



Senate Fiscal Agency
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Senate Bills 1070 and 1071 (as introduced 8-15-20)

Sponsor: Senator Adam Hollier

Committee: Appropriations

Date Completed: 9-1-20

CONTENT

Senate Bill 1070 and Senate Bill 1071 would amend the Michigan Vehicle Code and the Transportation Economic Development Fund law, respectively, to complete the required legislative actions necessary to transfer \$13.0 million of restricted Transportation Economic Development Funds (TEDF) to the General Fund as part of a larger agreement between the Legislature and the Administration to balance fiscal year (FY) 2019-20.

MCL 257.819 (S.B. 1070)

247.911 (S.B. 1071)

FISCAL IMPACT

The bills would not reduce or increase State revenue for FY 2019-20 and would not have a negative fiscal impact on local units of government. The bills could reduce the Department's spending power through the Transportation Economic Development program for several years.

The TEDF was created in 1987 to assist in the funding of highway, road, and street projects for the sake of economic growth. Revenue for the Fund is collected annually from two sources: an earmark from the Michigan Transportation Fund (MTF) under Section 11 of Public Act 51 of 1951, and from increases in license fees collected by the Secretary of State under Section 819 of the Michigan Vehicle Code. The earmark sets aside \$41.3 million from the MTF for the TEDF, annually. While the amount collected from license fee increases varies from year to year, it typically generates around \$13.0 million per year for the TEDF.

Annual appropriations for the TEDF are spent via six separate categories. The categories that include direct payments to local units of government would not be affected by Senate Bills 1070 and 1071. The transfer of \$13.0 million to the General Fund will come, only, from Category A of the TEDF program. Category A is a Department-managed program designed to make investments for the establishment, retention, and expansion of industry in Michigan. The targeted industries for Category A projects include agriculture, tourism, forestry, information technology, manufacturing, mining, medical research, and office centers of at least 50,000 square feet. This Category carries a balance of funds from year-to-year that do not lapse to any other fund. As of June 2020, the balance of Category A TEDF funds was \$43.6 million. While the transfer of \$13.0 million from the TEDF to the General Fund would diminish the amount of funds available for Category A projects in the current fiscal year, and some years to follow, it is not expected to delay or halt current Category A projects, nor is it expected to prohibit the program from continuing to make investments or issue grants.

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