



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


**BILL ANALYSIS**

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bill 464 (Substitute S-2 as passed by the Senate)  
Senate Bill 465 (Substitute S-4 as passed by the Senate)  
Senate Bill 466 (as passed by the Senate)  
Senate Bill 467 (Substitute S-1 as passed by the Senate)  
Senate Bill 468 (Substitute S-1 as passed by the Senate)  
Sponsor: Senator Jason E. Allen (S.B. 464)  
Senator Tony Stamas (S.B. 465)  
Senator Jim Barcia (S.B. 466)  
Senator Mike Prusi (S.B. 467)  
Senator Jud Gilbert, II (S.B. 468)

Committee: Transportation

Date Completed: 6-19-03

### **RATIONALE**

On May 1, 2003, for the first time in 34 years, the Mackinac Bridge Authority raised the tolls for crossing the Mackinac Bridge. The fee for passenger cars was increased from \$1.50 to \$2.50, the commuter fee from \$1.25 to \$1.50, and the commercial vehicle fee from \$2 per axle to \$3 per axle. The increased fees have led to concerns about the economic impact on the areas surrounding the bridge, and it has been suggested that the Authority should reconsider the increases. In addition, since the bridge evidently will need \$273 million for repainting and repairs within the next 15 years, it has been suggested that money from the State Trunkline Fund should be appropriated to the bridge for capital improvement projects.

In a related matter, all individuals or vehicles crossing the bridge except for the bridge's own personnel or vehicles, must pay a toll. Some people believe that the toll places an undue burden on emergency vehicles.

### **CONTENT**

**The bills would amend several statutes to do all of the following:**

- **Relieve the Mackinac Bridge Authority of repaying the State money advanced for Authority bonds.**
- **Appropriate to the Authority at least \$5.9 million annually from the State Trunkline Fund for capital improvement projects.**
- **Allow the Authority's corporate**

**existence to continue after its liabilities had been met and bonds repaid.**

- **Require the Authority to hold public hearings on reducing the toll to the rate charged before May 1, 2003.**
- **Prohibit the Authority from charging tolls to emergency vehicles.**

The bills are described in more detail below.

### **Senate Bill 464 (S-2)**

The bill would amend the Mackinac Bridge Authority law to allow the corporate existence of the Authority to continue after its liabilities had been met and its bonds, including refunding bonds, had been paid in full or otherwise discharged. Under the current law, the Authority is to exist only until its liabilities have been met and bonds paid or discharged, at which point all rights and property of the Authority are to pass to and be vested in the State.

The bill also would require the Authority, within two months of the bill's effective date, to hold public hearings to investigate the feasibility of reducing toll rates charged on June 1, 2003, back to the rates charged before May 1, 2003. The Authority would have to take into consideration the appropriations it receives from the State Trunkline Fund.

The bill is tie-barred to Senate Bill 468.

**Senate Bill 465 (S-4)**

Public Act 51 of 1951 appropriates money in the State Trunkline Fund for specific purposes in a particular order of priority. The bill would add that, beginning in fiscal year 2003-04, the fifth purpose would be the appropriation of at least \$5,900,000 annually to the Mackinac Bridge Authority for capital improvement projects.

The bill is tie-barred to Senate Bill 464.

**Senate Bill 466**

The bill would amend the Motor Fuel Tax Act to delete a requirement that the Mackinac Bridge be operated as a free bridge once the Authority reimburses the State for advances made in Section 161 of the Act and in Section 7 of the Mackinac Bridge Authority law. (Those sections provide for annual appropriations to the Authority for the payment of Authority bonds.)

**Senate Bill 467 (S-1)**

The bill would amend the Mackinac Bridge Authority law to prohibit the Authority from charging tolls or charges to authorized emergency vehicles in the process of responding to an emergency, or transporting or returning from transporting a patient from one health facility or agency to another, beginning July 1, 2003. The law currently requires all individuals or vehicles, except the Authority’s vehicles or personnel, to pay a toll for using the bridge.

(The bill would define “authorized emergency vehicles” as it is defined in the Motor Vehicle Code, i.e., vehicles of the fire department, police vehicles, ambulances, or privately owned vehicles of volunteer or paid fire-fighters if authorized by the chief of an organized fire department, or privately owned motor vehicles of volunteer or paid members of a life support agency licensed by the Department of Consumer and Industry Services if authorized by the life support agency; or vehicles owned and operated by a Federally recognized nonprofit charitable organization that is used exclusively for assistance during an emergency.

“Health facility or agency” would mean that term as defined in the Public Health Code, i.e.,

an ambulance operation, aircraft transport operation, nontransport prehospital life support operation, or medical first response service; a clinical laboratory; a county medical care facility; a freestanding surgical outpatient facility; a health maintenance organization; a home for the aged; a hospital; a nursing home; a hospice; a hospice residence; or any of these facilities or agencies located in an educational institution.)

**Senate Bill 468 (S-1)**

The bill would amend the Mackinac Bridge Authority law to delete a requirement that, once the cost of the bridge is fully paid and the State Transportation Department reimbursed for any sums paid, the bridge be maintained and operated by the State as a free bridge. Under the bill, the Authority would continue to maintain and operate the bridge. The bill further specifies that, as of March 1, 2003, all advances made by the State to the Authority pursuant to the Motor Fuel Tax Act would be repaid or forgiven.

The bill is tie-barred to Senate Bill 464.

