconstruction, rehabilitation, remodeling, improvement, enlargement, repair, condemnation, maintenance, or operation of port facilities. Under the bill, "project" would include, for authorities created before the bill took effect, public infrastructure, and other real and personal property necessary to achieve the purpose of the Act. Project would not include a bridge or a tunnel, directly or indirectly.

The Act provides that an authority may acquire by condemnation land, property rights, rights of way, franchises, easements, and other property, or parts of property or rights in property, of a person, partnership, association, or corporation considered by the authority to be necessary for the construction or efficient operation of a project. However, a facility owned or operated by and for the exclusive use of the owner or operator and a facility owned or operated by a common carrier or public utility are exempt from this provision. The bill would delete these provisions.

Under the Act, an authority may sell or remove the buildings or other structures upon land taken by the authority, and may sell or lease land or rights or interest in land or other property taken or purchased for the purposes of the Act.

Under the bill, instead, an authority could sell or remove the buildings or other structures upon land owned or leased by the authority, and could sell or lease land or rights or interest in land or other property purchased or leased for the purposes of the Act.

Currently, an authority may appear in its own behalf before boards, commissions, departments, or other agencies of the Federal government or of any state or international conferences and before committees of the U.S. Congress and the State Legislature in all matters relating to the design, establishment, construction, extension, operation, improvement, repair, or maintenance of a project operated and maintained by the authority under the Act. Under the bill, an authority also could appear in all matters relating to the maintenance of a project financed or supported by the authority.

An authority may apply for, receive and accept from any Federal, state, or municipal agency, foundation, public or private agency, or individual, a grant or loan for the planning, construction, operation, or financing of a port facility. The bill would refer to a project, rather than a port facility.

MCL 120.102 et al.

Legislative Analyst: Nathan Leaman

FISCAL IMPACT

The bill could have an indirect, long-term, positive impact on the State and on the City of Detroit and Wayne County. The bill would have no practical, immediate impact on State spending or spending by local units of government.

The bill would allow the Detroit/Wayne County Port Authority (DWCPA) to enter into public-private partnerships with properties and/or port facilities within its jurisdiction. More significantly, the bill would remove the requirement that a port facility be owned by the DWCPA. This will expand the DWCPA's ability to receive and accept Federal, State, municipal, public, or private aid in the construction, operation, or financing of port facility projects.

The DWCPA was created in 1981 via the Port Authority Act, and is the only authority operating under the Act. According to its website, "The Detroit Wayne County Port Authority...is a government agency advancing southeast Michigan's maritime and related industries with the purpose of delivering prosperity and economic benefit...to citizens and businesses." The website also states that the DWCPA oversees and promotes commercial and recreational activities along 32 miles of the Detroit River from Lake St. Clair to the Wayne/Monroe County border.

Pursuant to Section 24 of the Act (MCL 120.124), the State is responsible for providing half of the DWCPA's operating budget. Between 2002 and 2016, the DWCPA nearly always received about \$500,000 each year from the State through Comprehensive Transportation Fund. In 2017, State funding for the DWCPA was reduced to \$200,000.

In granting the DWCPA more authority to develop and invest in projects within its jurisdiction, the bill could enable the DWCPA to become more self-sufficient, economically. Should new investments by the DWCPA create economic viability, or partial economic viability, the State, the City of Detroit, and Wayne County could reduce appropriations in the long term.

Fiscal Analyst: Michael Siracuse

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.