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Senate Bill 1274 (Substitute S-3 as reported by the Committee of the Whole)  
Sponsor: Senator Philip E. Hoffman  
Committee: Appropriations

### **CONTENT**

The bill would amend Public Act 51 of 1951 to eliminate the sunset for the Michigan Transportation Fund formula. Under current law, if a distribution formula is not enacted into law for the time period beginning October 1, 2000, money in the Michigan Transportation Fund could only be apportioned and appropriated to pay the principal and interest due on State and local transportation bonds and notes.

The bill also would specify the method of distribution of the \$33,000,000 from the Michigan Transportation Fund to the Local Program Fund.

In addition, the bill would allow a township with a population of 20,000 or more that desired to assume jurisdiction over roads within the township to receive the funds for those roads directly from the State. Under the current statutory formula, townships do not directly receive funding from the State for roads. The bill would prohibit a township from establishing a road agency or using transportation funds to hire additional employees for road functions if it did not have a road agency on the bill's effective date.

MCL 247.660 et al.

### **FISCAL IMPACT**

The elimination of the sunset of the statutory formula for distribution of state transportation revenue deposited in the Michigan Transportation Fund would allow the State and local road agencies to continue to receive transportation funding under the current formula after September 30, 2000.

The bill could alter the distribution of transportation revenue between local units of government resulting from the provision that would allow townships to receive funds directly from the State for roads within in their jurisdiction. This funding would be provided from the county allocation (39.1%) under the statutory formula. The bill does not specify, however, the distribution method that would provide this funding to townships. Presumably, the funds would be distributed based on the formula used to distribute funding among county road commissions. The fiscal impact of this provision is unknown and would be contingent upon the degree to which townships actually received transportation funds directly from the State for roads. Based on 1990 U.S. Census figures, there are 27 townships that have a population of 20,000 or more and it is estimated that there are 33 such townships in 2000.

Date Completed: 5-31-00

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