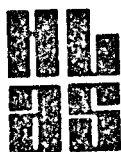


MAR 18 1987

**House
Legislative
Analysis
Section**

Washington Square Building Suite 1025
Lansing, Michigan 48909
Phone 517/373-6466

EXTENSION OF TRANS. DIST. FORMULA
Mich. State Law Library

House Bill 4026 with committee amendments
First Analysis (2-11-87)

Sponsor: Rep. Curtis Hertel
Committee: Transportation

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, and then to March 31, 1987. The task force has not yet devised a new formula.

THE CONTENT OF THE BILL:

House Bill 4026 would extend the sunset for the temporary formula until June 1, 1987 (MCL 247.660).

FISCAL IMPLICATIONS:

The House Fiscal Agency says the bill has no fiscal implications to the state (2-6-87).

ARGUMENTS:***For:***

The extension would ensure adequate time for the new legislature to digest all of the information that has been gathered concerning the transportation distribution formula, which will in turn enable it to make a sound decision concerning the formula. Furthermore, the temporary distribution of the funds should continue so as not to disrupt contractual agreements with labor unions and small business suppliers which are contingent upon disbursement of the funds.

POSITIONS:

The Department of Transportation supports the bill (2-6-87).

The Michigan Municipal League supports the bill (2-6-87).

The Michigan Public Transit Association supports the bill (2-6-87).

The Michigan Railroads Association supports the bill (2-9-87).

The Highway Users Federation supports the bill (2-9-87).

The County Road Association of Michigan supports the bill (2-10-87).

H.B. 4026 (2-11-87)