

Legislative Analysis



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

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Senate Bills 1070 and 1071 as passed by the Senate
Sponsor: Sen. Adam Hollier
House Committee: Appropriations
Senate Committee: Appropriations
Complete to 9-11-20

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

SUMMARY:

Senate Bill 1070 would amend section 819 of the Michigan Vehicle Code to redirect \$13.0 million in driver's license fee revenue, currently dedicated to the Transportation Economic Development Fund (TEDF), to the state general fund. The bill would make this redirection for one fiscal year only, the fiscal year ending September 30, 2020.

Senate Bill 1071 would amend section 11 of 1987 PA 231, the act that created and governs the TEDF. The bill would direct that, for the fiscal year ending September 30, 2020, the allocation of TEDF revenue to the TEDF categorical program known as Targeted Industries (Category A) be reduced by \$13.0 million. This \$13.0 million reduction in Targeted Industries reflects the redirection of driver's license fee revenue proposed 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. That 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.

This transfer to the state general fund was agreed to as part of a FY 2019-20 budget balancing agreement.

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.

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