

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

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House Bills 5072 and 5073 as passed by the Senate

Sponsor: Rep. Lee Gonzales

Committee: Appropriations

Complete to 10-22-09

A SUMMARY OF HOUSE BILLS 5072 & 5073 AS PASSED BY THE SENATE 10-20-09

House Bill 5072 (S-1) 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 S-1 version of the bill would reduce the amount allocated to the Targeted Industries program ("Category A") over two fiscal years, FY 2008-09 and FY 2009-10 by \$24 million to reflect in statute the reductions effected through Executive Order 2009-22 (\$12 million), and leadership target agreements for FY 2009-10 General Fund appropriations (\$12 million). [The introduced and House-passed versions of the bill would have reduced the allocation by \$12 million.]

House Bill 5073 (S-1) 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 bill would redirect \$18 million for FY 2008-09 and \$12.0 million for FY 2009-10. With regard to the FY 2008-09, only \$12 million is a new redirection from the TEDF to reflect reductions made in Executive Order 2009-22 – \$6 million driver's license fees had previously been redirected to the state General Fund through Public Act 346 of 2008. The bill simply reflects the \$18 million total to be redirected to the General Fund in FY 2008-09 (\$6 million plus \$12 million).

The previous \$6 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 – through Public Act 346 of 2008.

The \$12 million redirection for FY 2009-10 reflects leadership target agreements for FY 2009-10 General Fund appropriations. This additional redirection had not been included in the introduced or House-passed versions of the bill.

FISCAL IMPACT:

The bills would redirect \$12 million from the TEDF to the state General Fund for FY 2008-09 (not counting the \$6 million that had already been redirected through Public Act 346 of 2008) and \$12 million in FY 2009-10. The reduction in TEDF funding would be taken entirely from the TEDF "Target Industry" program (Category A). 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	<i>Executive Order 2007-3</i>	Never enacted – transfer in FY 2008-09 instead. (See below)	<i>Public Act 168 of 2007</i> (<i>Senate Bill 794</i>)
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. <i>Done by transfer</i>	<i>Public Act 346 of 2008</i> (<i>House Bill 4847</i>)	Bill to direct entire reduction from Category "A" <i>Public Act 364 of 2008</i> (<i>Senate Bill 1485</i>)
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.	<i>Public Act 346 of 2008</i> (<i>House Bill 4847</i>)	No bill needed.
FY 2008-09 Reduces Category "A" by \$12 million	<i>Executive Order 2009-22</i>		<i>House Bill 5072(S-1)</i>
FY 2008-09 Redirects \$12 million to GF/GP		<i>House Bill 5073(S-1)</i> 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. <i>This will not result in an additional \$6 million beyond what had previously been enacted.</i>	
FY 2009-10 Reduces Category "A" by \$12 million	<i>Reflected in SB 254</i>		<i>House Bill 5072 (S-1)</i>
FY 2009-10 Redirects \$12 million to GF/GP		<i>House Bill 5073(S-1)</i> The bill redirects \$18 million from driver's license fee revenue to the state General Fund for FY 2009-10.	

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■ 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.