



Senate Fiscal Agency
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Senate Bill 299 (as introduced 5-7-19)
Sponsor: Senator Adam Hollier
Committee: Transportation and Infrastructure

Date Completed: 9-29-20

CONTENT

The bill would amend the Transportation Economic Development Fund law, to increase from 10,000 or less to 11,000 or less the population limit in cities and villages for a certain category of project eligible for funding under the Act.

Generally, the Transportation Economic Development Fund (TEDF) allows cities, villages, or county road agencies to submit applications to receive grants for projects related to transportation road construction or improvement. The Act defines "project" as a transportation road construction or improvement.

Among other project categories eligible for funding under the Act, the TEDF applies to projects for construction or preservation of streets in cities and villages with a population of 10,000 or less, including, but not limited to, reconstruction, replacement, rehabilitation, and capital preventive maintenance. The bill would increase the population limit from 10,000 or less to 11,000 or less.

MCL 247.909

Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

The bill would not have a fiscal impact on the State. It would not generate additional revenue or costs. This bill could have a positive fiscal impact for a select group of local units starting in fiscal year (FY) 2021-22 and beyond. Units of government that could benefit include cities and villages with a population between 10,000 and 11,000. Likewise, the bill could have a negative impact on cities and villages with a population of 10,000 or less, as the grants would become slightly more competitive.

Category B of the Transportation Economic Development Program began in 2019 with the signing of Public Act 473 of 2019. It was designed to help small local units of government with road and bridge construction or preventative maintenance projects by providing matching grants of no more than \$250,000. In FY 2018-19, the Program provided 23 matching grants to cities or villages with a population of 10,000 or less, with grant amounts ranging from \$20,000 to the maximum amount of \$250,000. The Program subsequently has made grant determinations for FY 2019-20 and FY 2020-21. Currently, the number of eligible local units of government that may apply for these grants includes over 400 cities and villages. Expansion of the population limit would expand the list of eligible local units by 12. Those local units would include the following:

-- Benton Harbor – City

- Beverly Hills – Village
- Cadillac – City
- Farmington – City
- Grand Haven – City
- Alpena – City
- Big Rapids – City
- East Grand Rapids – City
- Melvindale – City
- Muskegon Heights – City
- Coldwater – City
- Sturgis – City

The current list of eligible local units, as well as the current grant determinations through FY 2020-21, can be found on the Michigan Department of Transportation's website.

Fiscal Analyst: Michael Siracuse

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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.