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House Bill 5319 (Substitute S-2 as reported without amendment)

Sponsor: Representative Tom Casperson

House Committee: Appropriations

Senate Committee: Appropriations

CONTENT

The bill would amend 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 a proposed "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, 2006, 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.

The bill would create the Local Bridge Fund (LBF) as a separate fund in the State Treasury. Money appropriated to the LBF and any interest earnings would be spent for the local bridge program to provide financial assistance to highway authorities for the preservation, improvement, or reconstruction of existing bridges or for the construction of replacement bridges. Revenue in the LBF would not be 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 would 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. Currently, this funding is earmarked to the Critical Bridge Fund. (The LBF effectively would replace the Critical Bridge Fund.)

From October 1, 2004, through September 30, 2006, the LBF would 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 would 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, 2006, the two Funds would split the revenue from one cent of the gas tax equally, approximately \$25,579,000 each. Currently, the State Trunkline Fund receives 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.

The Local Bridge Advisory Board would include three voting members recommended by the County Road Commission of Michigan (CRAM). One member would have to represent a county with a population of 65,000 or more, one would represent a county with a population between 30,000 and 64,999, and one would represent a county with a population under 30,000. The Board also would include three voting members recommended by the Michigan Municipal League (MML). One member would have to represent a city with a population of

75,000 or more, one would represent a city with a population under 75,000, and one would represent a village. The members nominated by CRAM and the MML would be appointed by the State Transportation Commission. The Board also would include two nonvoting members appointed by MDOT. The Department would have to provide qualified administrative staff and technical assistance to the Board.

Both CRAM and the MML would have to submit a list of nominees to the Local Bridge Advisory Board by November 1, 2004. The State Transportation Commission would have to make appointments by January 30, 2005. Voting members would be appointed for two years.

Beginning October 1, 2006, not less than 5.0% or more than 15.0% of the LBF annually would be allocated for critical repair of large bridges and emergencies as determined by the Board. (Presumably, the Local Bridge Advisory Board would select local bridge projects for funding on an annual basis.)

The bill would create seven Regional Bridge Councils, one for each MDOT region as those regions exist on October 1, 2004. Each Regional Bridge Council would consist of two voting members appointed by CRAM representing counties in each region; two voting members appointed by the MML representing cities and villages in each region; and a nonvoting member appointed by MDOT to provide technical assistance.

Beginning October 1, 2006, revenue in the Local Bridge Fund, after deduction of the amount for repair of large bridges and emergencies, would be distributed to the seven Regional Bridge Councils based on three factors. Annually, the Local Bridge Advisory Board would determine the weight that each factor received. Each factor would be assigned a weight of at least 25.0% but not more than 50.0%. The three factors (expressed as a percentage) would be: 1) the number of local bridges in each region compared with the statewide total number of local bridges; 2) the amount of local bridge decking in each region compared with the statewide total amount of local bridge decking; and 3) the amount of structurally deficient local bridge decking in each region compared with the statewide total of structurally deficient local bridge decking.

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

The bill would change 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 would change 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 would shift revenue from the State Road and Bridge Program to the Local Bridge Fund. Beginning October 1, 2004, through September 30, 2006, the State Road and Bridge Program would lose \$12,789,500 annually for State bridge repair and the Local Bridge Fund would receive an equal amount for local bridges. The additional revenue provided to the LBF during the next two fiscal years (FY 2004-05 and FY 2005-06) would be distributed under the current Critical Bridge Program. The current program is competitive and makes

awards based on specific selection criteria; therefore, it is unknown which local bridge projects would receive any of the new funding.

Beginning October 1, 2006, the State Road and Bridge Program would lose \$25,579,000 annually for State bridge repair and the Local Bridge Fund would receive an equal amount for local bridges. A portion of this funding, between 5.0% and 15.0%, would be distributed for the repair of large bridges and emergencies. The actual amount would be determined by the Local Bridge Advisory Board. The remainder would be distributed to the seven Regional Bridge Councils based on the three factors described above. The amount available under each factor would be determined annually by the Local Bridge Advisory Board; however, no single factor could be weighted less than 25.0% or more than 50.0%. After the funding from the LBF was distributed to each region, each Regional Bridge Council would allocate its share to specific local projects based on need.

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Fiscal Analyst: Craig Thiel

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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.