

Legislative Analysis



ALTERNATIVE ROAD FUNDING TASK FORCE

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

Senate Bill 59 (Substitute H-3)
Sponsor: Senator Jud Gilbert, II
Committee: Transportation

Complete to 12-11-07

A SUMMARY OF SENATE BILL 59 AS REPORTED FROM HOUSE COMMITTEE ON 12-6-07

Senate Bill 59 would amend 1951 PA 51 by adding a new Section 9c. The bill would create two new groups: a Transportation Alternative Funding Task Force and a Citizen's Advisory Committee. The composition and responsibilities of these two groups, as well as proposed new responsibilities of the Michigan Department of Transportation and the Legislative Auditor General are outlined below.

*Note that H-3 differences from the Senate-passed bill are shown by ~~strikeout~~ (for deletions) and **bold text** for new language.*

Alternative Funding Task Force (Subsections 1, 2, 6, and 7)

The bill would require the Governor to appoint, by ~~October 1, 2007~~ **January 1, 2008**, up to ~~seven~~ **nine** members to the Alternative Funding Task Force. Appointment would be subject to advice and consent of the Senate. The bill requires appointment of at least ~~six~~, **eight** members as representatives of designated interests: Manufacturing, Commerce, Agriculture, Tourism, Labor, ~~and~~ **Transportation, Public Transportation, and Aviation.**

Beginning ~~January 1, 2008~~ **February 1, 2008**, the Task Force would include four legislative members, the Majority and Minority Leaders of the Senate (or their designees), and the Speaker and Minority Leader of the House of Representatives (or their designees).

Subsection (1) lists the following tasks:

1. Review the adequacy of surface transportation and aeronautics service provision and finance in this state.

~~1. Review alternative funding options.~~

~~2. Review alternative transportation investment priorities.~~

~~2.~~ ~~3.~~ Review ~~potential~~ strategies for maximizing returns on transportation investments.

~~3.~~ ~~4.~~ Evaluate the potential of alternative strategies to replace or supplement ~~the 19-cent state gas tax~~ **state motor fuel taxes, existing and alternative user fees, and nonuser revenues to support economic activity and personal mobility in this state.**

The H-3 substitute does **not** include language from the Senate-passed bill which indicated that the Task Force shall "focus on implementation of technical strategies to put in place user pay funding methods."

The subsection does not identify a completion date.

Subsection (6) lists the following tasks:

1. Analysis of the feasibility of alternative methods.
2. Recommendation for implementation of pilot programs to test feasible alternatives to replace "portion of road funding that comes from motor fuels taxes."

The subsection indicates that the Task Force's primary focus is examination of alternatives to motor fuels taxes as a source of road funding, and to suggest/recommend alternative collection systems funded through user pay methods. The subsection requires a preliminary recommendation for a pilot program by ~~December 31, 2008~~ **October 31, 2008**.

Subsection (7) lists the following tasks:

Report to the Governor, State Transportation Commission, and the Legislature on:

1. The identified capital and maintenance priorities.
2. Transportation investment and maintenance priorities.
- 3. Funding for state trunkline roads and bridges, local road agencies, and public transit agencies.**
4. ~~3.~~ Relative use of transportation systems.
5. ~~4.~~ Responsibilities for identified relative needs including alternative transportation funding options.
6. ~~5.~~ Historical transportation funding patterns as they related to statewide fiscal resources.
7. ~~6.~~ Strategies for maximizing the returns on transportation investments.

The subsection indicates that studies and reports relating to highways shall be reported by functional and legal classification.

The subsection requires a preliminary report of data and findings by ~~December 31, 2008~~ **October 31, 2008**; recommendation for alterations of formulas for and alternative sources of transportation funding and alterations to the distribution of transportation responsibilities (if it considers necessary) by April 1, 2009.

Citizens Advisory Committee (Subsection 4)

The bill requires the Governor to appoint ~~45~~ 17 members from certain designated transportation interest groups: Michigan Farm Bureau, Michigan Trucking Association, Michigan Association of Counties, Michigan Townships Association, Michigan State Chamber of Commerce, Michigan Tourist Association, County Road Association of Michigan, Michigan Municipal League, Michigan Public Transit Association, Asphalt Paving Association of Michigan, Michigan Concrete Paving Association, Michigan Infrastructure and Transportation Association, Michigan Railroads Association, American Council of Engineering Companies, Michigan Building and Construction Trades Council, **Michigan Association of Airport Executives, Michigan Business Aviation Association.**

Subsection (4) lists the following task:

Receive and comment on all reports, studies, and recommendations prepared by the various technical subcommittees created by the Citizens Advisory Committee prior to submission of reports studies and recommendations to the Task Force.

