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BILL ANALYSIS

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House Bill 5319 (as enrolled)
Sponsor: Representative Tom Casperson
House Committee: Appropriations
Senate Committee: Appropriations

PUBLIC ACT 384 of 2004

Date Completed: 10-14-04

CONTENT

The bill amended Public Act (PA) 51 of 1951 to do the following:

- **Earmark a portion of the revenue from one cent of the State gasoline tax to the Local Bridge Fund for the preservation, improvement, or reconstruction of existing bridges or the construction of replacement bridges.**
- **Create the Local Bridge Advisory Board.**
- **Allocate a portion of the Local Bridge Fund each year for large bridge repair and emergencies as determined by the Local Bridge Advisory Board.**
- **Create seven Regional Bridge Councils, one for each MDOT region in the State.**
- **Beginning October 1, 2005, distribute a portion of the revenue from one cent of the State gasoline tax to each Regional Bridge Council.**
- **Change the reference to the Motor Fuel Tax Act regarding the portion of fuel taxes earmarked to the State Trunkline Fund, county road commissions, and cities and villages.**
- **Repeal Section 11b of the Act, which the bill incorporates into Section 10 of the Act.**

reconstruction of existing bridges or for the construction of replacement bridges. Revenue in the LBF is subject to Section 12(5) or 13(5) of the Act. These sections deal with the earmarking of revenue from the Michigan Transportation Fund to county road commissions and cities and villages for the local street system.

The Local Bridge Fund will receive \$5.0 million annually from the Michigan Transportation Fund for distribution only to the Local Bridge Advisory Board, Regional Bridge Councils, cities, villages, and county road commissions. Previously, this funding was earmarked to the Critical Bridge Fund. The Local Bridge Fund effectively replaces the Critical Bridge Fund under this bill.

Beginning October 1, 2004, and continuing through September 30, 2005, the LBF will receive one-fourth of the revenue from one cent of the State gasoline tax, which is estimated to be \$12,789,500. The State Trunkline Fund will receive the remaining three-fourths of the revenue from one cent of the State gasoline tax, which is estimated to be \$38,368,500. Beginning October 1, 2005, the LBF and the State Trunkline Fund will split the revenue from one cent of the gas tax equally, approximately \$25,579,000 each. Until now, the State Trunkline Fund received 100% of the revenue from one cent of the State gasoline tax for the repair of State bridges, which is approximately \$51,158,000 based on FY 2004-05 estimates.

Local Bridge Fund

The bill creates the Local Bridge Fund (LBF) as a separate fund in State Treasury. Money appropriated to the LBF and any interest earnings will be spent for the local bridge program to provide financial assistance to highway authorities for the preservation, improvement, or

Local Bridge Advisory Board

The bill creates the Local Bridge Advisory Board. The Board will include three voting

members recommended by the County Road Commission of Michigan (CRAM) and appointed by the State Transportation Commission. One member will represent a county with a population of 65,000 or more, one member will represent a county with a population between 30,000 and 64,999, and one member will represent a county with a population under 30,000.

The Board also will include three voting members recommended by the Michigan Municipal League (MML) and appointed by the State Transportation Commission. One member will represent a city with a population of 75,000 or more, one member will represent a city with a population under 75,000, and one member will represent a village.

In addition to the members nominated by CRAM and the MML, the Board will consist of two nonvoting members appointed by the Michigan Department of Transportation (MDOT). The Department will provide qualified administrative staff and technical assistance to the Board.

Both CRAM and the MML have to submit a list of nominees to the Local Bridge Advisory Board by November 14, 2004. The State Transportation Commission will make appointments to the Board by January 30, 2005. Voting members will be appointed for two years. The chairperson of the Board will be selected from the voting members.

Repair of Large Bridges and Emergencies

Beginning October 1, 2005, not less than 5.0% or more than 15.0% of the LBF annually will be allocated for critical repair of large bridges and emergencies as determined by the Board. (Presumably, the Local Bridge Advisory Board will select local bridge projects for funding on an annual basis.)

