



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 557 (as introduced 10-13-15)
Sponsor: Senator Marty Knollenberg
Committee: Transportation

Date Completed: 5-11-16

CONTENT

The bill would amend the Michigan Transportation Fund law to eliminate a requirement that incorporated cities and villages participate with the Department of Transportation in paying the cost of opening, widening, and improving State trunk line highways within cities and villages where streets that are connecting links of trunk line highways may be added.

The law requires the Department to pay for the opening, widening, and improving, including construction and reconstruction, in accordance with standards and specifications of the Department, of all State trunk line highways.

Incorporated cities and villages must participate with the Department in the cost of opening, widening, and improving, including construction and reconstruction of State trunk line highways within cities and villages to which streets that are connecting links of trunk line highways or streets that are made connecting links of trunk line highways may be added, subject to the approval of the State Transportation Commission.

The cost participation must be based on the schedule shown in Table 1, depending on the population of the city or village.

Table 1

Population	Local Share	State Share
≥50,000	12.5%	87.5%
40,000 to <50,000	11.25%	88.75%
25,000 to <40,000	8.75%	91.25%
≤25,000	0.0%	100.0%

The bill would delete that payment schedule and would require the Department to bear the cost of opening, widening, and improving, including construction and reconstruction, all State trunk line highways, in accordance with standards and specifications of the Department.

The bill would retain a provision requiring a city or village to pay the entire cost, less the Federal highway funds that may be allocated to the portion of the project by the Department, for any project expanding the width of a State trunk line highway for local purposes beyond the width prescribed under the law; and a provision allowing the State Transportation Commission and the boards of county road commissioners to enter into agreements with townships or private parties for the improvement or widening of State trunk line highways or county roads, which may require full or partial participation in the cost of the improvement or widening by the requested party.

The bill states that "opening, widening, and improving, including construction and reconstruction, all state trunk line highways" would include, but not be limited to, the cost of right of way; the cost of removal and replacement of sidewalks, street lighting, and curbing, where removal and replacement are made necessary by construction or reconstruction of a trunk line highway; and the cost of bridges and structures, including that part of the cost of grade separation structures not paid by the railroad companies.

The bill would take effect 90 days after it was enacted.

MCL 247.651c

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would not affect State or local revenue, but would change the allocation of expenditures by both the State and affected local units of government. Over the last five years, local cost sharing under the provisions affected by the bill has totaled between \$2.0 million and \$5.0 million each year. Presumably, given the road funding legislation enacted in late 2015, the number of road projects will expand, and, under current law, local cost sharing will increase from historical levels. The bill would effectively decrease the number of projects the State could support by increasing the State's cost for projects. Similarly, the bill would effectively increase the number of projects affected local units could pursue by allowing revenue that otherwise would have been allocated to meet local cost sharing requirements to be directed to other projects.

Fiscal Analyst: David Zin

S1516\557sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.