The subsection does not list a specific completion date.

Michigan Department of Transportation (Subsection 5)

The bill does not include representatives of the Michigan Department of Transportation as members of either the Alternative Funding Task Force or the Citizen's Advisory Committee. However, Subsection 6 does require the department to provide staff, needs, technical oversight, and fiscal analysis subcommittees. The subsection also requires that the department provide a recommended work plan to the Task Force by March 1, 2008.

The H-3 substitute indicates that the department may invite regional metropolitan planning organizations to assist.

Legislative Auditor General (Subsection 3)

The bill requires the Legislative Auditor General, by ~~May 1, 2008~~, **April 1, 2008** to review and comment on the recommended work program developed by the department in order to assist the Citizen's Advisory Committee.

Relationship to the Asset Management Council

It is not clear how the work program of the Alternative Funding Task Force and the Citizen's Advisory Committee would relate to functions of the Asset Management Council already established in Section 9a of Act 51. The Asset Management Council was a legislative initiative which grew out of the findings of the Act 51 Study Committee. Public Act 308 of 1998, an amendment to 1951 PA 51, provided for the creation of a study committee to "review transportation funding options, transportation investment priorities, and potential strategies for maximizing returns on transportation investments." PA 308 also indicated that the study committee "after holding appropriate public hearings, shall recommend, if it considers necessary, alterations of formulas for transportation funding and alterations to the distributions of transportation responsibilities by July 1, 2000."

The Act 51 Study Committee recommendations were contained in a report dated June 1, 2000 and entitled "Transportation Funding for the 21st Century." The principal recommendations of the Study Committee involved asset management. The key recommendation was that "a long-term, planned asset management process be extended to statewide use for transportation facilities."

The Act 51 Study Committee recommended that the distribution formula for state-restricted and designated federal transportation funds, established in Act 51, remain unchanged "until implementation of an asset management process, which may result in future distribution changes." The recommendation continued: "while not proposing a specific formula revision at this time, we recognize that a proposed asset management-based formula could result in a funding distribution which focuses on the function or use of a road, while taking into account the base level of funding needed for routine maintenance."

This recommendation of the Act 51 Study Committee was put into effect through Public Act 499 of 2002 which amended Act 51 to establish a Transportation Asset Management Council within the State Transportation Commission. Under PA 499, the Asset Management Council was charged with "advising the commission on a statewide asset management strategy and the processes and necessary tools needed to implement such a strategy beginning with the federal-aid eligible highway system."

The Asset Management Council was appointed by the State Transportation Commission in September of 2002. The Council is composed of ten voting members: two each from the County Road Association of Michigan, the Michigan Municipal League, state planning and development regions, and the Department of Transportation. The Michigan Township Association and the Michigan Association of Counties have one non-voting member each. The department provides qualified staff and technical assistance to the Asset Management Council.

The Asset Management Council is required by law to report to the State Transportation Commission, the Legislature, and the House and Senate committees on transportation by May 2 of each year. The Council's 2006 Annual Report, issued May 2007, is available at the Asset Management Council's webpage: http://www.michigan.gov/mdot/0,1607,7-151-9623_31969_27106---,00.html

The Task Force and Advisory Committee proposed in SB 59 would be substantially the same as the Transportation Needs Study Committee and related Citizen's Advisory Committee established in Section 9a of Act 51 by 1987 PA 234. The Needs Study Committee and Citizen's Advisory Committee were abolished by Governor John Engler through Executive Order 1997-6. The statutory language creating the Needs Study Committee and Citizen's Advisory Committee in Act 51 was subsequently repealed by 1998 PA 308 at the same time the Act 51 Study Committee was created. The subsequent creation of the Asset Management Council in 2002 PA 499, and the Council's on-going development of a statewide asset management process was seen as an alternative to the previous needs study process.

FISCAL IMPACT:

In establishing new statutory responsibilities, the bill would increase costs of the Michigan Department of Transportation and the Legislative Auditor General by an indeterminate amount.

Fiscal Analyst: William E. Hamilton

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