



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bills 743 through 746 (as introduced 11-30-21)
Sponsor: Senator Wayne A. Schmidt (S.B. 743)
Senator Stephanie Chang (S.B. 744 & S.B. 746)
Senator Dale W. Zorn (S.B. 745)
Committee: Economic and Small Business Development

Date Completed: 3-3-22

CONTENT

Senate Bill 743 would enact the "Great Lakes Maritime Office Act" to do the following:

- Create the "Great Lakes Maritime Office" within the Michigan Department of Transportation (MDOT) and require the Office to administer the Great Lakes Maritime Grant Program proposed in Senate Bill 744.
- Require MDOT to appoint a full-time director of the Office and provide the Office with appropriate staff support and resources.

Senate Bill 744 would enact the "Great Lakes Maritime Grant Program Act" to do the following:

- Create the Great Lakes Maritime Grant Program and allow the Office to award grants of at least \$10,000 but not more than \$2.5 million annually to owners of port facilities that submitted a grant application.
- Specify that a grant could be used by a port facility for achieving or improving green marine certification and matching Federal funding opportunities, among other things.
- Require the Office to prioritize awarding a grant to an owner of a port facility that had achieved green marine certification or that had submitted a grant application to fund the achievement or improvement of the certification.
- Require the Office to evaluate a grant funding recipient to determine whether the recipient was meeting its annual goals as defined in the grant award, each year for three years after a grant was awarded.
- Create the "Great Lakes Maritime Fund" within the State Treasury and require the Office to spend money from the Fund, upon appropriation, only for the purpose of the Program and for the performance of the Office's duties.

Senate Bill 745 would amend the Port Authority Act to do the following:

- Allow a port authority to finance port facilities within its territorial jurisdiction, including the dredging of ship channels and turning basins and the filling and grading of land related to these improvements.
- Extend certain powers of a port authority to the extension, enlargement, maintenance, or improvement of projects financed by it.

- **Prohibit a property tax exemption granted to an authority under the Act from applying while a private enterprise was an operator or a lessee of the property under a lease or a concessionaire under a concession agreement notwithstanding the terms of that lease or agreement.**

Senate Bill 746 would enact the "Port Environmental Impact Transparency Plan Act" to require a port authority or the owner or operator of a port facility, beginning January 1, 2023, and before initiating a new project, to develop and submit to MDOT and the Department of Environment, Great Lakes, and Energy (EGLE) a five-year environmental impact transparency and to make good-faith efforts to ensure that the project would be located, designed, and constructed to minimize adverse environmental and surface transportation impacts and provide for other beneficial uses, to the extent possible.

Senate Bill 743 and Senate Bill 744 are tie-barred.

Senate Bill 743

The bill would enact the Great Lakes Maritime Office Act to create the Great Lakes Maritime Office within MDOT and require the Office to perform the duties prescribed in the Great Lakes Maritime Grant Program Act (which Senate Bill 744 would enact). The Office also would have to assist owners of port facilities in the State by doing all the following:

- Administering the grant program.
- Developing a statewide strategic maritime plan.
- Identifying Federal funding opportunities to which owners of port facilities could apply.
- Providing technical assistance to integrate and take advantage of the State's maritime resources in moving goods within and through the State to support a local economy, including establishing a funding program for transportation projects with the objective of supporting the United States Maritime Transportation System, informing MDOT about leveraging the United States Maritime Transportation System for economic development, and conducting statewide maritime research and planning.

"Port facility" would mean a structure or improvement to land located alongside navigable water that is used for any of the following:

- Loading and unloading of cargo from ships, ferries, and other floating vessels.
- Supporting the operation of ships, ferries, and other floating vessels.
- Handling, storing, packaging, transferring, and moving cargo to other modes of transportation.
- Assembling, processing, refining, or improving goods recently received from or before entry into maritime transport.

