



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 394 (as reported without amendment)

Sponsor: Senator Wayne Schmidt

Committee: Appropriations

CONTENT

The bill would amend Public Act 51 of 1951 to alter the distribution of State gas and registration revenue and Federal funding for fiscal year (FY) 2020-21, only. The bill would direct a specified sum of \$261,308,800 of the State Trunkline Fund (STF) from the Department of Transportation to local road agencies: cities, villages, counties, and county commissions. The STF funding that normally would go to the Department would be replaced with Federal surface transportation block grants that were awarded to the State under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) in December 2020.

The bill is a budget implementation bill and is intended to implement the appropriation determinations within the FY 2020-21 supplemental bill, Senate Bill 36.

MCL 247.660 & 247.660o

BACKGROUND

On December 27, 2020, the CRRSAA, division M of Public Law 116-260, was signed into law. It included \$261,308,800 to be allocated to the State of Michigan through the Surface Transportation Block Grant Program. The Program limits grant spending on local agency road projects, and is intended, chiefly, for State Department of Transportation spending on State roads. In order to direct the full benefit of this Federal funding to local agencies, the bill is needed to direct STF money to local agencies while 100% of the Federal funds go directly to the Department of Transportation. In this way, local agencies receive the full benefit of the surface transportation block grants without receiving those grants directly.

FISCAL IMPACT

The bill would have a significant, positive fiscal impact on local road agencies, with just over 62% of the \$261,308,800 allocated to counties and county road commissions, and the remaining \$93,539,000.00 allocated to cities and villages. These appropriations of STF dollars to local road agencies would be distributed among the local agencies in Senate Bill 36 through the Act 51 formula (see Michigan Compiled Laws 247.662 and 247.663).

The Department would not see an overall increase or decrease in total road and bridge funding, as the lost STF money would be replaced by the Federal surface transportation block grants at the same amount: \$261,308,800. Normally, Federal surface transportation block grants require a 10% or 20% match in order to be applied to State road and bridge projects; however, under CRRSAA, the grants are provided to states at a 100% match, meaning no additional State funding would be required to use them for State road and bridge projects.

Date Completed: 5-4-21

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.