



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 1163 (as introduced 4-22-04)

Sponsor: Senator Shirley Johnson

Committee: Appropriations

Date Completed: 6-11-04

CONTENT

The bill would amend section 10 of Public Act 51 of 1951 (PA 51) to provide for the Comprehensive Transportation Fund (CTF) to receive up to 10% of the Michigan Transportation Fund (MTF) as appropriated, rather than requiring 10% of the MTF to be distributed to the CTF.

Section 10 of PA 51 provides for the distribution of the Michigan Transportation Fund, after various statutory deductions, to State and local road agencies. One of the statutory deductions is a distribution to the Comprehensive Transportation Fund. Under the Act, 10% of the MTF, after various deductions, is distributed to the CTF to help fund a number of public transportation and freight programs contained in the annual Michigan Department of Transportation budget. In the current fiscal year (FY 2003-04), this distribution is estimated at \$178,803,500. The CTF also receives a portion of the auto-related sales tax revenue, estimated in FY 2003-04 at \$67,785,000.

Under the Act, after the 10% distribution of the MTF to the CTF, the remainder of the MTF is shared by the State Trunkline Fund (39.1%), county road commissions (39.1%) and cities and villages (21.8%). The Act further distributes funding to individual county road commissions and cities and villages based on various factors. The amount provided to the State Trunkline Fund is used to fund the Michigan Department of Transportation's annual road and bridge program.

Under the bill, the CTF would receive up to 10% of the MTF, as appropriated by the Legislature. In other words, the bill would establish a maximum amount of revenue that the CTF could receive from the MTF, subject to appropriation by the Legislature.

MCL 247.660

FISCAL IMPACT

Under the bill, if the Legislature decided to appropriate less than the full 10% of the MTF to the CTF, additional MTF revenue would be made available for distribution to State and local road agencies pursuant to the PA 51 formula. Each 1% of the MTF provided to the CTF amounts to approximately \$17,880,300 in FY 2003-04. Every 1% reduction in the MTF set aside to the CTF would result in \$6,991,200 to the State Trunkline Fund, \$6,991,200 to county road commissions, and \$3,897,900 to cities and villages.

Fiscal Analyst: Craig Thiel

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