

Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 563 (Substitute S-4 as reported by the Committee of the Whole)
Sponsor: Senator Thaddeus G. McCotter
Committee: Transportation and Tourism

CONTENT

The bill would amend Public Act 51 of 1951 (the Michigan Transportation Fund law) to do the following:

- Permit the Michigan Department of Transportation (MDOT) to conduct up to four pavement demonstration projects each year to evaluate new construction methods, materials, or design, notwithstanding provisions of the Act requiring a life-cycle cost analysis for projects in which total pavement costs exceed \$1 million funded in whole or part with State funds.
- Allow MDOT to offer or conduct a pavement demonstration project in which all or a portion used either concrete or asphalt, as determined by MDOT.
- Provide that the total cost of contracts awarded for demonstration projects using asphalt and concrete could not exceed a difference of more than 20% between those paving materials in any two-year period.
- Require MDOT to make a final report for each demonstration project following its demonstration life, which could be shorter than the actual pavement life of the material used for the project, that assessed the project's cost-effectiveness.
- Require the MDOT Director to report annually to the legislative transportation committees regarding the status of each project.

Each project would have to include measurable goals and objectives for determining its success. Demonstration projects would have to be selected based on any of the following criteria:

- Pavement designs intended to increase pavement life expectancy.
- Pavement designs intended to improve performance, including friction, surface stress, noise reduction, and improvement of ride quality.
- Comparisons of performance of various types of pavement.

Proposed MCL 247.651i

Legislative Analyst: S. Lowe

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on the State and local governments associated with the provision allowing the Michigan Department of Transportation to conduct four payment demonstration projects each year. According to MDOT, these projects would be selected from existing road and bridge projects contained in the Department's five-year plan as opposed to being new, previously unidentified projects. The actual costs of the projects chosen as demonstration projects, if any, are unknown at this time and would be contingent on the length, scope, and design of the projects. The selected projects could cost more or less than if they were completed under current law. Currently, State road and bridge projects are funded from the State Trunkline Fund, local funds, and/or Federal funds. It is unknown at this

time whether the selected projects would entail funding restrictions, thereby affecting the sources and levels of funding.

Section 1h of the Act requires MDOT to develop and implement a life-cycle cost analysis for each road and bridge project for which total payment costs exceed \$1 million funded in whole, or in part, with State funds. Since the bill would apply notwithstanding Section 1h, it would exempt the selected demonstration projects from the life-cycle cost analysis requirements.

The Act requires cities and villages to share in the cost of all State trunkline projects, based on the population of the city or village. Cities and villages of 50,000 or more in population are required to bear 12.5% of the project costs. Cities and villages having a population of between 39,999 and 50,000 are required to bear 11.25% of the project costs. Cities and villages having a population between 24,999 and 40,000 are required to bear 8.75% of the project costs. In cities and villages of less than 25,5000, the State is responsible for the entire project costs. Under the bill, it appears that locals would not be responsible for these match requirements for the selected demonstration projects. Therefore, to the extent that a selected demonstration project would require a local match under current law, the bill could decrease local costs if the selected project were exempted from the local match requirements.

Date Completed: 11-1-01

Fiscal Analyst: C. Thiel

Floor\sb563

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.