The Act also would require MDOT to appoint a full-time director of the Office and provide it with appropriate staff support and resources. The Director's sole responsibility would be to carry out the Office's duties as prescribed in the Act and the Great Lakes Maritime Grant Program Act.

Senate Bill 744

Great Lakes Maritime Grant Program

The bill would enact the Great Lakes Maritime Grant Program Act to create the Great Lakes Maritime Grant Program. The Great Lakes Maritime Office would have to administer the

Program and could award grants of at least \$10,000, but not more than \$2.5 million, annually to owners of port facilities that submitted a grant application on a form, and containing the information, prescribed by the Office.

The bill would allow a grant to be used by the owner of a port facility for public purposes, including one or more of the following:

- Achieving or improving green marine certification.
- Matching Federal funding opportunities.
- Dredging waterways and harbors.
- Repairing seawalls.
- Other projects related to port facilities as determined by the Office.

"Green marine certification" would mean a certification issued or awarded by a nationally recognized maritime organization identified by the Office that ranks or evaluates port facilities on various criteria, including any of the following:

- Greenhouse gas and air pollutants.
- Spill prevention and stormwater management.
- Dry bulk handling and storage.
- Environmental leadership.
- Waste management.

The Office would have to give higher priority in awarding a grant to an owner of a port facility that had achieved green marine certification or that had submitted a grant application to fund the achievement or improvement of green marine certification over the owner of a port facility that had not achieved green marine certification. A grant awarded would have to include a statement defining measurable, annual goals for the grant funding recipient. Each year, for the three years after a grant was awarded, the Office would have to evaluate the grant funding recipient to determine whether the grant funding recipient was meeting its annual goals as defined in the grant award.

Great Lakes Maritime Fund

The bill would create the Great Lakes Maritime Fund within the State Treasury and require the State Treasurer to deposit money and other assets received from any source into the Fund. The State Treasurer also would have to direct the investment of money in the Fund and credit interest and earnings from the Fund's investment. Money in the Fund at the close of the fiscal year would not lapse into the General Fund.

The bill specifies that the Office would be the administrator of the Great Lakes Maritime Fund for audits of the Fund. The Office would have to spend money from the Fund, upon appropriation, only for the purpose of the Program and to allow the Office to perform its duties.

Senate Bill 745

The Port Authority Act governs the establishment of port authorities in cities and counties. Among other things, the Act allows an authority to acquire, construct, reconstruct, rehabilitate, improve, maintain, lease as lessor or as lessee, 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 therefore. Under the bill, a port authority could acquire, construct, reconstruct, rehabilitate, improve, maintain, *finance*, lease as lessor or lessee, repair, or operate port facilities within its territorial jurisdiction, including, *but not limited to*,

the dredging of ship channels and turning basins and the filling and grading of land related to these improvements.

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, conveyers, modern appliances for the economic handling, storage, and transportation of freight and handling passenger traffic, transfer and terminal facilities required for the efficient operation and development of ports and harbors, other harbor improvements, enlargements, remodeling, or extensions of any of these buildings or structures. The bill would delete this definition.

Instead, the term would mean structures and improvements to land located alongside navigable water and that are used for one of more of the following:

- Loading and unloading of cargo from ships, ferries, and other floating vessels.
- Support of the operation of vessels.
- Cargo handling, storage, packing, and transfer or movement to other modes of transportation.
- Assembly, processing, refinement, or improvement of goods recently received from or prior to entry into maritime transportation.

The Act allows an authority to appear on 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 United States Congress and the State legislature in all matters relating to certain aspects of a project. The bill would specify that an authority could appear on its own behalf before these entities in all matters relating to the maintenance of a project financed by the authority.

The Act allows an authority to make application for, receive and accept from any Federal, State, or municipal agency, or individual, a grant or loan for, or in aid of, the planning, construction, operation, or financing of a port facility. Instead, the bill would specify that an authority could take the action described above for the planning, construction, operation, or financing of a *project*.

