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BILL ANALYSIS

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House Bill 5154 (as passed by the House)
Sponsor: Representative Brian Palmer
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 4-18-06

CONTENT

The bill would amend the Airport Parking Tax Act to allow revenue distributed from the Airport Parking Fund to the State Aeronautics Fund to be used for safety and security projects at State airports that did not receive Federal funding.

The Act requires the State Treasurer to distribute \$6.0 million per fiscal year from the Airport Parking Fund to the State Aeronautics Fund. That revenue may be used only for safety and security projects at State airports (including reimbursement to the Comprehensive Transportation Fund for payment of bonds issued on or before December 31, 2007, by the State Transportation Commission under Section 18b of the Michigan Transportation Fund law), to provide State matching funds for Federal funds to be used for safety and security at State airports.

Under the bill, the funds could be used for both of the following:

- For safety and security projects at State airports, including reimbursement to the Comprehensive Transportation Fund for payment of principal and interest on bonds issued on or before December 31, 2007, by the State Transportation Commission under Section 18b of the Michigan Transportation Fund law.
- To provide State matching funds for Federal funds to be used for safety and security at State airports.

(Section 18b of the Michigan Transportation Fund law, Public Act 51 of 1951, allows the State Transportation Commission to borrow money and issue notes or bonds for the following purposes:

- To make loans, grants, or contract payments to pay capital costs for purposes specified in Article IX, Section 9 of the State Constitution, which requires that all specific taxes imposed on motor vehicles, aircraft, or motor vehicle or aircraft fuel, be used only for transportation purposes.
- To pay the principal and interest on notes and to refund bonds payable from the State Trunk Line Fund or the Comprehensive Transportation Fund, by the issuance of new bonds; and to issue new bonds partly to refund bonds and partly for other transportation purposes.
- To pay all costs relating to the issuance of the bonds or notes.)

MCL 207.377a

Legislative Analyst: Curtis Walker

FISCAL IMPACT

The bill would result in greater expenditures from the State Aeronautics Fund. It is unlikely that the Michigan Department of Transportation (MDOT) would redirect funds that may be used to match Federal dollars. The bill would allow MDOT to spend the balance of the \$6.0 million not used as matching funds for other safety and security projects at Michigan airports. The amount of revenue collected and its distribution to the Fund would be unchanged.

Fiscal Analyst: Jessica Runnels

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.