

REDIRECTION OF TARGET INDUSTRIES PROGRAM FUNDS & TRANSPORTATION ECON. DEV. FUND

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 1485 as passed the Senate

Sponsor: Sen. Ron Jelinek

Committee: Appropriations

Complete to 11-13-08

A SUMMARY OF SENATE BILL 1485 AS PASSED THE SENATE 11-13-08

Senate Bill 1485 would amend Section 11 of 1987 PA 231 (MCL 247.911), an act which created and governs the Transportation Economic Development Fund (TEDF). The TEDF is a state-restricted transportation fund created to help fund highway, road, and street improvements related to either a specific type of economic activity or a specific type of road system. The bill would reduce the amount allocated to the Targeted Industries ("Category A") program category for the 2007-08 fiscal year by \$13.0 million. [The bill appears to be identical to House Bill 6336.]

The \$13.0 million reduction represents the amount that would be shifted to the state General Fund as agreed to in the target agreements for the FY 2007-08 and 2008-09 budgets. A related bill, (either House Bill 4847 or House Bill 6335 – at the time this analysis was written it was not clear which bill would be used) would amend the Michigan Vehicle Code to redirect the \$13.0 million to the state General Fund. These bills would simply effect in statute the agreement related to the TEDF in the General Fund target-setting for the FY 2007-08 and 2008-09 budgets.

A bill passed late last year, Senate Bill 794, reduced the amount allocated to the Targeted Industries program category for the 2006-07 fiscal year by \$6.0 million.

FISCAL IMPACT:

The bill, in concert with a related bill to amend the Michigan Vehicle Code, would have no impact on total state revenue. The bills, taken together, would shift revenue from a state restricted fund to the state General Fund and reduce the Targeted Industries program ("Category A") accordingly. If the TEDF act were not amended in concert with the Michigan Vehicle Code amendment bill (to redirect TEDF revenue to the General Fund), the reduction in TEDF revenue would cause a reduction in program categories "C," Urban Congestion Relief, and "D," Rural County Primary, as well as Category A. Program Categories "C" and "D" are considered local programs.

Fiscal Analyst: William E. Hamilton

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