Under the Act, "project" means the acquisition, purchase, construction, reconstruction, rehabilitation, remodeling, improvement, enlargement, repair, condemnation, maintenance, or operation of port facilities. Under the bill, "project" also would mean the financing of port facilities. The term would not include a bridge or tunnel that crossed an international boundary, directly or indirectly.

The Act allows an authority to provide for the issuance of revenue bonds for the purpose of providing funds for paying the cost of port facilities, or for paying the cost of an extension, enlargement, or improvement of a project the under the control of the authority. The bill also would allow the authority to issue revenue bonds for the purpose of providing funds for paying the cost of an extension, enlargement, or improvement of a project financed by the authority.

The Act specifies that an authority is exempt from, and may not be required to pay, taxes on property, both real and personal, belonging to the authority, which is used exclusively for a public purpose. However, the Act prohibits the exemption from applying to property belonging to an authority while a private enterprise is a lessee of the property under a written lease. The bill would prohibit an exemption from applying to property belonging to an authority while a private enterprise was an operator or a lessee of the property under a written lease or a

concessionaire under a concession agreement notwithstanding the terms of that lease or concession agreement.

Senate Bill 746

The bill would enact the Port Environmental Impact Transparency Plan Act. The Act would require a port authority or the owner or operator of a port facility, beginning January 1, 2023, and before initiating a new project, to develop a five-year environmental impact transparency plan and make good-faith efforts to ensure that the project would be located, designed, and constructed to minimize adverse environmental and surface transportation impacts and provide for other beneficial uses, including wildlife habitat uses, to the extent possible.

"Port authority" would mean a port authority created under the Port Authority Act or a port commission created under Public Act 234 of 1925, which provides for the creation of port districts. "Project" would mean the acquisition, purchase, construction, reconstruction, rehabilitation, remodeling, improvement, enlargement, repair, condemnation, maintenance, finance, or operation of a port facility.

The bill would require the environmental impact transparency plan to be filed with EGLE and MDOT and to address all the following:

- Protecting the community from harmful environmental impacts.
- Promoting sustainability.
- Employing best available technology to avoid or reduce environmental impact.
- Including specific performance measures on the effect of development on habitat areas and the marine environment, reviewing existing water quality, habitat areas, and air pollution caused by movement of goods through maritime ports, and proposals to minimize and mitigate any substantial adverse impact.
- Providing for real-time air monitoring.
- Assigning goals, targets, timelines, and metrics for all sustainability programs.
- Providing periodic review of existing measures, evaluation of new measures and technologies, and the incorporation of new regulations and information.
- Ensuring that the owners or operators of port facilities clean up contaminated sites to facilitate redevelopment of port facilities.

The port authority or the owner or operator of a port facility also would have to post a copy of its plan on port authority website or on the website of the owner or operator of the port facility.

MCL 120.102 et al. (S.B. 745)

Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

Senate Bill 743 & 744

The bills would have a negative fiscal impact on the Department of Transportation through the establishment and ongoing administrative costs of the new Great Lakes Maritime Office. It is possible that existing appropriations for freight programs could cover these expenses. Indirectly, the bills could have a positive fiscal impact on local port facilities if the Office were able to identify and assist those port facilities in applying for Federal funding. The bills also would create a new fund; however, it would not cost State or local government any money until revenue was appropriated into the fund.

Senate Bill 745

The bill would have a minor, but positive, fiscal impact on the State in that it would remove a property tax exemption for an operator (or concessionaire under a concession agreement) of a port facility. This would apply to only one port facility, since only one port authority has been authorized under the Port Authority Act.

Senate Bill 746

The bill would have no direct fiscal impact on the State or local government. While there could be an indirect cost to a local port authority for the development of an environmental plan, there also could be an indirect benefit to the State and local units of government through the avoidance of environmental damages from developing projects. In either case, the indirect cost or benefit cannot be determined.

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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.