



**House
Legislative
Analysis
Section**

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EXTEND SUNSET ON TRANSPORTATION FORMULA

Senate Bill 150 as passed by the House
First Analysis (5-28-87)

Sponsor: Sen. Richard D. Fessler
Senate Committee: State Affairs,
Tourism and Transportation
House Committee: Transportation

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THE APPARENT PROBLEM:

Public Act 438 of 1982 amended the Michigan transportation fund act to establish a temporary formula for distribution of money from fuel and vehicle weight taxes placed in the Michigan Transportation Fund. Under the formula ten percent of the fund goes to the comprehensive transportation fund. After deductions for expenses, the balance is divided as follows: 39.1 percent to the state trunk line fund, 39.1 percent to county road commissions, and 21.8 percent to cities and villages for their own roads. In addition, the formula provided for the distribution of the funds within each category.

The act also established a task force to recommend a new distribution formula for fuel and vehicle weight taxes by October 1, 1984. The deadline was first extended to December 31, 1986, then to March 31, 1987, and later to June 1, 1987. More time is needed to work out a transportation package and a new formula.

THE CONTENT OF THE BILL:

Senate Bill 150 would extend the sunset for the temporary formula until June 18, 1987.

MCL 247.660

FISCAL IMPLICATIONS:

According to the Department of Transportation, the bill would have no fiscal implications to the state. (5-28-87)

ARGUMENTS:

For:

The extension is needed for the legislature to put together a new transportation package and a new formula. The distribution of funds must continue under the temporary formula so as not to disrupt contractual agreements with labor unions and small business suppliers that are contingent upon disbursement of the funds. Without the bill, furthermore, the statute would provide no authority for the distribution of funds to the Comprehensive Transportation Fund, the State Trunk Line Fund, county road commissions, and cities and villages, except for the payment of principal and interest on bonds and notes.

POSITIONS:

The Department of Transportation supports the bill. (5-28-87)

S.B. 150 (5-28-87)