

Infrastructure Message and Legislation

Overview: The infrastructure package of legislation is the practical next step following Governor Snyder's special message in October 2011. It would restructure the delivery of road and transit services at the state and local level. It would require certain employee benefit practices for recipients to maintain state funding and raise revenue through registration fees and a wholesale tax on fuel to preserve our transportation resources at acceptable levels instead of a sharp and predictable decline in quality and utility throughout the state.

Individual Bills:

HB 5298/(Rep. Olson)/SB 918 (Kahn) would convert the current fuel taxes to a wholesale tax. Limits in the bill would ensure the tax could neither increase nor decrease more than one cent per year after the initial year. The current rate of 19 cents per gallon would be replaced by a wholesale tax with the effective rate of 28.3 cents per gallon. The current diesel discount of four cents per gallon plus numerous other exemptions for vehicles owned by local governments, school buses, transit agencies and non-profit agencies would also end. The bill is projected to raise \$541 million annually, but this is contingent on travel trends and future fuel efficiency. All funds would be distributed to the new Commercial Corridor Fund created in HB 5303/SB 921.

Status: No hearings held in transportation committees

HB 5299 (Rep. Olson)/SB 920 (Kahn) is a companion bill that would amend the motor carrier fuel tax act to repeal the flat 15 cents per gallon diesel excise tax and repeal the 12 cents per gallon excise tax on biodiesel fuel. Also, it would establish an 18-month limitation period for filing refund claims.

Status: No hearings held in transportation committees.

HB 5300 (Rep. Gilbert)/SB 919 (Kahn) would increase statewide registration fees for most passenger vehicles by 67%. Weight-based fees for commercial trucks would increase 25% (but those are likely to also be affected by loss of the diesel discount in HB 5299/SB 920). This would raise an estimated \$500 million for transportation purposes. This bill would dedicate revenue to the Michigan Transportation Fund and also to the new Commercial Corridor Fund. There is a schedule of distributions which shifts the proportion of funding to the two funds so that the Commercial Corridor Fund will receive all the registration fee revenue by the 2021 fiscal period.

Status: No hearings held in transportation committees.

HB 5301 (Rep. Price)/SB 914 (Kowall) would require charter counties organized under Public Act No. 293 of 1966 to annually certify that it meets certain practices for employee benefits as a condition of receiving state transportation funds. The bills also require these local road agencies to develop a financial performance dashboard including information regarding these practices. The practices include compliance with either the Publicly Funded Health Insurance Contribution Act or certain retirement benefit restrictions.

Status: HB 5301 passed the House, pending in Senate Transportation Committee

HB 5302 (Rep. R. Schmidt)/SB 913 (Kowall) would amend Public Act No. 51 of 1951 to link future funding of local road agencies to adoption of employee benefit practices as in HB 5301.

Status: HB 5302 passed the House, pending in Senate Transportation Committee

HB 5303 (Rep. Talabi)/SB 921 (Jansen) would create the Commercial Corridor Fund (CCF) that would be funded by the revenue bills in the package. The intent is to align Michigan's funding formula to recognize the federal functional class of roads to prioritize roads which are vital for economic activity and growth. Beginning in FY 2013, all fuel tax revenue would be deposited in the CCF. Revenue from vehicle registration taxes would be deposited in both the MTF and the CCF, with the amount going to the MTF declining from \$770 million in FY 2013 to \$0 by FY 2020.

Key differences of the CCF compared to the MTF include:

- The State Trunkline Fund will receive 55% of CCF funds as opposed to 39.1% of MTF funds.
- County road commissions and cities and villages will receive a combined 45% of CCF funds as opposed to the MTF formula in which road commissions receive 39.1% of MTF funds and cities and villages receive 21.8% of MTF funds.
- Beginning in 2015, approximately 120 cities and villages that receive under \$50,000 from the MTF would no longer be eligible local road agencies and their roads would become part of the county road system unless certain conditions are met.
- The local distribution from the CCF will not distinguish between counties and cities and villages. Funds will be distributed primarily based on a jurisdiction's percentage of vehicle miles traveled upon roads of different functional classifications compared to other jurisdictions.

