



STATE OF MICHIGAN
EXECUTIVE OFFICE
LANSING

RICK SNYDER
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July 1, 2016

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SECRETARY OF SENATE
BILL CLERKS

Michigan House of Representatives
Michigan Senate
State Capitol Building
Lansing, Michigan 48913

Ladies and Gentlemen:

Today I am returning Enrolled Senate Bill 557 to you without signature. SB 557 amends Public Act 51, which governs the distribution of transportation funding throughout our state. SB 557 eliminates Public Act 51's requirement that certain cities and villages share in financing road construction on state trunk lines that run through those communities.

Public Act 51's cost sharing provisions apply to 45 cities and villages with populations exceeding 25,000, with payment amounts varying depending on population. Many communities that fall within that range believe it is unfair for them to contribute to state planned construction on state roads. The bill seeks to mitigate a provision that does create hardships for some communities when they are required to use most, if not all of their available local road funding to share in a major Interstate Highway project that goes through their community. However, this bill goes too far in its affect. There are many state trunk lines that are critical commercial corridors in those communities—roads like Woodward Avenue and Telegraph Road through southeast Michigan and 28th Street in Kent County. In these cases cost sharing seems reasonable. This bill eliminates that cost sharing as well.

In addition, to help mitigate some of the costs to the communities required to participate in cost sharing, Public Act 51 requires the Michigan Department of Transportation (MDOT) to distribute additional resources for "equivalent major mileage." Communities with larger populations and more miles of major trunk line receive more funding under the equivalent major mileage program. This funding can be used for any road or bridge purpose, including local cost share. Eliminating the cost sharing requirement while maintaining reimbursements for equivalent major mileage takes what some consider an inequity in one respect in Public Act 51 and makes it an inequity in another. Retaining equivalent major mileage distributions would then give those larger communities extra resources while eliminating the requirement for them to contribute a portion of construction on major thoroughfares from which they derive substantial benefit.

Additionally, the equivalent major mileage funding for the 45 communities that receive it is at the expense of the rest of the 488 cities and villages who receive a distribution under the Act 51 formula. SB 557 would allow those communities that receive equivalent major mileage funding to keep it, while eliminating a major reason for receiving it the first place—to mitigate the local cost sharing requirement.

The funding gap this bill creates will force MDOT to reallocate project funding from less urbanized areas to fund higher priority state trunk line urban projects. This would mean less "main street" local focused projects as funding would be redirected to higher priority projects such as I-75 and I-94. MDOT's five-year capital trunk line plan contemplates \$22 million in local cost sharing for construction projects. If this bill becomes law, it would pull \$22 million from road work at a time when aggressive investment is necessary, without any source of funding replacement. This will likely result in certain projects being delayed or resources reallocated from other projects.

But more importantly, this provision of Public Act 51 is just one of many archaic and complicated provisions. As we begin to reinvest in our infrastructure that for too long has been neglected, it is critical that we not tackle the complexities and nuances of Public Act 51 in piecemeal fashion. Instead, we should consider wholesale revisions to Public Act 51. I ask for your partnership with my administration in rewriting Public Act 51 before the end of this year as I return to you unsigned Senate Bill 557.

Sincerely,

A handwritten signature in dark ink, appearing to read "Rick Snyder", with a stylized, flowing script.

Rick Snyder
Governor