Legislative Analysis

PORT FACILITY IMPROVEMENT GRANT PROGRAM

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House Bill 5291 as introduced
Sponsor: Rep. Jack O'Malley
Committee: Transportation
Complete to 10-4-21

SUMMARY:

House Bill 5291 would amend 1951 PA 51, the act that governs appropriations for state and local road and bridge programs and public transportation programs, to establish a port facility improvement grant program, create the Maritime and Port Facility Improvement Office in the Michigan Department of Transportation (MDOT) to implement and administer the program, and create the Port Facility Improvement Fund to fund the program.

Port facility improvement grant program

The bill would add a new section 10s to the act to establish a port facility improvement grant program to provide grants to fund ***port facility*** improvements. The bill also would establish the Maritime and Port Facility Improvement Office within MDOT to implement and administer the new grant program. The bill would authorize the Maritime and Port Facility Improvement Office to do all of the following:

- Provide grants to publicly or privately owned port facilities to fund port facility improvements. (Port facility improvements would include creating a port facility, improving a port facility, and other projects related to a port facility.)
- Establish criteria for evaluating grant applications that give priority to an applicant based on the amount of tonnage and waterborne transportation handled in the applicant's port facility.
- Receive and review grant applications and prescribe the form, nature, and extent of the information that must be contained in the grant application.

The bill would limit the amount of a grant under the program to 80% of the money expended by the grant recipient for the port facility improvement funded by the grant.

The bill would require the Maritime and Port Facility Improvement Office to enter into a grant agreement with the grant recipient before expending any money. A grant agreement with a privately owned port facility would have to include both of the following requirements:

- The privately owned port facility must be held open for public use for at least 10 years after completion of the port facility improvement for which the grant was given.
- If the privately owned port facility were not held open for public use as described above, the grant recipient would have to repay the grant money to the Maritime and Port Facility Improvement Office to the extent and in the manner directed by the office.

Port Facility Improvement Fund

The bill would create the Port Facility Improvement Fund to fund the port facility improvement grant program proposed by the bill. The state treasurer could receive money and other assets from any source for deposit to the fund and would have to direct the investment of the fund and credit the fund with interest and earnings from those investments. The fund would be established as a state restricted fund. Money in the fund would remain in the fund at the close of the fiscal year and would not lapse to the state general fund. The Maritime and Port Facility Improvement Office would be the administrator of the fund for audit purposes.

The bill directs the Maritime and Port Facility Improvement Office to expend money from the fund, upon appropriation, to implement and administer the grant program and to fund grants under the program.

Port facility/port authority defined

The bill also would add a new section 9d to the act to define two terms used in the provisions described above:

> ***Port facility*** would mean a "port facility" described in the following provision of the Hertel-Law-T. Stopczynski Port Authority Act that is owned by a ***port authority*** or by a private freight port:
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> > "Port facilities" means 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.[1]
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> ***Port authority*** would mean a port authority created under the Hertel-Law-T. Stopczynski Port Authority Act.

Proposed MCL 247.659d and 247.660s

FISCAL IMPACT:

House Bill 5291 would establish a new Maritime and Port Facility Improvement Office within MDOT. There would be additional ongoing costs associated with the new office. The amount of additional cost would depend on how the new office was staffed and organized, including the extent to which resources could be shifted from other areas in the department.

While the bill would establish a port facility improvement grant program and a new Port Facility Improvement Fund to fund program administration and port facility improvement grants, the bill does not identify a source of revenue for the fund. Fund revenue would have to come either from a new revenue source or through the appropriation of other state revenue sources.

Note that the bill defines "port facility" through reference to the definition of the term "port facility" in the Hertel-Law-T. Stopczynski Port Authority Act. That definition begins: "'Port

[1] http://legislature.mi.gov/doc.aspx?mcl-120-102

facilities' means those facilities owned by the port authority..." The bill defines "port authority" to mean a port authority created under the Hertel-Law-T. Stopczynski Port Authority Act.

The Detroit Wayne County Port Authority (DWCPA) is a port authority organized under the Hertel-Law-T. Stopczynski Port Authority Act. The DWCPA was incorporated in 1981 by the city of Detroit and Wayne County. The DWCPA is, to date, the only port authority established under the Hertel-Law-T. Stopczynski Port Authority Act.

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