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BILL ANALYSIS

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House Bill 4556 (Substitute H-4 as passed by the House)
Sponsor: Representative Jeff Mayes
House Committee: Transportation
Senate Committee: Transportation

Date Completed: 6-11-07

CONTENT

The bill would amend the Michigan Transportation Fund law to do the following:

- Extend from September 30, 2007, to April 4, 2008, the deadline for projects to be under construction or let for bid, in order to receive funding under the local Federal match program.**
- Require a project, in order to be selected for funding under the program, to be the subject of certain Federal appropriations or earmarks, or to be a Federal aid-eligible project scheduled to be under construction or let for bid in fiscal year (FY) 2008-09 that could be advanced to FY 2007-08.**

The bill is tie-barred to Senate Bill 360, which also would amend the Michigan Transportation Fund law. Under Senate Bill 360 (H-3), which is tie-barred to the House bill, it would be the Legislature's intent that funds in the local Federal match program be used for projects that were under construction or let for bid on or before April 4, 2008, rather than by the end of FY 2005-06.

House Bill 4556 (H-4) is described in detail below.

The local Federal match program was created by Public Acts 139, 140, and 141 of 2006, to provide grants to local governments for use as matching funds to qualify for Federal funding for road projects. The grant program is financed through the sale of bonds, and the total amount deposited into the program may not exceed \$80 million.

Projects selected for funding under the local Federal match program must meet certain criteria, including a requirement that the project be under construction or let for bid not later than September 30, 2007. The bill would extend that deadline to April 4, 2008.

In addition, under the bill, a project selected for funding would have to be one or more of the following:

- Projects that were the subject of a Federal appropriation in Public Law 109-59 (the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, or SAFETEA-LU Act) or Public Law 105-178 (the Transportation Equity Act for the 21st Century, or TEA-21), and had been designated as high priority road and bridge projects.
- Projects that were not the subject of a Federal appropriation under those Acts, that had received earmarks in the Federal budget.

-- Projects for Federal aid-eligible roads that were scheduled to be under construction or let for bid during FY 2008-09 and could be advanced to FY 2007-08.

In each of those cases, the project would have to be able to be let for bid by April 4, 2008.

Currently, all bond proceeds in the program not used to fund grants awarded by September 30, 2007, are to be appropriated for purposes described in Section 11(1)(f) of the law, i.e., for the opening, widening, construction, and reconstruction of State trunk line highways and bridges, including the acquisition of rights-of-way and work incidental to those projects.

Under the bill, bond proceeds would be appropriated for those purposes if not used for grants by April 4, 2008.

MCL 247.661f

Legislative Analyst: Curtis Walker

FISCAL IMPACT

The bill would not change the funding mechanism for the local Federal match program, but would add eligibility criteria for construction projects. As a result, the bill would have an impact just on the distribution of the funds, but not on overall State expenditures.

The fiscal impact on local units of government cannot be determined at this time because it is unknown how many projects would be eligible under the new criteria.

Fiscal Analyst: Debra Hollon

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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.