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BILL ANALYSIS

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Senate Bill 59 (as enacted)
Sponsor: Senator Jud Gilbert, II
Senate Committee: Transportation
House Committee: Transportation

PUBLIC ACT 221 of 2007

Date Completed: 6-30-2009

CONTENT

The bill amended the Michigan Transportation Fund law to require the creation of an alternative transportation funding task force and a citizens advisory committee to review and make recommendations for potential sources of transportation funding to replace or supplement the current motor fuel taxes.

The bill took effect on January 2, 2008.

Composition of Task Force

Under the bill, by February 1, 2008, the Governor was required to appoint up to nine individuals to serve as a task force to review the adequacy of surface transportation and aeronautics service provision and finance in the State. The Governor could not appoint a member who represented the Michigan Department of Transportation (MDOT) or a local authority as that term is defined in the Michigan Vehicle Code (i.e., every municipal and other local board or body that has authority to enact laws relating to traffic under the Constitution and laws of the State).

The task force was required to review strategies for maximizing the return on transportation investments and evaluate the potential of alternate strategies to replace or supplement the State motor fuel taxes, existing and alternative user fees, and nonuser revenue to support economic activity and personal mobility in the State.

The appointments were subject to the advice and consent of the Senate. The task force had to include at least one representative each of manufacturing, commerce, agriculture, tourism, labor, transportation, public transit, and aviation.

The task force also had to include the majority and minority leaders of the Senate, or a member of the Senate designated by each leader, and the Speaker and minority leader of the House of Representatives, or a member of the House designated by each leader.

Task Force Responsibilities

The primary focus of the task force was to examine alternatives to the portion of transportation funding that has fuel taxes as a source, and to suggest or recommend alternative revenue collection systems funded through user-pay methods or other methods. The task force had to include an analysis of the feasibility of alternative methods.

The task force could make recommendations for implementation of pilot programs to test feasible alternatives to replace the portion of transportation funding that comes from motor fuel taxes, and had to make a preliminary recommendation on pilot programs by October 31, 2008.

By a majority vote of the task force, it was required to report to the Governor, the State Transportation Commission, and the Legislature on the following:

- Identified capital and maintenance needs.
- Transportation investment and maintenance priorities.
- Funding for State trunk line roads and bridges, local road agencies, and public transit agencies.
- Relative use of transportation systems.
- Responsibilities for the identified needs including alternative transportation funding options.
- Historical transportation financing patterns as they relate to total statewide fiscal resources.
- Strategies for maximizing the returns on transportation investments.

All studies and reports relating to highways had to be reported according to functional and legal classification. The task force had to publish a preliminary report of the data, findings, and recommendations by October 31, 2008.

After holding appropriate hearings, the task force was required to recommend, if it considered it necessary, alterations of formulas for and alternative sources of transportation funding and alterations to the distributions of transportation responsibilities in the final report by April 1, 2009. The final report and recommendations had to include any minority and individual views of task force members.

Citizens Advisory Committee

The bill required the Governor to appoint up to 19 people to serve as a citizens advisory committee. The committee had to include a member of the general public and at least one representative from a list of three recommendations supplied by each of the following organizations:

- Michigan Farm Bureau.
- Michigan Trucking Association.
- Michigan Association of Counties.
- Michigan Townships Association.
- Michigan State Chamber of Commerce.
- Michigan Tourist Association.
- County Road Association of Michigan.
- Michigan Municipal League.
- Michigan Public Transit Association.
- Asphalt Paving Association of Michigan.
- Michigan Concrete Paving Association.
- Michigan Infrastructure and Transportation Association.
- Michigan Railroads Association.
- American Council of Engineering Companies.
- Michigan Building and Construction Trades Council.
- Michigan Association of Airport Executives.
- Michigan Business Aviation Association.
- Michigan Department of Transportation.

The citizens advisory committee could create any subcommittees that it deemed necessary, and any subcommittee could make recommendations to the full committee.

The committee was required to receive and comment upon all reports, studies, and recommendations prepared by the various designated technical subcommittees of the advisory committee before they were submitted to the task force. The members of the committee had to give members of the task force their majority, minority, or individual views of the reports, studies, and recommendations of the various designated technical subcommittees.

MDOT Assistance

The bill required MDOT to provide technical staff and administrative support to the task force. By March 1, 2008, MDOT had to recommend a work program to the task force to enable it to carry out the requirements of the bill. The Department also had to invite regional metropolitan planning organizations to assist.

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BACKGROUND

The task force required under the bill met beginning in March 2008, and submitted its final report on November 10, 2008. According to the final report, at present transportation funding levels, the State is in danger of losing as much as \$1 billion annually in Federal matching funds. To maintain what it called a "good" level of investment, the task force recommended at least \$3.5 billion in additional transportation funding, including investment in roads and highways, rail, aviation, and public transportation systems.

The task force identified a number of possible funding alternatives, including increasing vehicle registration rates or eliminating registration discounts; modifying the current motor fuel taxes or creating a new percentage-based tax rather than the current per-gallon rates; increasing the sales and use tax with the revenue to be used to fund transportation; using public-private partnerships to finance investment in transportation infrastructure; and financing new construction or reconstruction through the use of tolls. The full report is available through the MDOT website at www.michigan.gov/tf2.

Legislative Analyst: Curtis Walker

FISCAL IMPACT

The bill required the Department of Transportation to staff the new task force and advisory committee and perform other administrative duties. The fiscal impact of these additional responsibilities could not be determined when the bill was enacted.

Fiscal Analyst: Joe Carrasco
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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.