Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 379 (as introduced 4-21-21)
Sponsor: Senator Aric Nesbitt
Committee: Transportation and Infrastructure

Date Completed: 5-26-21

CONTENT

The bill would amend the Michigan Transportation Fund law to do the following:

-- **Prohibit notes or bonds authorized under the law from being issued until after the State Transportation Commission presented its resolution authorizing the notes or bonds to the Legislature and the Legislature approved it by concurrent resolution adopted by two-thirds of each house of the Legislature.**
-- **Require a resolution of the Commission to amend an initial resolution authorizing bonds or notes to be approved by concurrent resolution adopted by two-thirds of each house of the Legislature.**
-- **Allow the Commission or the Legislature to withdraw unused bond authorization by resolution.**
-- **Require the Michigan Department of Transportation (MDOT) to submit a report on October 1 of each year, and an updated report within 30 days after issuing new bonds, on transportation debt service to the members of the House of Representatives and Senate Appropriations Committees and transportation subcommittees, and committees with jurisdiction over transportation.**

Legislative Authorization for Issuance of Bonds

Under the law, the Commission may borrow money and issue notes or bonds for specified purposes, including to pay all or any portion of or to make loans, grants, or contract payments to pay all or any portion of capital costs as described in Article IX, Section 9 of the State Constitution, among other purposes. (Article IX, Section 9 of the State Constitution requires taxes imposed directly or indirectly on fuels for motor vehicles to be used exclusively for transportation purposes as specified in that section.)

The law prohibits the notes or bonds from being issued until after the Commission gives authorization by resolution. The resolution must contain an irrevocable pledge providing for the payment of the principal and interest on the notes or bonds from money that is restricted as to use by Article IX, Section 9; a brief statement describing the projects for which the notes or bonds are to be issued; the estimated cost of the projects or refunding or refinancing; and the detail of the notes and bonds, including the maturity date or dates and maximum interest rate of the notes or bonds.

Under the bill, the notes or bonds could not be issued until after the Commission's authorization by resolution and until the Commission presented the resolution to the Legislature, and the Legislature approved it by concurrent resolution adopted by two-thirds of each house of the Legislature.

The law specifies that, if after the issuance of notes or bonds, the Commission determines that a project for which the notes or bonds are to be issued should be changed, it must amend the resolution authorizing the bonds by adopting another resolution after providing notice of its intent to do so to the appropriations committees of the Senate and the House of Representatives. The bill would require this resolution to be approved by concurrent resolution adopted by two-thirds of each house of the Legislature.

Under the bill, the Commission could withdraw unused bond authorization by resolution. The Legislature also could withdraw unused bond authorization by concurrent resolution adopted by a majority of each house of the Legislature.

Report on Transportation Debt Service

The bill would require MDOT to submit a report on October 1 of each year, and an updated report within 30 days after issuing a new bond as described below, on transportation debt service to the members of the House of Representatives and Senate Appropriations Committees and transportation subcommittees, and committees with jurisdiction over transportation, that included, at a minimum, the following:

-- The percentage of money that was restricted as to use by Article IX, Section 9 of the State Constitution that was spent on debt servicing for the fiscal year.
-- For all bonds issued by the State for transportation purposes, including those described in Section 18b(1)(b) and bonds issued under Section 122 of the Aeronautics Code of the State of Michigan, information that includes a listing of bonds by series, the remaining principal for each bond, and the anticipated payment schedule for each bond.

(Section 18b(1)(b) allows the Commission to borrow money and issue notes or bonds to pay the principal or the principal and interest on notes and, if the Commission considers refunding to be expedient, to refund bonds payable from money in the State Trunk Line Fund or the Comprehensive Transportation Fund or received or to be received from the Motor Vehicle Highway Fund or the Michigan Transportation Fund, by the issuance of new bonds.

Section 122 of the Aeronautics Code of the State of Michigan allows a public airport authority to issue self-liquidating bonds for the purpose of acquiring, purchasing, constructing, improving, enlarging, furnishing, equipping, reequipping, or repairing airports and airport facilities for which operational jurisdiction is transferred under the Code or is acquired by the authority.)

MCL 247.668b　　　　Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Michael Siracuse

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