

## REDIRECTION OF CERTAIN DRIVERS' LICENSE FEE REVENUE FROM TEDF TO TRUNKLINE FUND

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House Bills 4747 and 4748, both as amended

Sponsor: Rep. Dave Agema

Committee: Appropriations

Complete to 6-22-11

## SUMMARY OF HOUSE BILLS 4747 & 4748 AS REPORTED FROM COMMITTEE 6-22-11

**House Bill 4748 (H-1)** 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 program ("Category A") by \$12.0 million starting in the fiscal year ending September 30, 2011. The reduction would reflect the proposed redirection of \$12.0 million in driver's license fee revenue from the TEDF to the State Trunkline Fund (STF). This redirection was one of the elements of the Michigan Department of Transportation proposal, reflected in FY 2010-11 and FY 2011-12 appropriations, for matching all available federal aid highway funds. The actual redirection from the TEDF to the STF would be effected by **House Bill 4747**.

The H-1 substitute would also amend the subsection prescribing the allocation of funds within the Urban Congestion Relief Program, ("Category C"). Under current law, funds for this category are sub-allocated to five urban counties, Wayne, Oakland, Macomb, Genesee, and Kent, based on population. Because of an increase in census population of Kent County, the distribution among the counties would otherwise change. The H-1 substitute adjusts the population references to maintain the current distribution formula among the five counties.

**House Bill 4747** would amend Section 819 (MCL 257.819) of the Michigan Vehicle Code (1949 PA 300) to redirect to the STF \$12.0 million in drivers' license fee revenue which had been dedicated in statute to the TEDF. The bill would make this redirection beginning with the fiscal year ending September 30, 2011.

### FISCAL IMPACT:

The bills would redirect \$12.0 million from the TEDF to the STF beginning in the current fiscal year, FY 2010-11. The reduction in TEDF funding would be taken entirely from the TEDF "Target Industry" program (Category A). Category A is considered a "state" program; there would be no impact on the TEDF programs supporting local agency

projects, Categories "C" and "D." There would be no impact on total state revenue, simply a shift between two state-restricted funds.

This redirection was one of the elements of the Michigan Department of Transportation proposal, reflected in FY 2010-11 and FY 2011-12 appropriations, for matching all available federal-aid highway funds.

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