

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

House Bills 5072 and 5073

Enacted as 2009 PA 136 and 2009 PA 137

Sponsor: Rep. Lee Gonzales

House Committee: Appropriations

Senate Committee: Appropriations

Revised Summary

Complete to 6-10-10

A REVISED SUMMARY OF HOUSE BILLS 5072 & 5073 AS ENACTED 11-04-09

The Transportation Economic Development Fund (TEDF) is a state-restricted transportation fund created to help fund highway, road, and street improvements related to either a specific type of economic development project, or a specific road system. The TEDF is funded, in part, from an earmark of drivers' license fee revenue in the Michigan Vehicle Code.

House Bill 5072, enacted as 2009 PA 136, amends Section 11 of 1987 PA 231 (MCL 247.911), the act which created and governs (TEDF) to reflect the redirection of certain drivers' license fee revenue from the TEDF to the state General Fund. The enacted version of the bill reduces the amount allocated to the Targeted Industries program ("Category A") over two fiscal years, FY 2008-09 and FY 2009-10 by a total of \$24.0 million to reflect in statute the reductions effected in FY 2008-09 through Executive Order 2009-22 (\$12.0 million), and leadership General Fund target agreements for FY 2009-10 (\$12.0 million).

House Bill 5073, enacted as 2009 PA 137, amends 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 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 FY 2008-09, only \$12.0 million is a new redirection from the TEDF to reflect reductions made in Executive Order 2009-22 – \$6.0 million in drivers' license fee revenue had previously been redirected to the state General Fund through Public Act 346 of 2008. The bill simply reflects the \$18.0 million total to be redirected to the General Fund in FY 2008-09 (\$6.0 million plus \$12.0 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, TEDF spending authority was reduced by \$6.0 million in the FY 2006-07 budget, but the actual shift of related drivers' license fee revenue to the state General Fund was not completed until FY 2008-09 – through Public Act 346 of 2008.

The \$12.0 million redirection for FY 2009-10 reflects leadership target agreements for FY 2009-10 General Fund appropriations.

FISCAL IMPACT:

The bills redirect \$12.0 million from the TEDF to the state General Fund for FY 2008-09 (not counting the \$6.0 million that had already been redirected through Public Act 346 of 2008) and \$12.0 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.

As shown in the table below, from FY 2007-08 through FY 2009-10 a total of \$43.0 million in drivers' license fee revenue, which would otherwise have been credited to TEDF Category "A" was redirected to the State General Fund.

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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.

Legislative Analysis



Transportation Economic Development Fund Recent Legislative Actions Regarding TEDF and Drivers' License Fee Fund Source

Fiscal Year	Appropriation Action	Amendment to TEDF Act (1987 PA 231)	Related Amendment to Michigan Vehicle Code to Transfer to GF/GP
FY 2006-07	<i>Executive Order 2007-3</i> Reduced Category "A" by \$6.0 million with the intention that the \$6.0 million be shifted to the state General Fund.	<i>Public Act 168 of 2007 (Senate Bill 794)</i> Reduced Category "A" by \$6.0 million to reflect Executive Order 2007-3.	The statutory amendment to shift \$6.0 million to the state General Fund was not enacted in FY 2006-07; the fund shift was not made until FY 2008-09. (See below)
FY 2007-08	<i>Legislative Transfer State Budget Office Letter 10/31/08</i> The transfer adjusted FY 2007-08 TEDF appropriations to decrease Category "A" by \$6.5 million, and increase Categories "C" and "D" by \$3.25 million each. Done to take entire \$13.0 million redirection of TEDF drivers' license fee revenue from Category "A" in accordance with budget agreement.	<i>Public Act 364 of 2008 (Senate Bill 1485)</i> Reduced revenue distribution to Category "A" by \$13.0 million. Reflects the leadership target agreement to shift \$13.0 million in drivers' license fees from TEDF Category "A" to the state General Fund.	<i>Public Act 346 of 2008 (House Bill 4847)</i> Redirected \$13.0 million in drivers' license fee revenue from the TEDF to the state General Fund.
FY 2008-09			<i>Public Act 346 of 2008 (House Bill 4847)</i> Redirected \$6.0 million in drivers' license fee revenue to the state General Fund for FY 2008-09 – related to FY 2006-07 Executive Order 2007-3 and TEDF reduction made in Senate Bill 794 (see above).
FY 2008-09	<i>Executive Order 2009-22</i> Reduced Category "A" reduced by \$12.0 million to reflect budget agreement.	<i>2009 PA 136 (House Bill 5072)</i> Reduced TEDF Category "A" distribution by \$24.0 million over two fiscal years – to reflect FY 2008-09 and 2009-10 budget agreements – \$12.0 million in FY 2008-09 and \$12.0 million in FY 2009-10.	<i>2009 PA 137 (House Bill 5073)</i> The bill directs that \$18.0 million in drivers' license fee revenue be deposited to the state General Fund for FY 2008-09. This is the total of the \$12.0 million related to Executive Order 2009-22, and the \$6.0 million already enacted in 2008 PA 346.
FY 2009-10	<i>2009 PA 116 Senate Bill 254</i> Enacted budget reflected \$12.0 million reduction in Category "A" to reflect budget agreement.	<i>2009 PA 136 (House Bill 5072)</i> See above.	<i>2009 PA 137 (House Bill 5073)</i> Redirects \$12.0 million in drivers' license fee revenue to the state General Fund.