

PORT FACILITY IMPROVEMENT GRANT PROGRAM

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House Bill 5291 (proposed substitute H-1)

Sponsor: Rep. Jack O'Malley

Committee: Transportation

Complete to 10-19-21

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5291 would amend 1951 PA 51, the act that governs appropriations for state and local road and bridge programs and public transportation programs, to establish a port facility improvement grant program, create the Maritime and Port Facility Improvement Office in the Michigan Department of Transportation (MDOT) to implement and administer the program, and create the Port Facility Improvement Fund to fund the program.

Port Facility Improvement Grant Program

The bill would add a new section 10s to the act to establish a port facility improvement grant program to provide grants to fund *port facility* improvements.

Port facility would mean a commercial facility located alongside a navigable waterway used for the loading and unloading of cargo from commercial vessels and would include any of the following facilities:

- A seawall jetty, pier, wharf, or dock.
- A warehouse, storehouse, elevator, grain bin, cold storage plant, terminal icing plant, bunker, or oil tank.
- A ferry, canal, lock, seaway, or conveyor.
- A modern appliance for the economical handling, storage, and transportation of freight and handling of passenger traffic.
- A transfer or terminal facility required for the efficient operation or development of a port or harbor.
- Any other port or harbor improvement to assist with commercial operations.
- An improvement, enlargement, remodeling, or extension of a port facility.

[Note: Unlike the bill as introduced, the H-1 substitute does not include a reference to a port authority created under the Hertel-Law-T. Stopczynski Port Authority Act and thus would not be limited to port authorities created under that act.]

The bill would establish the Maritime and Port Facility Improvement Office within MDOT to serve as the central point of contact for statewide maritime operations and operators and to implement and administer the new grant program by doing all of the following:

- Awarding grants to publicly or privately owned port facilities to fund port facility improvements. (Port facility improvement would mean “creating or improving a port facility or other projects related to a port facility.”)
- Establishing criteria for awarding grants based on the impact the project would have on direct port activity, on increasing the amount and value of freight moving through

the port, or on overall economic development or transportation opportunities in the region.

- Receiving and reviewing grant applications and prescribing the form, nature, and extent of the information that must be contained in the grant application.
- Entering into a grant agreement with the grant recipient before disbursing any grant money awarded under the program.

The bill would limit the amount of a grant under the program to 80% of overall project cost.

A grant agreement with a privately owned port facility would have to include both of the following requirements:

- The privately owned port facility must be held open for public use for at least 10 years after completion of the port facility improvement for which the grant was given.
- If the privately owned port facility were not held open for public use as described above, the grant recipient would have to repay the grant money to the Maritime and Port Facility Improvement Office to the extent and in the manner directed by the office.

Port Facility Improvement Fund

The bill would create the Port Facility Improvement Fund to fund the port facility improvement grant program proposed by the bill. The bill authorizes the state treasurer to receive money and other assets from any source for deposit to the fund and to direct the investment of the fund including to credit the fund with interest and earnings from those investments. The fund would be established as a state restricted fund. Money in the fund would remain in the fund at the close of the fiscal year and would not lapse to the state general fund. The Maritime and Port Facility Improvement Office would be the administrator of the fund for audit purposes.

The bill directs the Maritime and Port Facility Improvement Office to expend money from the fund, upon appropriation, to implement and administer the grant program and to fund grants under the program.

Proposed MCL 247.659d and 247.660s

FISCAL IMPACT:

House Bill 5291 would establish a new Maritime and Port Facility Improvement Office within MDOT. There would be additional ongoing costs associated with the new office. The amount of additional cost would depend on how the new office was staffed and organized, including the extent to which resources could be shifted from other areas in the department.

While the bill would establish a port facility improvement grant program and a new Port Facility Improvement Fund to fund program administration and port facility improvement grants, the bill does not identify a source of revenue for the fund. Fund revenue would have to come either from a new revenue source or through the appropriation of other state revenue sources.

[**Note:** Section 17 of the Transportation Preservation Act of 1976 established the Rail Freight Fund and authorized use of fund revenue for, among other things, both rail freight and marine freight improvements. Fund revenue is generated from the sale or lease of state-owned rail

property. Although section 17 includes improvement of marine freight facilities as an eligible use of Rail Freight Fund revenue, grants from the fund have been used exclusively for improvements to rail freight facilities.]¹

The Port Facility Improvement Fund created in House Bill 5291 would be dedicated to port facility improvements.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.

¹ <http://legislature.mi.gov/doc.aspx?mcl-474-67>