



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 98 (Substitute S-2 as reported)
Sponsor: Senator Jud Gilbert, II
Committee: Transportation

Date Completed: 5-8-07

RATIONALE

The Local Bridge Fund was created in 2004 to provide funds for the preservation, improvement, and reconstruction of existing bridges, and the construction of replacement bridges. Replacing the Michigan Critical Bridge Program, which had been in place since 1972, the Fund allocates revenue received from a portion of the gasoline tax to help eliminate the large backlog of uncompleted bridge projects in the State. A portion of the Fund is set aside for large bridge projects and emergencies, and the remainder is distributed among seven regional bridge councils according to the certain criteria, which include the proportion of bridges in each region, the total amount of bridge decking in each region, and the condition of that bridge decking. Each regional bridge council is responsible for identifying projects to be funded with revenue from the Local Bridge Fund, according to a multiyear plan.

Some local governments have expressed interest in completing bridge repair projects that have not yet received funding from the Local Bridge Fund. It has been suggested that local governments should be allowed to borrow money to complete those projects, and use funds that are later allocated from the Local Bridge Fund to repay the borrowed amount.

CONTENT

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

-- Require the regional bridge councils to determine what bridge projects were selected for funding from the

Local Bridge Fund and make a list available to interested parties.

-- Allow a county road commission, city, or village to implement a bridge project if it was selected for funding and was included in the regional bridge council's current multiyear bridge plan for the local bridge program, but the regional bridge council had not allocated funds to the project for the year it was on the plan.

-- Allow a road commission, city, or village to borrow funds to implement the project, and to use funding allocated for that project in a subsequent fiscal year to repay the amount approved when the funds were borrowed.

The Act establishes the Local Bridge Fund to provide financial assistance to highway authorities for the preservation, improvement, or reconstruction of existing bridges or the construction of bridges to replace existing bridges. Between 5% and 15% of the money in the Fund may be used for critical repair of large bridges and emergencies, as determined by the Local Bridge Advisory Board. Remaining funds must be distributed to the regional bridge councils (which the Act creates for each Michigan Department of Transportation region in the State).

The bill would require the regional bridge councils, beginning October 1, 2008, to determine what bridge projects were selected for funding from the Local Bridge Fund, and make a list of those projects available to interested parties in the region. A determination that a bridge was selected

for funding in a given fiscal year would not be approval to disburse the funds.

Beginning October 1, 2008, a county road commission, city, or village could implement a bridge project if it had been selected for funding and was included in the appropriate regional bridge council's current multiyear bridge plan for the local bridge program, but the regional bridge council had not allocated funds to the project for the fiscal year in which it was on the plan. A road commission, city, or village could borrow money to implement the project.

Based on available revenue from the Local Bridge Fund, when a bridge project that was implemented with borrowed funds was allocated funding in a subsequent fiscal year, that funding could be used only to repay the amount approved by the multiyear bridge plan when the funds were borrowed. To be eligible for repayment of the borrowed amount, a bridge project implemented with borrowed funds would have to be administered through the Department of Transportation's local bridge program.

MCL 247.660

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Each year, the number of critical bridge projects in the State exceeds the amount of funding available through the Local Bridge Fund. Some projects reportedly have been waiting for funding for several years. For a number of reasons, local governments would prefer to complete certain bridge projects as soon as possible, although funding is not yet available through the Local Bridge Program. For example, there may be concerns over the continued safety or diminished functionality of a bridge, or local officials might wish to stimulate the local economy by moving scheduled construction projects forward. The bill would permit local governments to borrow money to complete those projects now, and then repay the borrowed money once funds were allocated through the local bridge program. The allocated money could be used only to pay the original amount approved; any additional cost, bond service, or other costs

associated with borrowing the money would have to be paid through other means.

Legislative Analyst: Curtis Walker

FISCAL IMPACT

The bill would have no fiscal impact on State government.

The bill would allow county road commissions, cities, and counties to borrow money under certain conditions to implement local bridge projects. Local units choosing to do so would see an increase in debt service expenditures unless the projects were funded through the Local Bridge Fund in subsequent years.

Fiscal Analyst: Debra Hollon

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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.