

Legislative Analysis



DRIVER'S LICENSE FEE EARMARK: SHIFT FROM TEDF TO GENERAL FUND

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

**Senate Bills 1070 and 1071 as enacted
Public Acts 203 and 204 of 2020
Sponsor: Sen. Adam Hollier
House Committee: Appropriations
Senate Committee: Appropriations
Complete to 1-12-21**

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

Senate Bill 1070 amends section 819 of the Michigan Vehicle Code to redirect certain driver's license fee revenue, currently dedicated to the Transportation Economic Development Fund (TEDF), to the state general fund. This driver's license fee revenue earmark is estimated at \$13.0 million annually. The bill would make this redirection for two fiscal years only, the fiscal years ending September 30, 2020 and September 30, 2021.

Senate Bill 1071 amends section 11 of 1987 PA 231, the act that created and governs the TEDF. The bill directs that the allocation of TEDF revenue to the TEDF categorical program known as Targeted Industries (Category A) be reduced by \$13.0 million for two fiscal years, the fiscal years ending September 30, 2020 and September 30, 2021. The two \$13.0 million reductions in the allocation to the Targeted Industries program reflect the redirection of driver's license fee revenue made in Senate Bill 1070.

In addition to being established in statute, the TEDF Target Industries program is an appropriation line item in the state transportation budget. The FY 2019-20 appropriation line item had been reduced by \$13.0 million in Executive Order 2020-155 (July 2020). Senate Bill 1071 effectively makes the statutory change needed to implement the \$13.0 million executive order reduction.

The additional \$13.0 million transfer in FY 2020-21 was part of the a FY 2020-21 budget agreement.

In effect, the two bills implement FY 2019-20 and FY 2020-21 budget agreements.

MCL 257.819 (SB 1070)
MCL 247.911 (SB 1071)

BACKGROUND INFORMATION:

The TEDF is a state restricted transportation fund created in 1987 to help fund highway, road, and street improvements related to either a specific type of economic activity or a specific type of road system. There are six TEDF categorical programs. *Target Industries* is a TEDF program dedicated to capital road improvements related to economic

development projects in specific “target” industries. Grants are competitively evaluated and may be awarded to any eligible road agency (MDOT, county road commissions, cities, or villages).

The TEDF/Target Industries program is administered jointly by MDOT’s Office of Economic Development and Enhancement and the Michigan Economic Development Corporation (MEDC).

FISCAL IMPACT:

The redirection of TEDF revenue to the state general fund would have no impact on total state revenue; the bill would simply shift revenue from a state restricted transportation fund to the state general fund.

Fiscal Analyst: William E. Hamilton

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