- MCL 254.312 (S.B. 464)
- 247.661 (S.B. 465)
- 207.1163 (S.B. 466)
- 254.322 (S.B. 467)
- 254.317 (S.B. 468)

**ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

**Supporting Argument**

The increased Mackinac Bridge toll presents a barrier to economic growth in the areas of Michigan surrounding the bridge. The toll could discourage tourists from crossing the bridge and create extra costs for businesses, particularly small ones, that frequently must use the bridge to transport their products. According to Senate Committee testimony, the toll increase could cost one business between \$50,000 and \$60,000 every year. The bridge is the only place along the entire length of I-75, from Sault Ste. Marie to the Florida Keys, where a motorist must pay a toll. Even the Zilwaukee Bridge, which cost three times as much to construct as the Mackinac Bridge, is free to motorists. Given the significant

economic impact the recently increased toll could have on the Upper Peninsula and the northern Lower Peninsula, the Authority should consider reducing the toll to the previous amount.

### **Supporting Argument**

Emergency service providers, who frequently must transport patients across the bridge three or four times every day, were paying \$1.50, and now that charge is considerably higher. This creates an unnecessary burden for people trying to provide emergency medical treatment or moving a patient from a primary care facility to a tertiary care facility.

### **Opposing Argument**

The Authority already held public hearings before raising the toll to what is still a very reasonable rate. Out of more than 300,000 bridge crossings in May, the Authority received only 12 complaints about the increase. On a per-mile basis, even the increased toll is lower than the toll for crossing the Ambassador Bridge. By 2017, the Mackinac Bridge will require \$73 million for repainting and more than \$200 million for deck rebuilding. This is in addition to the \$16 million spent every year on general maintenance. The Authority is relying on toll revenue, as well as additional bonds, to finance these critical projects.

**Response:** The necessity of the toll increase is questionable because it is expected to bring in only an extra \$750,000 every year, which would not even begin to cover the cost of the future maintenance projects.

### **Opposing Argument**

Under Senate Bill 465 (S-4), nearly \$6 million would be diverted from MDOT's road and bridge funding every year, which would affect the entire State. Many of Michigan's roads are in need of attention, and it would not be fair to reduce funding for the entire transportation infrastructure just to support the Mackinac Bridge.

**Response:** As the State's largest bridge, the Mackinac Bridge is significant to the transportation network, and State transportation money should be specifically allocated for its capital improvements. Also, the appropriation would be a matter of fairness. Although the Mackinac Bridge is included in Michigan's computation of bridge lengths for the purpose of receiving Federal funding, the bridge gets back no funding from the State.

### **Opposing Argument**

The Mackinac Bridge Authority owes \$53 million to the Michigan Transportation Fund (MTF) and \$12.3 million to the State Trunkline Fund for advances made from the Funds. Considering the State's budgetary challenges, and the competition for limited transportation dollars, it would be inappropriate to absolve the Authority of its obligation to repay those amounts.

**Response:** To date, the Authority has made no repayments to the State Trunkline Fund, and it pays only \$250,000 to the MTF annually. The bills would change little in terms of repayment. Eliminating the Authority's liability to the Funds, however, and continuing its corporate existence would enable the Authority to issue bonds in the future.

Legislative Analyst: Julie Koval

## **FISCAL IMPACT**

### **Senate Bill 464 (S-2)**

The bill would have no fiscal impact on State or local government.

### **Senate Bill 465 (S-4)**

The bill would redirect State-restricted transportation revenues. Under the bill, \$5,900,000 annually (beginning FY 2003-04) would be earmarked in the State Trunkline Fund (STF) for the Mackinac Bridge Authority, to be used to reduce the toll charged. Currently, the Authority does not receive any revenue from the STF. This redirection would reduce the STF resources available to the Michigan Department of Transportation (MDOT) for administering its annual road and bridge program. The STF annually receives revenue from the Michigan Transportation Fund (MTF) as well as various fees and taxes. In FY 2001-02, STF revenue totaled \$874,445,000.

### **Senate Bill 466**

The bill would redirect State-restricted transportation revenues. The Motor Fuel Tax Act requires that annually \$3,500,000 from the MTF be appropriated to repay the principal and interest on bonds issued for the Mackinac Bridge Authority and lower tolls. The Act provides that when the bonds have been repaid, the appropriation ceases. Further, the Act requires the Authority to repay the MTF for

the advances it received, after all bonds have been repaid. The Act does not set a repayment schedule for the advances.

The Authority received the annual \$3,500,000 appropriation from 1969 through 1986, when the bonds were repaid. In total, the Bridge received \$63,000,000 from the MTF. As of FY 2001-02, the Authority had reimbursed the MTF \$9,750,000. Annual repayments in recent years have totaled \$250,000.

### **Senate Bill 467 (S-1)**

The bill would reduce State revenue collected by the Authority by prohibiting it from charging tolls to authorized emergency vehicles. It is estimated that the revenue lost from this prohibition would be \$7,800 annually.

### **Senate Bill 468 (S-1)**

The bill would relieve the Authority from further repayments to the MTF. Therefore, the MTF would "lose" revenue of \$53,250,000, or approximately \$250,000 annually based on the current repayment schedule. Overall, the loss of MTF revenue would reduce funding available to the Comprehensive Transportation Fund by \$5,325,000, STF by \$18,738,700, county road commissions by \$1,8738,700, and cities and villages by \$10,447,600.

The bill also would relieve the Authority from repaying the STF for operating advances received from 1958 through 1986. The Act authorized an annual advance, not to exceed \$417,000, from the STF to help defray the operating expenses of the Authority. These advances were made from 1958 until 1986, when the bonds for construction of the bridge were repaid in full. The advances totaled \$12,300,000. As of FY 2001-02, the Authority had not reimbursed the STF. The "loss" of this future revenue to the STF effectively would reduce the amount of resources available to the Michigan Department of Transportation to administer its annual road and bridge program.

Fiscal Analyst: Craig Thiel

A0304\464a

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.