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BILL ANALYSIS

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Senate Bill 105 (as introduced 2-12-15)
Sponsor: Senator Mike Green
Committee: Transportation

Date Completed: 6-3-15

CONTENT

The bill would amend Public Act 51 of 1951, the Michigan Transportation Fund law, to do the following:

- **Establish the "Movable Bridge Fund" and allocate $5.0 million of the revenue from three cents of the motor fuel tax to the Fund.**
- **Allow the Michigan Department of Transportation (MDOT) to enter into a contract with a person or agency having jurisdiction of a publicly owned movable bridge for operation of that bridge.**
- **Require each person or agency, other than MDOT, that owned or had jurisdiction of a publicly owned movable bridge to submit to MDOT the operational procedures for that bridge and the costs of operating it on an annual basis.**
- **Require MDOT to develop procedures to govern the operation of, and estimate the operational costs of, all publicly owned movable bridges in the State for each fiscal year.**
- **Require MDOT, using the estimates, to distribute a percentage of money from the Movable Bridge Fund to each person or agency responsible for operating a movable bridge, including the Department if it operated a bridge.**
- **Provide that, if MDOT offered to enter into a contract for the operation of a movable bridge, and person or agency with jurisdiction of the bridge declined, the person or agency would continue to receive the money that it otherwise would have received for operation of the bridge under the Act.**

The bill would take effect 90 days after it was enacted.

Fund Establishment

The bill would establish the Movable Bridge Fund as a separate fund within the State Treasury. The State Treasurer would have to direct the investment of the Fund. The Treasurer could deposit money or other assets from any source into the Fund, and would have to credit to the Fund any interest and earnings from Fund investments. Money in the Fund at the close of the fiscal year would remain in the Fund and would not lapse to the General Fund. For auditing purposes, MDOT would be the administrator of the Movable Bridge Fund.

Allocation of Money

The Act governs the distribution of revenue collected from various transportation-related taxes and fees. The revenue is directed to several State transportation funds, including the State Trunkline Fund; transportation programs; and local units of governments. Revenue from three cents of the motor fuel tax is allocated to the State Trunkline Fund, county road commissions, and cities and villages, in specified percentages. The bill would require $5.0 million each year of the revenue from three cents of the motor fuel tax to be allocated to the Movable Bridge Fund. The remainder of the money would continue to be allocated to the State Trunkline Fund, county road commissions, and cities and villages. Each year, the Department would have to adjust the money allocated by an amount equal to the annual increase in the Detroit Consumer Price Index for the preceding year.

Contracts for Operation of Movable Bridges

The bill would allow MDOT to enter into a contract with a person or agency having jurisdiction of a publicly owned movable bridge for the operation of that bridge. The contract would have to require any contractor hired by MDOT to operate the bridge to maintain insurance in an amount specified by MDOT. The Department would not be required to assume ownership or jurisdiction of a publicly owned movable bridge as part of the contract.

Each person or agency, other than MDOT, that owns or has jurisdiction of a publicly owned movable bridge would have to submit to MDOT the operational procedures for that bridge and the operational costs incurred by the person or agency in operating the bridge on an annual basis. ("Operational costs" would include all reasonable and customary costs associated with the operation of a publicly owned movable bridge. The term would not include routine maintenance costs, capital improvement costs, or emergency structural, mechanical, electrical, or hydraulic repairs.)

Fund Distributions

The Department would have to develop procedures to govern the operation of, and to determine the operational costs of, each publicly owned movable bridge in the State. The Department would have to develop an estimate for the operational costs of each publicly owned movable bridge for each fiscal year. For each bridge owned or under the jurisdiction of a person or agency other than the MDOT, the Department would have to use the operational procedures and costs submitted by the person or agency to develop its procedures and estimates. Using the estimates, the Department would have to distribute a percentage of money from the Fund to each person or agency responsible for operating a publicly owned movable bridge. If MDOT were responsible for the operation of a publicly owned movable bridge, the money would be distributed to MDOT.

If the Department offered to enter into a contract, as described above, and the person or agency that had jurisdiction of the bridge declined, the person or agency would continue to receive the money that it would have received for the operation of the bridge under the Act.

MCL 247.660 et al. Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would reduce the amount of funds received by the State, counties, and cities and villages for road and bridge programs across the State by an estimated $5.0 million combined on an annual basis, to be adjusted according to inflation (based on the Detroit Consumer Price Index).

Public Act 51 of 1951 (Act 51) distributes all available Michigan Transportation Fund (MTF) revenue to a variety of funds. After statutory deductions are made under Act 51, the net remaining MTF funds are distributed as follows: 39.1% to the State's 83 counties (county road commissions in general); 21.8% to 533 cities and villages; and 39.1% to the State Trunkline Fund (STF). All of these funds are used for road and bridge programs at the State, county, and city and village levels.

According to the Department of Transportation, there are currently 24 publicly owned movable bridges across the State that would be affected by the bill. Twelve of the bridges are owned and operated by the State while the other 12 are owned and operated by local units of governments: cities and villages operate nine bridges while counties operate three. The annual cost to operate these 24 bridges totals an estimated $5.0 million. The costs to operate these bridges are paid by counties, cities, and villages from the funds received via their Act 51 distributions, while the State uses STF funds for its operational costs.

The bill initially would require that $5.0 million derived from three cents of the gasoline tax be deposited in the proposed Movable Bridge Fund. Current estimates for FY 2013-14 indicate that approximately $129.0 million is the amount of revenue from the three cents of the gas tax. The $5.0 million deposited into the Movable Bridge Fund then would be appropriated by the Legislature. As a result, there would be approximately $2.0 million less for distribution to counties, approximately $1.0 million less for distribution to cities and villages, and approximately $2.0 million less for distribution to the STF. These figures likely would increase over time since the $5.0 million distribution would be adjusted for inflation.

Finally, the bill would require the Department to develop procedures governing the operation of all publicly owned movable bridges across the State. The cost of this provision is indeterminate and would depend on the procedures that ultimately would be developed; however, it is anticipated that these costs would be minimal.

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