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Senate Bill 334 (as introduced 3-20-03)
Sponsor: Senator Michael Switalski
Committee: Transportation

Date Completed: 6-16-03

CONTENT

The bill would amend Public Act 51 of 1951, the Michigan Transportation Fund (MTF) law, to allow the expenditure of MTF distributions on local streets without matching funds from a local unit of government.

The Act allows money distributed from the Michigan Transportation Fund to be spent for construction purposes on city and village local streets only to the extent matched from local revenues. Money returned to a city or village must be spent on the major and local street systems of the municipality, with the first priority being the major street system. Money returned for expenditure on the major street system may be spent on the local street system, in an amount equal to the amount of local revenue spent by the city or village on the major street system or on State trunk line highways. The bill would delete these local revenue match requirements.

MCL 247.663

Legislative Analyst: Julie Koval

FISCAL IMPACT

The bill would not have any fiscal impact on the State. Restricted State transportation revenue in the Michigan Transportation Fund is distributed to road agencies (Michigan Department of Transportation, county road commissions, incorporated cities and villages) pursuant to formulae contained in Public Act (PA) 51 of 1951. The bill would not change the PA 51 distribution formulae.

The bill would delete the local revenue match requirement for road and bridge construction projects on the local street system (incorporated cities and villages). This provision could affect road and bridge construction decisions of local units of government. The amount of local financial resources invested in local road and bridge construction projects on the local street system could decrease as a result of the elimination of the match requirement. Consequently, the dollars annually spent on major versus local road construction, maintenance, and repair, within any given local unit of government, could be affected. The change in these expenditure patterns would vary by city, and depend on factors such as existing road mileage, type, and locality, average city road expenditures, and traffic patterns.

According to the Michigan Department of Transportation, for the fiscal year that ended September 30, 2002, local units of government spent approximately \$41,600,000 in local financial resources to match MTF revenue used for road and bridge construction projects on the local street system.

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.