

# Legislative Analysis



## LOCAL GRADE SEPARATION GRANT PROGRAM

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

**House Bill 5861 as introduced**  
**Sponsor: Rep. Jason M. Sheppard**  
**Committee: Government Operations**  
**Complete to 6-23-20**

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

### SUMMARY:

House Bill 5861 would amend 1951 PA 51 ("Act 51") to require the Michigan Department of Transportation (MDOT) to create and operate a local grade separation grant program for the separation of motor vehicle traffic and railroad traffic in Michigan. The bill would define ***grade separation*** to mean an intersection of a railroad and roadway at different levels, with the railroad either above or below the highway (i.e., using an overpass or underpass).

#### **Local Grade Separation Fund**

The bill would create the Local Grade Separation Fund in the state treasury and allow the state treasurer to receive money or other assets from any source for deposit into the fund. The state treasurer would direct investment of the fund and credit to it interest and earnings from those investments. Money in the fund at the close of the fiscal year would remain in the fund and not lapse into the general fund. MDOT would be the administrator of the fund for auditing purposes.

MDOT would expend money from the fund, upon appropriation, only to fund and operate the local grade separation grant program described below.

#### **Local Grade Separation Program**

MDOT would provide grants to cities, villages, and county road commissions in this state for the separation of motor vehicle traffic and railroad traffic (e.g., to build overpasses or underpasses at railroad/highway intersections).

An application for funds from the program would have to be made on a form approved by MDOT and contain the information required by MDOT. An application could be made at any time as determined by MDOT.

MDOT would have to establish a review process for considering funding applications. Within 120 days after receiving an application, MDOT would have to notify the applicant in writing whether the application was approved or rejected. If MDOT failed to do so, the application would be considered approved.

Before releasing any grant funds, MDOT would have to enter into a written agreement with the funding recipient providing for both of the following:

- The complete details of the grade separation project.
- A local, private, or federal match of at least 20% of the cost of the grade separation project.

## **Report**

By December 1 of each year in which it received funding applications, MDOT would have to report to the House and Senate appropriations committees and the House and Senate transportation standing committees on the use of funds from the local grade separation grant program, including at least all of the following:

- The number of funding applications received.
- The name of each city, village, or county road commission applying for funding and whether each application was approved or denied.
- The amount of local match for each award.

Proposed MCL 247.661i

## **FISCAL IMPACT:**

1951 PA 51, often referred to simply as “Act 51,” governs state appropriations for most Michigan transportation programs. Among other things, Act 51 establishes the Michigan Transportation Fund (MTF) as the main collection and distribution fund for state restricted transportation revenue. Act 51 also establishes other restricted transportation funds or accounts dedicated for specific targeted transportation programs. For example, the local bridge fund is established in section 10 of Act 51, the movable bridge fund is established in section 11g, the local road agency wetland mitigation fund is established in section 11h, and both the rail grade crossing account and the grade crossing surface account are established in section 12.

Section 10 of Act 51 directs the annual appropriation of MTF revenue, including to the restricted transportation funds and accounts noted above. The distribution formula established in section 10 is described in House Fiscal Agency Fiscal Brief, “MTF Distribution Formula to Local Road Agencies.”<sup>1</sup>

**House Bill 5861** would add new section 11i to create and define a new local grade separation grant program, described in detail above. Although the bill creates a new program and a new fund, the bill does not establish a source of fund revenue. The bill does not earmark MTF revenue for the program. As a result, the bill as currently drafted would have no direct fiscal impact on the state or on local units of government. If a fund source were identified and funds appropriated for the program, the bill could provide a source of funding for rail grade separation projects for qualifying local units of government.

Legislative Analyst: Rick Yuille  
Fiscal Analyst: William E. Hamilton

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

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<sup>1</sup> “Fiscal Brief: MTF Distribution Formula to Local Road Agencies – Update,” May 6, 2019. Prepared by William E. Hamilton, Senior Fiscal Analyst. This publication describes the factors that govern the distribution of Michigan Transportation Fund (MTF) revenue to local road agencies (county road commissions and cities/villages). [https://www.house.mi.gov/hfa/PDF/Alpha/Fiscal\\_Brief\\_MTF\\_Distribution\\_Formula\\_to\\_LRA\\_May19\\_Update.pdf](https://www.house.mi.gov/hfa/PDF/Alpha/Fiscal_Brief_MTF_Distribution_Formula_to_LRA_May19_Update.pdf)