



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 105 (Substitute S-1 as reported)

Sponsor: Senator Mike Green

Committee: Transportation

CONTENT

The bill would amend Public Act 51 of 1951, the Michigan Transportation Fund (MTF) law, to establish the "Movable Bridge Fund" and the "Local Agency Wetland Mitigation Bank Fund".

Regarding the Moveable Bridge Fund, the bill would do the following:

- Allocate to the Fund \$5.0 million of the revenue from three cents of the motor fuel tax to the Fund, with the remainder going to the State Trunkline Fund, county road commissions, and cities and villages (which currently receive all of the revenue from the three cents, in specified percentages).
- Allow the Michigan Department of Transportation (MDOT) to enter into a contract with a person or agency having jurisdiction of a publicly owned movable bridge for operation of that bridge.
- Require each person or agency, other than MDOT, that owned or had jurisdiction of a publicly owned movable bridge to submit to MDOT the operational procedures for that bridge and the costs of operating it on an annual basis.
- Require MDOT to develop procedures to govern the operation of, and estimate the operational costs of, all publicly owned movable bridges in the State for each fiscal year.
- Require MDOT, using the estimates, to distribute a percentage of money from the Movable Bridge Fund to each person or agency responsible for operating a movable bridge, including the Department if it operated a bridge.
- Provide that, if MDOT offered to enter into a contract for the operation of a movable bridge, and person or agency with jurisdiction of the bridge declined, the person or agency would continue to receive the money that it otherwise would have received for operation of the bridge under the Act.

Regarding the Local Agency Wetland Mitigation Bank Fund, the bill would:

- Allocate to it \$5.0 million from the MTF.
- Require money in the proposed Fund to be spent for a proposed Local Agency Wetland Mitigation Bank Program.
- Limit the balance of the Fund to \$10.0 million at the beginning of a fiscal year.
- Create the Local Agency Wetland Mitigation Bank Advisory Board and prescribe its membership.
- Require the County Road Association of Michigan and the Michigan Municipal League to appoint the Board's seven voting members, and require MDOT and the Department of Environmental Quality to appoint two nonvoting members, by October 1, 2015.
- Require the Program to provide grants to local road agencies for engineering and design, land purchase, construction, and monitoring and maintenance related to wetland mitigation banks, as well as funding for banks established before the bill took effect.
- Allow a maximum of 20% of a wetland mitigation bank to be sold to the private sector, and require revenue generated from such sales to be deposited into the proposed Fund.
- Authorize the Advisory Board to approve the use of grant funds for other wetland mitigation bank activities upon a demonstrated need by a local road agency.

- Require the Advisory Board to establish a review process for considering Program grant applications and enter into a grant agreement with a recipient before releasing funds.
- Require the Advisory Board to report to the Legislature on the use of Fund money.

MCL 247.660 et al.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would redirect the amount of funds received by the State, counties, and cities and villages for road and bridge programs across the State by an estimated \$10.0 million on an annual basis, to be adjusted according to inflation (based on the Detroit Consumer Price Index).

Public Act 51 of 1951 (Act 51) distributes all available Michigan Transportation Fund (MTF) revenue to a variety of funds. After statutory deductions are made under Act 51, including funding to the Comprehensive Transportation Fund, the net remaining MTF funds are distributed as follows: 39.1% to the State's 83 counties (county road commissions in general); 21.8% to 533 cities and villages; and 39.1% to the State Trunkline Fund (STF). All of these funds are used for road and bridge programs at the State and local levels.

Movable Bridge Fund. The bill initially would require that \$5.0 million derived from three cents of the gasoline tax be deposited in the proposed Movable Bridge Fund.¹ Current estimates for FY 2013-14 indicate that approximately \$129.0 million is the amount of revenue from three cents of the gas tax. The \$5.0 million deposited into the Movable Bridge Fund then would be appropriated by the Legislature. As a result, there would be approximately \$2.0 million less for distribution to counties, approximately \$1.0 million less for distribution to cities and villages, and approximately \$2.0 million less for distribution to the STF. These figures likely would increase over time since the \$5.0 million distribution would be adjusted for inflation. The CTF would not be affected.

According to MDOT, there are currently 24 publicly owned movable bridges across the State that would be affected by the bill. The annual cost to operate these 24 bridges totals an estimated \$5.0 million. These costs are paid by counties, cities, and villages from the funds received via their Act 51 distributions, while the State uses STF funds for its operational costs.

The bill would require the Department to develop procedures governing the operation of all publicly owned movable bridges across the State. The cost of this provision is indeterminate and would depend on the procedures that ultimately would be developed; however, it is anticipated that these costs would be minimal.

Local Agency Wetland Mitigation Bank Fund. The bill would allocate \$5.0 million annually to this Fund, which would correspondingly reduce funding to the Comprehensive Transportation Fund, State Trunkline Fund, county road commissions, and cities and villages pursuant to the distribution formula contained in Act 51. As a result, there would be approximately \$500,000 less for the CTF, \$1,759,500 less for counties, \$981,000 less for cities and villages, and \$1,759,500 less for the STF. The annual amount allocated to the Local Agency Wetland Mitigation Bank Fund would be limited, based on the balance of the Fund not to exceed \$10.0 million.

Date Completed: 6-24-15

Fiscal Analyst: Glenn Steffens

¹ The distribution of this three cents is limited to road agencies and does not include distributions to the Comprehensive Transportation Fund.