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Senate Bill 364 (as introduced 6-5-19)  
Sponsor: Senator Dale W. Zorn  
Committee: Transportation and Infrastructure

Date Completed: 6-19-19

### **CONTENT**

**The bill would amend Public Act 51 of 1951, the Michigan Transportation Fund law, to do the following:**

- Require the Department of Transportation (MDOT) to establish a local grade separation grant program, and to provide grants to cities, villages, and county road commissions.**
- Require MDOT to establish a review process for considering applications for grant money and to notify applicants within 120 days after receiving the application whether it was approved or rejected.**
- Require MDOT, before releasing local grade separation grant funds, to enter into an agreement with the recipient, and specify the provisions that would have to be included in the agreement.**
- Require MDOT to issue a report to the Legislature pertaining to the use of funds from the grant program.**
- Create the "Local Grade Separation Fund" within the State Treasury, and provide for the disposition of money from the Fund.**

"Grade separation" would mean an intersection of a railroad and highway at different levels with the railroad either above or below the highway.

#### Local Grade Separation Grant Program

Specifically, the Department would have to create a local grade separation grant program for the separation of motor vehicle and railroad traffic in Michigan. The Department would have to provide grants to cities, villages, and county road commissions in the State. An application for funds from the program would have to be made on a form approved by MDOT and would have to contain the information MDOT required. An application could be made at any time as determined by MDOT.

#### Application Review Process; Agreement

The Department would have to establish a review process for considering funding applications. Within 120 days after receiving an application, MDOT would have to notify the applicant in writing whether the application was approved or rejected. If MDOT failed to do so within 120 days after receiving the application, it would be considered approved.

Before releasing grant funds, MDOT would have to enter into a written agreement with the funding recipient. The agreement would have to provide complete details of the grade

separation project and a local, private, or Federal match of at least 20% of the cost of the grade separation project.

### Report to the Legislature

For each year in which MDOT received applications, it would have to report by December 1 to the standing committees of the Senate and the House of Representatives with primary jurisdiction over issues pertaining to transportation and the Senate and House of Representatives Appropriations Committees on the use of funds from the program. The report, at a minimum, would have to include all of the following:

- The number of funding applications received.
- The name of each city, village, or county road commission applying for funding, and whether each application was approved or denied.
- The amount of local match for each award.

### Local Grade Separation Fund

The Local Grade Separation Fund would be created within the State Treasury. The State Treasurer could receive money or other assets from any source for deposit into the Fund, would have to direct the investment of the Fund, and would have to credit to it interest and earnings from Fund investments. Money in the Fund at the close of the fiscal year would have to remain in the Fund and would not lapse into the General Fund.

The Department would have to be the administrator of the Local Grade Separation Fund for auditing purposes. Additionally, the Department would have to spend money from the Fund, upon appropriation, only to fund and operate the local grade separation grant program.

Proposed MCL 247.11i

Legislative Analyst: Tyler VanHuyse

### **FISCAL IMPACT**

The Department of Treasury would incur minimal administrative costs to create and maintain the Fund. The ongoing administrative cost of less than \$100 would be absorbed within current appropriations.

Otherwise, as currently drafted, the bill would have no fiscal impact on State or local government. Although the bill would create the Fund for the specific purpose of distributing matching grants to local agencies (county road commissions, cities, and villages) for rail grade separation projects, the bill would not appropriate any money for the Fund. Should it receive an appropriation in the future, the cost to the state, and the positive fiscal impact to individual local units whose applications for funding were approved, would be equal to the amount of funding appropriated.

Fiscal Analyst: Cory Savino  
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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.