

Legislative Analysis



TRANSPORTATION ECONOMIC DEVELOPMENT FUND: POPULATION THRESHOLDS FOR CATEGORY C

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<http://www.house.mi.gov/hfa>

House Bill 5922 as introduced

Sponsor: Rep. Jaime Greene

Committee: Transportation, Mobility and Infrastructure [Discharged]

Revised 1-24-25

Analysis available at
<http://www.legislature.mi.gov>

(Enacted as Public Act 203 of 2024)

SUMMARY:

House Bill 5922 would amend section 11 of 1987 PA 231, the act that created and governs the Transportation Economic Development Fund (TEDF). Specifically, the bill would adjust population thresholds that govern the distribution of one of the five TEDF categorical programs, the Urban Congestion Relief Program, also referenced as “Category C.”

Under section 11, funds for this category are suballocated to five urban counties (Wayne, Oakland, Macomb, Genesee, and Kent), based on population. Changes in county populations reported in the 2020 census would affect this statutory suballocation of Category C funds. Specifically, the increase in Kent County’s population would move it out of a suballocation distribution category it now shares with Genesee County and into a category it would share with Macomb County, as shown in the table on page 2. The bill would adjust the population references to maintain the current distribution percentages among the five counties.

MCL 247.911

BACKGROUND:

The TEDF is a state restricted transportation fund created to help fund highway, road, and street improvements related to either a specific type of economic activity or a specific type of road system. There are five categorical programs within the TEDF, including Category C, which is designated for projects to reduce congestion on county primary and city major streets within urban counties including advanced traffic management systems. The act defines urban counties to mean Michigan counties with a population greater than 400,000.

For FY 2024-25, the appropriation for TEDF Category C was \$10.4 million.

FISCAL IMPACT:

The bill would have no impact on state costs or revenues and would have no fiscal impact on local units of government generally. The bill would maintain the current distribution of TEDF Category C funds among five specific urban counties.

If the bill were not enacted, the Michigan Department of Transportation (MDOT) would have to adjust the distribution of Category C funds among the five urban counties to reflect the 2020 census, as described in the table below (based on FY 2022-23 appropriations).

Category C distribution		County population		County and how affected by 2020 census if HB 5922 is not enacted
Population threshold	Percentage of C funds	2010	2020	
1,750,000 or more	16%	1,820,584	1,793,561	Wayne County – no change in distribution category or percentage
1,000,000 to 1,749,999	40%	1,202,362	1,274,395	Oakland County – no change in distribution category or percentage
650,001 to 999,999 (current law) 700,000 to 999,999 (HB 5922)	20%	840,978	881,217	Macomb County – no change in distribution category, but would share the category with Kent County, effectively reducing Macomb County’s distribution by 50%, or approximately \$1.0 million
400,000 to 650,000 (current law) 400,000 to 699,999 (HB 5922)	24%	602,622	657,974	Kent County – would move from the 24% distribution category (currently shared with Genesee County) into the 20% distribution category with Macomb County, effectively reducing Kent County’s distribution by approximately \$200,000
		425,790	406,211	Genesee County – would stay in the 24% distribution category, but would no longer share the category, effectively increasing Genesee County’s distribution by approximately \$1.2 million

It should be noted that, despite the use of the word “distribution” above, TEDF Category C funds are not literally *distributed* to these five urban counties. That is, the appropriation of Category C funds, and the suballocation to the five urban counties, does not result in the transfer of money from the TEDF to those counties. Instead, each county’s allocated share of Category C funding represents the amount of TEDF Category C funds available for eligible projects within that county.¹ In coordination with MDOT’s Office of Economic Development, MDOT’s Bureau of Finance and Administration maintains an accounting of Category C funds allocated to each county. A county’s allocated funding may carry over into subsequent fiscal years.

¹ <https://www.michigan.gov/mdot/programs/grant-programs/transportation-economic-development-fund/category-c-urban-congestion-relief>

Eligible local road agencies within each county may develop projects meeting specific statutory eligibility requirements and submit those projects for inclusion in the applicable local Metropolitan Planning Organization's Transportation Improvement Plan (TIP).

Projects meeting specific eligibility criteria may be on a primary road under county road commission jurisdiction or a major street under city jurisdiction. (County primary roads and city major streets are defined in 1951 PA 51.) To be eligible for Category C funding, the road or street must also be eligible for federal aid.

After projects are approved for inclusion in the TIP and move to the construction phase, MDOT administers the project construction contract and pays for eligible project costs by drawing on the applicable county's share of TEDF Category C funds. Money is never transferred to the local road agency. Upon project completion, the local road agency records the increase in asset value, as identified by MDOT, in its accounting records.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.