Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 4965 (Substitute H-3 as reported without amendment)
House Bill 4966 (Substitute H-2 as reported without amendment)
House Bill 4971 (Substitute H-1 as reported without amendment)
Sponsor: Representative Rodney Wakeman (H.B. 4965)
Representative Andrea K. Schroeder (H.B. 4966)
Representative Julie Alexander (H.B. 4971)
House Committee: Transportation
Ways and Means
Senate Committee: Transportation and Infrastructure

CONTENT

House Bill 4965 (H-3) would amend Public Act 51 of 1951, the Michigan Transportation Fund law, to do the following:

-- Require certain amounts distributed from the Michigan Transportation Fund (MTF) to a county under the Act to be spent toward attainment of the condition goals in the county's asset management plan and as otherwise required by the Act instead of as currently prescribed in the Act.
-- Allow a county road commission to use a portion of the amount returned to the county under the Act for the payment of debt service on bonds, notes, or other obligations.

House Bill 4966 (H-2) would amend the Michigan Transportation Fund law to do the following:

-- Require certain amounts distributed from the MTF to a city or village under the Act to be spent toward attainment of the condition goals in the city's or village's asset management plan and as otherwise required by the Act instead of as currently prescribed in the Act.
-- Allow a city or village to use a portion of the amount returned to the city or village under the Act for the payment of debt services on bonds, notes, or other obligations.

House Bill 4971 (H-1) would amend the Michigan Transportation Fund law, to do the following:

-- Specify that if a local road agency responsible for 100 or more certified miles of road had an asset management plan determined to be out of compliance with requirements prescribed in the Act, the local road agency's asset management plan would be disapproved for the purposes of certain sections of the Act.
-- Specify that if a local road agency responsible for less than 100 certified miles of road submitted an asset management plan under the Act, the plan would be considered approved on submission.

MCL 247.661h et al. (H.B. 4965)
247.663 (H.B. 4966)
247.659 (H.B. 4971)

Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

House Bill 4965 (H-3) and House Bill 4966 (H-2) would have no direct impact on State or local government, as they would not change the amount of the MTF distributions through the Public Act 51 formula that go to MDOT, counties, and cities and villages.

Public Act 51 of 1951 directs that counties be allotted 39.1% of MTF revenue, and that cities and villages be allotted 21.8%. Michigan Transportation Fund revenue comes chiefly from the State gas tax and vehicle registrations. For fiscal year (FY) 2019-20, the county share of this revenue is $1.1 billion and the city/village share is $620.0 million. Currently, Public Act 51 requires these local units of government to spend the majority of their share of MTF revenue (75%, after other earmarks) on the primary road system (for counties) and on the major street system (for cities/villages), with the remainder to be spent on the local road system (for counties) and the local street system (for cities/villages). These existing requirements direct that the bulk of the MTF revenue to local units of government be spent on the larger roadways under local jurisdiction. The bills would remove this requirement and, instead, would direct that the MTF revenue local units of government received be spent in accordance with that local unit's asset management plan. This could give local units of government more freedom when it comes to spending MTF revenue on major or local road systems, so long as those agencies planned ahead on the use of that revenue when submitting their asset management plans and multi-year program plans to the Transportation Asset Management Council.

The submission of an asset management plan to the TAMC is a relatively new requirement for local agencies, added under Act 325 of 2018. Under that Act, approximately one-third of local agencies must submit asset management plans to the TAMC annually, so that within three years every local agency will have submitted an asset management plan. Under Public Act 325 of 2018, this rotation of plan submissions begins October 1, 2020; therefore, only a third of the required asset management plans will be submitted in FY 2020-21, with another third to follow in FY 2021-22, and the final third in FY 2022-23. Adding the language of the current bills would strengthen the importance of the asset management plans that will be submitted in the coming years.

House Bill 4971 (H-1) likely would have no fiscal impact on State or local government. The bill specifies when Sections 12 and 13 of Public Act 51 of 1951 would apply and also would strengthen the incentives for local road agencies with less than 100 miles of certified roads to submit an asset management plan to the TAMC. These changes to Public Act 51, on their own, would not increase or decrease revenue to the State or local units of government.

Date Completed: 7-16-20 Fiscal Analyst: Michael Siracuse