



Senate Fiscal Agency
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Senate Bill 522 (Substitute S-2)
Sponsor: Senator Dale W. Zorn
Committee: Transportation and Infrastructure

Date Completed: 1-13-20

CONTENT

The bill would amend the Michigan Transportation Fund law to do the following:

- **Beginning October 1, 2024, require the Michigan Department of Transportation (MDOT) in conjunction with local road agency associations to create and operate an engineering services grant program to provide local road agencies with an engineering services specialist for communication and coordination purposes with certain entities.**
- **Require MDOT to notify an applicant in writing whether the application was approved or rejected within 120 days after receiving an application.**
- **Specify the responsibilities for an engineering services specialist.**
- **Require a grant recipient to report quarterly to MDOT with certain information.**

Beginning on October 1, 2024, MDOT in conjunction with local road agency associations would have to create and operate an engineering services grant program to provide local road agencies with an engineering services specialist to enhance communication between local road agencies, industry, and State departments and coordinate technical road and transportation engineering issues. Through the engineering services grant program MDOT would have to provide funding to a local road agency association not exceeding \$150,000 per year to hire an engineering specialist. Each authorized grant would have a term of five years and would have to be adjusted for inflation beginning January 1, 2029. Funding for the grant would have to come from the State Trunk Line Fund (STF) or the Michigan Transportation Fund (MTF).

By June 1, 2024, an application for funds from the engineering services grant program would have to be made on a form approved by MDOT and would have to contain the information required by MDOT. An application for funds could be made at any time as determined by MDOT. The Department would have to establish a review process for considering funding applications. Within 120 days after receiving a funding application, MDOT would have to notify the applicant in writing whether the application was approved or rejected. Before releasing engineering services grant funds, MDOT would have to enter into a written agreement with the funding recipient. The agreement would have to provide for grant funding for a period no more than five years.

Under the bill, the engineering services specialist's responsibilities would include all of the following:

- Providing technical assistance to resolve local road agency engineering questions and concerns.
- Communicating information about programs provided by the State to local road agencies.

- Communicating changes in policy, procedures, and legislation related to the operations of local road agencies.

Each year in which MDOT dispersed funds under the program, each grant recipient would have to report quarterly to MDOT. The report would have to outline the work accomplished during the reporting period; identify any problems, real or anticipated, associated with provided engineering services; and identify any deviations from the performance objectives listed in the written agreement. The Department would have to publish each report on its website.

MCL 247.659a

Legislative Analyst: Tyler VanHuysse

FISCAL IMPACT

The bill would have a negative fiscal impact on MDOT and a positive fiscal impact on those local road agencies that received grants under the program that would be created by the bill.

The bill would require the Department to establish a grant program, beginning in fiscal year (FY) 2024-25, designed to provide funding to a local agency to hire an engineering specialist. Each grant award would require the Department to provide \$150,000, adjusted annually for inflation, to a local agency for a period of five years to pay for the engineering specialist. The grant money would come from one of two sources: STF or the MTF. The STF is the Department's share of MTF funding through the Public Act 51 formula after it is split between the Department, county road commissions, and cities/villages.

If grants were made from the STF, the Department would be affected negatively at an annual rate of \$150,000 multiplied by the number of annual grants it awarded to local agencies. The Department's STF appropriation for FY 2019-20, for example, was \$1.25 billion. If the number of grants remained relatively small, the impact on the Department would be negligible.

If grants under the program were made from the MTF, the Department, county road commission, and cities/villages all could be affected negatively by an amount equal to the number of grants awarded. If the number of grants remained relatively small, the impact on the Department, county road commissions, and cities/villages would be negligible.

Fiscal Analyst: Michael Siracuse

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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.