




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



BILL ANALYSIS

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

House Bill 4627 (Substitute H-1 as reported with amendment)
House Bill 4630 (Substitute H-1 as reported without amendment)
House Bill 4631 (Substitute H-1 as reported without amendment)
Sponsor: Representative Tom Casperson (H.B. 4627)
Representative Rich Brown (H.B. 4630)
Representative Scott Shackleton (H.B. 4631)
House Committee: Transportation
Senate Committee: Transportation

Date Completed: 7-16-03

RATIONALE

Over the next 15 years, the Mackinac Bridge evidently will need \$273 million for repainting and repairs, and may need to issue bonds for this purpose. Presently, the Mackinac Bridge Authority owes the State approximately \$65 million for advances made in the past for the repayment of previous bond sales and to cover operating expenses. It has been suggested that the Authority should be relieved of this obligation, and that money from the State Trunkline Fund should be appropriated to the bridge for capital improvement projects.

Another bridge-related matter concerns the requirement that all individuals or vehicles crossing the bridge, except its own personnel or vehicles, pay a toll. Some people believe that the toll places an undue burden on agencies whose emergency vehicles cross the bridge.

CONTENT

The bills would amend several statutes to do all of the following:

- **Relieve the Mackinac Bridge Authority of repaying the State money advanced for Authority bonds and operating expenses.**
- **Delete a requirement that the Bridge be operated and maintained by the State as a free bridge once it has been fully paid for and the State Transportation Department reimbursed for any sums paid.**
- **Appropriate to the Authority at least \$5.25 million annually from the State**

Trunkline Fund for capital improvement projects.
-- Prohibit the Authority from charging tolls to emergency vehicles.

The bills are described in more detail below.

House Bill 4627 (H-1)

The bill would amend the Mackinac Bridge Authority law to specify that, as of March 1, 2003, all advances made to the Authority by the State pursuant to the Section 7(2) of the law and Sections 161 and 163 of the Motor Fuel Tax Act would be repaid or forgiven. (Section 7(2) provides for appropriations to the Authority for expenses of operating, repairing, and maintaining the bridge, from motor fuel and vehicle registration taxes. The Motor Fuel Tax Act provides for the appropriation of motor fuel tax revenue to the Authority for the repayment of bonds issued by the Authority.)

The bill also would delete a requirement that, once the cost of the bridge is fully paid and the State Transportation Department reimbursed for any sums paid, the bridge be maintained and operated by the State as a free bridge. Under the bill, the Authority would continue to maintain and operate the bridge, and could continue to charge tolls, fees, rates, and charges for use of the bridge.

House Bill 4630 (H-1)

The bill would amend the Mackinac Bridge Authority law to prohibit the Authority from charging tolls or charges to authorized

emergency vehicles in the process of responding to an emergency, beginning October 1, 2003. The law currently requires all individuals or vehicles, except the Authority's vehicles or personnel, to pay a toll for using the bridge.

(The bill would define "authorized emergency vehicle" as it is defined in Section 2 of the Motor Vehicle Code, i.e., vehicles of the fire department, police vehicles, ambulances, or privately owned vehicles of volunteer or paid fire-fighters if authorized by the chief of an organized fire department, or privately owned motor vehicles of volunteer or paid members of a licensed life support agency if authorized by the agency; or a vehicle owned and operated by a Federally recognized nonprofit charitable organization that is used exclusively for assistance during an emergency.)

House Bill 4631 (H-1)

Public Act 51 of 1951 appropriates money in the State Trunkline Fund for specific purposes in a particular order of priority. Beginning in fiscal year 2003-04, the bill would include an annual appropriation of at least \$5,250,000 to the Mackinac Bridge Authority for capital improvement projects.

MCL 254.317 (H.B. 4627)
254.322 (H.B. 4630)
247.661 (H.B. 4631)

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

By 2017, the Mackinac Bridge will require \$73 million for repainting and more than \$200 million for deck rebuilding. This is in addition to the \$16 million spent every year on general maintenance. Relieving the Authority of payments to the State Transportation Department and allocating funds from the State Trunkline Fund would help ensure that the necessary money was available for those projects. Removing the Authority's debt to the State also would improve the Authority's ability to issue bonds in the future.

