

## **ELIMINATE LOCAL CONTRIBUTION TO CERTAIN STATE TRUNKLINE PROJECTS**

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**Senate Bill 1068 as enacted**  
**Public Act 459 of 2016**  
**Sponsor: Sen. Marty Knollenberg**  
**House Committee: Government Operations**  
**Senate Committee: Transportation (Discharged)**  
**Complete to 1-5-17**

Analysis available at  
<http://www.legislature.mi.gov>

### **SUMMARY:**

Senate Bill 1068, enacted as Public Act 459 of 2016, would amend Public Act 51 of 1951 (Act 51), the statute that establishes and governs the distribution of the Michigan Transportation Fund as well as other state transportation funds and programs. Section 1c of Act 51 currently requires that incorporated cities and villages meeting certain population thresholds participate with the Department of Transportation in the cost of opening, widening, and improving state trunkline highways within those cities and villages.

The bill would add a new subdivision 5 to Section 1c to indicate that with respect to the cost participation requirements, the term "state trunkline highway" does not include a limited access highway. As a result, cities and villages meeting the population thresholds of Section 1c would not be required to participate in the capital construction or reconstruction costs of state trunkline limited access highways, i.e. "freeways."

The bill takes effect April 5, 2017.

MCL 247.651c

### **FISCAL IMPACT:**

Senate Bill 1068 would result in a savings to some of the 45 cities currently required to participate in the cost of state trunkline projects. The savings to specific cities would depend on the specific location and cost of projects in the state trunkline capital construction program. To the extent that the city/village contribution to state trunkline projects was reduced, the State Trunkline Fund contribution to those projects would have to increase. This is explained in detail below.

State trunkline highways are highways under the jurisdiction of the Michigan Department of Transportation. State trunkline highways include Interstate highways, "US" numbered highways, and "M" numbered highways. Some state trunkline highways are limited access highways. However, many state trunkline highways within municipal boundaries are major surface streets. Many state trunkline highways are the main street of many cities and villages.

Under Sec. 1c of Act 51 incorporated cities and villages with a population of 25,000 or greater are required to participate in the cost of "opening, widening, and improving, including construction and reconstruction" of state trunkline highways within the cities or villages. The city or village cost participation percentage varies, as shown in the table below, based on the city or village population. Only 45 cities of Michigan's 533 cities and villages hit the 25,000 population threshold. (See chart on next page.)

<b>Allocation of state trunkline project cost under Section 1c of 1951 PA 51</b>			
<b>City/Village Population</b>	<b>Number per Census</b>	<b>City/Village Cost Share</b>	<b>MDOT Cost Share</b>
50,000 and greater	24	12.5%	87.5%
40,000 to 49,999	5	11.25%	88.75%
25, 000 to 39,999	16	8.75%	91.25%
Less than 25,000	488	0.0%	100.00%

The requirements of Sec. 1c apply only to state trunkline capital construction or reconstruction projects within a city or village meeting the population thresholds of the section. Cities or villages are not required to participate in state trunkline routine or reactive maintenance costs. In addition, most state trunkline capital construction or reconstruction projects are funded, in part, with federal funds. As a result, in practice the Sec. 1c cost-sharing requirements generally apply only to the non-federal share of project cost. For example: if federal-aid participated in 80% of a \$10.0 million state trunkline project within a city with a 100,000 population, the city would be required to participate in 12.5% of the \$2.0 million non-federal balance, i.e. \$250,000.

Senate Bill 1068 is similar to Senate Bill 557, which was passed by both chambers earlier in the 2015-2016 Legislative Session but was vetoed by the Governor on July 1, 2016. Senate Bill 557 would have eliminated the current city/village cost sharing requirements of Sec. 1c entirely. Senate Bill 1068 would eliminate city/village cost sharing requirements for state trunkline limited access highway ("freeway") projects only. Under provisions of Senate Bill 1068, cities and villages meeting population thresholds would still have to participate in the capital construction or reconstruction costs of non-freeway trunkline projects within municipal borders.

The Michigan Department of Transportation has indicated that over last five years the amount of city/village participation in state trunkline projects has ranged from \$2.0 million to \$7.0 million annually. The department's 2016-2020 5-Year Transportation Program assumed an average local contribution of \$4.4 million annually.

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