

Legislative Analysis



MICHIGAN TRANSPORTATION FUND DISTRIBUTION TO MULTI-COUNTY CORRIDOR PROJECT – AMENDMENTS TO PUBLIC ACT 51 OF 1951

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4964
Sponsor: Rep. Matt Lori
Committee: Transportation

Complete to 11-4-09

A SUMMARY OF HOUSE BILL 4964 AS INTRODUCED 5-19-09

Brief Summary:

Public Act 51 of 1951 governs the distribution of constitutionally restricted transportation revenue – revenue generated from motor fuel taxes and vehicle registration taxes. This tax revenue is credited to the Michigan Transportation Fund (MTF) and then distributed to other state restricted transportation funds, to special program accounts, and to local road agencies, including county road commissions. Of the \$1.8 billion in estimated MTF revenue for FY 2009-10, an estimated \$581.8 million would be distributed to county road commissions by Act 51 formula. The distribution among the 83 county road commissions is made based on factors provided in Section 12 of Act 51 – including road mileage, population, and vehicle registrations.

House Bill 4964 would amend Section 12 of Act 51 to require a distribution "sufficient to pay the portion of the local share of federally aided costs for multicounty corridor projects..."

The bill would require the payments for these costs before the routine formula distribution of MTF revenue to counties under the section. The bill would add a new subsection to define "multicounty corridor projects" as "a federally aided project constructed jointly by 2 or more counties to improve or reconstruct a continuous county primary road crossing 1 or more county lines." The bill indicates that "Counties completing a multicounty corridor project may apply to the department for reimbursement of 60% of the local share of federal-aid-eligible costs from the amount provided in subsection 1." The bill further indicates that "reimbursement shall be made proportionally to the eligible project cost paid by each participating county. The department shall issue standards specifying the requirements for qualifying projects."

It is our understanding that this bill would encourage multi-county corridor authorities as recommended in the report of the Transportation Funding Task Force (TF2), a group established under the authority of Public Act 221 of 2007. The TF2 group was established to study the effectiveness of Act 51, specifically with regard to alternatives to the fuel tax, and recommend transportation revenue options.

Organizational Efficiencies and Reforms

Create corridor authorities to enhance a particular corridor.

Corridor authorities focus resources in a particular economic development corridor that may cross multiple jurisdictions. This allows the corridor authority to identify funding sources available to improve the corridor, such as Tax Increment Financing Authorities (TIFAs) and other local-option sources that may be enabled. A corridor authority has the ability to facilitate regionalism, expedite construction, improve regional mobility, and foster economic development in high-density corridors.

FISCAL IMPACT:

House Bill 4964 would modify the language of Section 12 of Act 51 dealing with the distribution of MTF funds to county road commissions. The bill would have no impact on the total revenue distribution to county road commissions. The bill could have some affect on the distribution to particular road agencies. The payment of a portion of the local share of local federal aid projects on county primary roads would "off the top" of the MTF distribution to county road commissions.

Currently most federal-aid projects on county primary roads are funded using 80% federal funds for eligible construction costs with the local road agency providing the remaining 20% "local" share. Under provisions of the bill, the MTF could provide 60% of the 20% local share for eligible multicounty corridor projects. For such a project with \$1.0 million in eligible construction costs, federal aid would typically provide \$800,000 with the local unit providing \$200,000. Under provisions of the bill, the MTF could directly provide 60% of the \$200,000, or \$120,000.

Note that for this analysis all 83 county road agencies are referred to as "road commissions." In fact, Wayne County does not have a separate road commission. Wayne County roads are managed by the Wayne County Department of Public Services under the authority of the Wayne County Board of Commissioners.

Fiscal Analyst: William E. Hamilton

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.