

# Legislative Analysis



## REDIRECTION OF CERTAIN DRIVERS' LICENSEE FEE REVENUE FROM TEDF TO STATE GENERAL FUND

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**House Bills 5072 and 5073**

**Sponsor: Rep. Lee Gonzales**

**Committee: Appropriations**

**Complete to 8-28-08**

### A SUMMARY OF HOUSE BILLS 5072 AND 5073 AS INTRODUCED 6-10-09

**House Bill 5072** would amend Section 11 of 1987 PA 231 (MCL 247.911), an act which created and governs the Transportation Economic Development Fund (TEDF). The TEDF is a state-restricted transportation fund created to help fund highway, road, and street improvements related to either a specific type of economic activity or a specific type of road system. The bill would reduce the amount allocated to the Targeted Industries program ("Category A") for the 2008-09 fiscal year by \$12.0 million to reflect in statute the reductions effected through Executive Order 2009-22.

**House Bill 5073** would amend Section 819 (MCL 257.819) of the Michigan Vehicle Code (1949 PA 300) to redirect to the state General Fund a portion of drivers' license fee revenue currently dedicated to the TEDF. The total amount to be redirected as shown in the bill is \$18 million. This amount represents \$12 million related to TEDF reductions made in Executive Order 2009-22. Public Act 346 of 2008 had previously redirected \$6 million in driver's license fees from the TEDF to the state General Fund in FY 2008-09. The bill simply reflects the total of \$18 million to be redirected to the General Fund in FY 2008-09 (\$6 million plus \$12 million).

The previous \$6.0 million amount for FY 2008-09 represented the amount that the TEDF was reduced for FY 2006-07 through Executive Order 2007-3. In effect, budgetary spending authority was reduced by \$6 million in FY 2006-07, but the actual shift of those funds to the state General Fund was not completed until FY 2008-09.

### FISCAL IMPACT:

The bills would redirect \$12.0 million from the TEDF to the state General Fund (not counting the \$6 million that had already been redirected through Public Act 346 of 2008). There would be no impact on total state revenue, simply a shift between a state-restricted fund and the state General Fund.

## Transportation Economic Development Fund

### Recent Legislative Actions Regarding Driver's License Fee Fund Source

Fiscal Year/ Action	Appropriation Bill	Amendment to Michigan Vehicle Code to Transfer to GF/GP	Amendment to TEDF Act (1987 PA 231)
FY 2006-07 Reduces Category "A" by \$6 million	<b><i>Executive Order 2007-3</i></b>	Never enacted – transfer in FY 2008-09 instead. (See below)	<b><i>Public Act 168 of 2007</i></b> ( <b><i>Senate Bill 794</i></b> )
FY 2007-08 Reduces Category "A" by \$13 million total	FY 2007-08 appropriation adjusted to decrease spending authority for Category "A" by \$6.5 million, and increase Categories "C" and "D" by \$3.25 million each. <b><i>Done by transfer</i></b>	<b><i>Public Act 346 of 2008</i></b> ( <b><i>House Bill 4847</i></b> )	Bill to direct entire reduction from Category "A"  <b><i>Public Act 364 of 2008</i></b> ( <b><i>Senate Bill 1485</i></b> )
FY 2008-09 Redirects \$6 million to GF/GP	Not adjusted in original enacted budget because Category "A" was already reduced in FY 2006-07.	<b><i>Public Act 346 of 2008</i></b> ( <b><i>House Bill 4847</i></b> )	No bill needed.
FY 2008-09 Reduces Category "A" by \$12 million	<b><i>Executive Order 2009-22</i></b>		<b><i>House Bill 5072</i></b>
FY 2008-09 Redirects \$12 million to GF/GP		<b><i>House Bill 5073</i></b> The bill indicates that \$18 million from driver's license fee revenue will be deposited to the state General Fund for FY 2008- 09. This is the total of the \$12 million related to EO 2009-22, and the \$6 million already enacted in 2008 PA 346. <b><i>This will not result in an additional \$6 million beyond what had previously been enacted.</i></b>	

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