

## REDIRECTION OF REVENUE FROM TEDF TO STATE TRUNKLINE FUND

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### House Bill 5826

**Sponsor: Rep. Dave Agema**

**Committee: Appropriations**

**Complete to 9-4-12**

### SUMMARY OF HOUSE BILL 5826 AS INTRODUCED 8-15-12

House Bill 5826 would amend Section 11 of 1987 PA 231 (MCL 247.911) to redirect \$12.0 million from the Targeted Industries (Category "A") program of the Transportation Economic Development Fund (TEDF) to the State Trunkline Fund (STF). This redirection had been made for two fiscal years (FYs), 2010-11 and 2011-12, as a result of House Bill 4748, enacted as 2011 PA 145. House Bill 5826 would make the redirection for one additional fiscal year, FY 2012-13. This redirection is assumed in the FY 2012-13 state transportation budget, Article XVII of House Bill 5365, enacted as 2012 PA 200. This redirection was an element in assuring the state would be able to match all available federal aid highway funds.

### BACKGROUND INFORMATION

Public Act 231 of 1987 created the TEDF as a state-restricted transportation fund to help fund highway, road, and street improvements related to either a specific type of economic activity or a specific type of road system. The act established five categories within the TEDF and prescribed the distribution of funds between the five categories. Four of the five categories—Category "E," Forest Roads; Category "F," Rural County Urban Systems; Category "C," Urban County Congestion; and Category "D," Rural County Primary—are considered "local" programs because the act distributes funds directly to local road agencies. Category "A," Targeted Industries, is considered a "state" program. Even though local road agencies can compete for grants under the Category A program, grants may also be awarded to projects on the state trunkline system. In addition, authority for the Category A program is held by the Director of the Michigan Department of Transportation and the President of the Michigan Strategic Fund jointly.

### FISCAL IMPACT:

House Bill 5826 would extend the redirection of \$12.0 million from TEDF to the STF for one additional year, as assumed in the FY 2012-13 state transportation budget. Because the reduction in TEDF funding would be taken entirely from Category A Target Industry, there would be no impact on funding for any of the four other TEDF categories which support local agency projects. There would be no impact on total state revenue, simply a shift between two state-restricted funds.

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