Regional Bridge Councils

The bill creates seven Regional Bridge Councils, one for each MDOT region as those regions existed on October 1, 2004. Each Regional Bridge Council will consist of five members, two voting members appointed by CRAA representing counties in the region and two voting members appointed by the MML representing cities and villages in the region. The Michigan Department of

Transportation will appoint a nonvoting member to each Regional Bridge Council to provide technical assistance.

Beginning October 1, 2005, revenue in the Local Bridge Fund, after deduction of the amount for repair of large bridges and emergencies, will be distributed to the seven Regional Bridge Councils based on three factors. Annually, the Local Bridge Advisory Board will determine the weight that each factor is to receive. Each factor will be assigned a weight of at least 25.0% but not more than 50.0%.

The three factors (expressed as a percentage) are:

- The number of local bridges in each region compared with the total number of local bridges in the State.
- The amount of local bridge decking in each region compared with the total amount of local bridge decking in the State.
- The amount of structurally deficient local bridge decking in each region compared with the total amount of structurally deficient local bridge decking in each region.

The funds distributed to each Regional Bridge Council will be used for the preservation, improvement, and reconstruction of existing bridges or for the construction of replacement bridges in the region.

Annual Report

Beginning January 1, 2007, and each January thereafter, MDOT is required to issue a report for the previous fiscal year that contains the following:

- A listing of how much money was dedicated for emergency and large bridge repair.
- A listing of emergency and large bridge projects that received funding.
- The weights assigned to each factor used in distributing funds to the seven Regional Bridge Councils.
- A listing of the amount of funding received by each Regional Bridge Council.
- A listing of projects funded by each Regional Bridge Council.

The report will be distributed to the chairperson and minority vice-chairperson of the Senate and House Appropriations Committees and the two standing Committees on Transportation.

Diesel Tax Earmarking

The bill changes the earmarking of a portion of the State diesel fuel tax. Under amendments to PA 51 of 1951 made in 1997, revenue from four cents of the State gasoline tax (19 cents per gallon) is dedicated to the State Trunkline Fund, county road commissions, and cities and villages. These 1997 changes did not change the earmarking of the State diesel fuel tax (15 cents per gallon). However, Public Act 151 of 2003 changed the reference to the Motor Fuel Tax to earmark four cents of the revenue from the State diesel fuel tax to the State Trunkline Fund, county road commissions, and cities and villages. The bill changes the reference to the Motor Fuel Tax Act to earmark only a portion of the State gasoline tax.

MCL 247.660

FISCAL IMPACT

The bill shifts revenue from the State Road and Bridge Program to the Local Bridge Fund. Beginning October 1, 2004, through September 30, 2005, the State Road and Bridge Program will lose \$12,789,500 annually for State bridge repair and the Local Bridge Fund will receive an equal amount for local bridges. The additional revenue provided to the LBF during fiscal year 2004-05 will be distributed under the current Critical Bridge Program. That program is competitive and makes awards based on specific selection criteria; therefore, it is unknown which local bridge projects will receive any of the new funding.

Beginning October 1, 2005, the State Road and Bridge Program will lose \$25,579,000 annually for State bridge repair and the Local Bridge Fund will receive an equal amount for local bridges. Between 5.0% and 15.0% of this funding will be distributed for the repair of large bridges and emergencies. The actual amount will be determined by the Local Bridge Advisory Board. The remainder will be distributed to the seven Regional Bridge Councils based each region's proportion of the statewide

total of 1) the number of local bridges, 2) the amount of local bridge decking, and 3) the amount of local bridge decking in structurally deficient condition. The amount available under each factor will be determined annually by the Local Bridge Advisory Board; however, no single factor will be weighted less than 25.0% or more than 50.0%. After the funding from the LBF is distributed to each region, each Regional Bridge Council will allocate its share to specific local projects based on need.

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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.