Status: Hearings held on HB 5303 in House Transportation Committee

HB 5304 (Rep. Ouimet)/SB 921 (Jansen) would amend Public Act No. 51 to also provide that, starting January 1, 2015, local road agencies that received less than \$50,000 in 2012 would have their funds shifted to their respective counties unless local voters decide to continue the direct distribution. This bill also provides that the Complete Streets Advisory Council would be sunset at the end of 2012 if the State Transportation Commission adopts a complete streets policy before August, 2012, which has now been met.

Status: Hearing held on HB 5304 in House Transportation Committee

HB 5305 (Rep. Lori) would say that all road projects may be subject to competitive bid regardless of cost. Present law requires federal aid projects and all state projects over \$100,000 to be competitively bid, but not lower cost projects. This bill also requires MDOT to bid out maintenance and administrative contracts in an area equivalent to a Transportation Service Center (TSC) by September 30, 2013. Road agencies receiving more than \$20 million would have to bid out maintenance on at least 20% of their road systems by September 30, 2014.

Status: No hearings held in transportation committees

HB 5306 (Rep. Daley)/SB 915 (Pavlov) would make numerous changes to the Comprehensive Transportation Fund regarding the funding of transit services. The overall goal is to allow more flexibility in how state funds are appropriated and encourage advanced regional services. An accountability dashboard designed to meet local needs will be required along with asset management plans.

Status: No hearings held in transportation committees

HB 5307 (Rep. Liss)/SB 916 (Kowall) would make some technical reference changes the Legislative Service Bureau identified in drafting HB 5306/SB 915.

Status: No hearings held in transportation committees

HB 5308 (Rep. Lane)/SB 917 (Kowall) would make technical reference changes to Public Act No. 55 of 1963. These were also determined to be necessary by the Legislative Service Bureau while drafting HB 5308/SB 917.

Status: No hearings held in transportation committees

HB 5309 (Rep. Townsend)/SB 909 (Casperson) would create a new regional transit authority in southeast Michigan. The transit region initially would include Wayne, Oakland, Macomb and Washtenaw Counties, but contiguous counties could petition to join. The new authority would have broad powers to administer transit on a regional basis. Among the powers would be the ability to ask voters in the transit region to approve a special assessment or motor vehicle registration fee to support transit. The authority would also be specifically empowered to plan for and develop a “rolling rapid transit” system along four suggested corridors.

Status: SB 909 pending on Senate floor

HB 5310 (Rep. Townsend)/SB 912 (Johnson) is a companion bill that would amend Michigan zoning enabling act to exempt southeast Michigan regional transit authority public transit facilities from local zoning regulation.

Status: SB 912 pending on Senate floor

HB 5311 (Rep. Rutledge)/SB 911 (Johnson) would allow the regional transit authority in HB 5309/SB 909 to ask voters to approve an optional regional registration fee for transit services. The fee would be on passenger vehicles and would be \$1.20 for each \$1,000 of the list price of the vehicle. The fee would not be implemented unless the authority adopted a resolution approving it, and voters also agree in a ballot question.

Status: SB 911 pending on Senate floor

HB 5312 (Rep. Geiss)/SB 910 (Warren) would allow counties to ask voters to approve a county optional registration fee to fund transportation programs and projects. The county board of commissions would have to pass a resolution approving such a fee not less than 70 days before voters are asked to approve the fee. The fee would not be implemented if voters reject the idea at the polls.

Status: No hearings held in transportation committees

HB 5313 (Rep. Jacobsen) would require Oakland County to link future funding of local road agencies to adoption of employee benefit practices as in HB 5301. (The bill amends PA 139 of 1973, which, in effect, governs the organization of Oakland County.)

Status: Passed the House, pending in Senate Transportation Committee

HB 5314 (Rep. Hobbs)/SB 967 (Smith) allows dedication of lane for rolling rapid transit vehicles and emergency vehicles under and operating license agreement with the road agency with right-of-way jurisdiction (state or local).

Status: Pending on Senate floor

HB 5007 (Sommerville) gives the Michigan Department of Transportation the authority to conduct performance audits of local road agencies and requires the department to submit procedures for such audits.

Status: Passed House and Senate, awaiting Governor's signature.

HB 5125 (Switalski) and HB 5126 (Zorn) allows, for a three-year period, the transfer of duties of appointed county road commissions to the county commission following at least two public hearings. The county board of commissioners could also place the question of dissolution of an elected county road commission before voters at the next general election.

Status: Public Acts 14 and 15 of 2012