Supporting Argument

Emergency service providers, who frequently must transport patients across the bridge three or four times every day, were paying \$1.50. Now that charge is considerably higher since the Authority increased the fee from \$1.50 to \$2.50 for a passenger car, from \$1.25 to \$1.50 for a commuter, and from \$2 per axle to \$3 per axle on a commercial vehicle, as of May 1, 2003. This creates an unnecessary burden for people trying to provide emergency medical treatment or moving a patient from a primary care facility to a tertiary care facility.

Opposing Argument

Under House Bill 4631 (H-1), nearly \$6 million would be diverted from the Michigan Department of Transportation's road and bridge funding every year, which would affect the entire State. Many of Michigan's roads are in need of attention, and it would not be fair to reduce funding for the entire transportation infrastructure just to support the Mackinac Bridge.

Response: As the State's largest bridge, the Mackinac Bridge is significant to the transportation network, and State transportation money should be specifically allocated for its capital improvements. Also, the appropriation would promote fairness. Although the Mackinac Bridge is included in Michigan's computation of bridge lengths for the purpose of receiving Federal funding, the bridge gets back no funding from the State.

Opposing Argument

The Mackinac Bridge Authority owes \$53 million to the Michigan Transportation Fund (MTF) and \$12.3 million to the State Trunkline Fund for advances made from the Funds. Considering the State's budgetary challenges, and the competition for limited transportation dollars, it would be inappropriate to absolve the Authority of its obligation to repay those amounts.

Response: To date, the Authority has made no repayments to the State Trunkline Fund, and it pays only \$250,000 to the MTF annually. House Bill 4627 (H-1) would change little in terms of repayment. Eliminating the Authority's liability to the Funds, however, and allowing it to continue collecting tolls would enable the Authority to issue bonds in the future.

Legislative Analyst: Julie Koval

FISCAL IMPACT

House Bill 4627 (H-1)

The bill would relieve the Authority from further repayments to the Michigan Transportation Fund (MTF) associated with the advances made by the State to the Authority from 1958 to 1986. Therefore, the MTF would "lose" revenue of \$53,250,000, or approximately \$250,000 annually based on the current repayment schedule. Overall, the loss of MTF revenue would reduce funding available to the Comprehensive Transportation Fund by \$5,325,000, the State Trunkline Fund (STF) by \$18,738,700, county road commissions by \$1,873,700, and cities and villages by \$10,447,600.

The bill also would relieve the Authority from repaying the STF for operating advances received from 1958 through 1986. The Motor Fuel Tax Act authorized an annual advance, not to exceed \$417,000, from the STF to help defray the operating expenses of the Authority. These advances were made from 1958 until 1986, when the bonds for construction of the bridge were repaid in full. The advances totaled \$12,300,000. As of FY 2001-02, the Authority had not reimbursed the STF. The "loss" of this future revenue to the STF effectively would reduce the amount of resources available to the Michigan Department of Transportation to administer its annual road and bridge program.

House Bill 4630 (H-1)

The bill would reduce State revenue collected by the Authority by prohibiting it from charging tolls to authorized emergency vehicles. It is estimated that the revenue lost due to this prohibition would be \$7,800 annually.

House Bill 4631 (H-1)

The bill would redirect State-restricted transportation revenues. Under the bill, \$5,250,000 annually (beginning in FY 2002-03) would be earmarked in the State Trunkline Fund for the Mackinac Bridge Authority, to be used for capital improvements. Currently, the Authority does not receive any revenue from the STF. This redirection would reduce the STF resources available to the Michigan Department of Transportation for

administering its annual road and bridge program. The STF annually receives revenue from the Michigan Transportation Fund as well as various fees and taxes. In FY 2001-02, STF revenue totaled \$874,445,000.

Fiscal Analyst: Craig Thiel

H0304\4627a

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.