



Senate Fiscal Agency
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Senate Bill 1215 (Substitute S-2 as reported)
Senate Bills 1216 through 1218 (as reported without amendment)
Sponsor: Senator Ken Horn (S.B. 1215 & 1216)
Senator Jeremy Moss (S.B. 1217)
Senator Wayne Schmidt (S.B. 1218)
Committee: Economic and Small Business Development

CONTENT

Senate Bill 1215 (S-2) would amend the Home Rule City Act to do the following:

- Allow a city to enter into a public-private agreement for a public bridge facility and require the agreement to include certain terms, including a clause that vested ownership of the public bridge facility with the city or a public entity.
- For the duration of the term of a public-private agreement, require a right-of-way for the bridge facility to be contributed and remain publicly owned and provide for certain tax exemptions.
- Allow a user fee to be imposed on the use of a public bridge facility only if it were imposed for the use of a public bridge facility that was constructed or renovated after the bill's effective date.
- Allow a city to enforce and collect or authorize a concessionaire or another person to enforce and collect the payment of a user fee, late fee, or administrative fee.
- Require a city to hold a public hearing on a public-private agreement before it entered into a public-private agreement that provided for the charging and collecting of user fees for the use of a public bridge facility.
- Specify that the bill would not affect or otherwise impair an agreement that a city entered into before the bill's effective date.

Senate Bill 1216 would amend Public Act 156 of 1851, which governs county boards of commissioners, to specify that if a county board of commissioners previously approved the construction of a bridge across a navigable stream in the county, then any reconstruction, renovation, or replacement of that bridge that continued to provide for the passage of vessels or boats in compliance with the original approval would not require any further approval.

Senate Bill 1217 would amend the General Property Tax Act to exempt from the collection of taxes under the Act all real and personal property constituting a public bridge facility that was subject to a public-private agreement.

Senate Bill 1218 would amend Public Act 189 of 1953, which governs the taxation of lessees or users of tax-exempt real property, to exempt a lessee or user of real property from taxation on property that qualified as a public bridge facility that was used by a concessionaire pursuant to a public-private agreement entered into with a city as proposed by Senate Bill 1215.

Senate Bills 1215, 1217, and 1218 are tie-barred.

Proposed MCL 117.5k (S.B. 1215)
Proposed MCL 46.23a (S.B. 1216)
Proposed MCL 211.7xx (S.B. 1217)
MCL 211.181 (S.B. 1218)

Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

The bills would have an indeterminate fiscal impact on the State and local units of government. There would be no loss of property tax revenue for any public bridge facility that is currently owned by a city or a future facility that would be owned by a city, as any property owned by a city and being used for a public purpose already is exempt from property taxes.

Under statute, tax-exempt real property that is leased, loaned, or otherwise made available to and used by a private entity in connection with a business conducted for profit is subject to taxation as though it were privately owned. Senate Bill 1218 would maintain the exemption for property that was part of a public bridge facility under one of these public-private agreements; however, this would not represent a change in taxation compared to the property being publicly owned and not leased in an agreement.

If the alternative to the public-private agreement were for the bridge facility to be privately owned and operated, local governments would receive less property tax revenue and the State would lose revenue to the School Aid Fund and have higher expenses if it maintained current per-pupil funding.

The bills could have a positive fiscal impact on cities by reducing maintenance and repair costs of bridges, instead allowing those cities to enter into agreements by which the cities could lease operations of bridges to private companies, which then could invest in them and recoup expenses with a long-term agreement that allowed them to charge user fees (e.g., tolls) over several decades. Senate Bill 1215 would not allow for tolls to be imposed on drivers until a bridge under one of the public-private agreements either was renovated or constructed, requiring up-front investment by the private entity before a toll could be imposed. It is not clear from the language of Senate Bill 1215 whether toll revenue, and the responsibility to collect it, would go to the city or the concessionaire.

It is indeterminate for every situation whether a city would see a more positive fiscal impact from maintaining and repairing a given bridge itself and then charging user fees to recoup the cost. This scenario could require a city to issue bonds to pay for the upfront maintenance or repair costs, and that may not be politically or economically feasible in any given case.

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