

Fiscal Analysis

COMMERCIAL USE OF REST AREAS



Bill/Sponsor **HOUSE BILL 4883 as introduced**, Rep. Frances C. Amos

House Committee Transportation

Analysis

Summary

The bill would amend Section 2 of PA 205 of 1941 to permit a commercial enterprise to conduct business on property acquired for or designated as limited access highway. This would effectively permit the commercial use of highway rest areas. The bill would permit such uses only under a lease authorized by the Michigan Department of Transportation. The bill would direct revenue received from such leases to the State Trunkline Fund.

Fiscal Impact

PA 205 of 1941 now states that “*the state transportation department shall allow only the installation of vending machines at selected sites on the limited access highway system to dispense food, drink, and other articles that the state transportation department determines appropriate.*” The section also limits vending machine operations to the Michigan Commission for the Blind.

The bill would strike the word “only” from the section and would add language that would permit additional commercial uses on limited access highways, under a lease agreement with the state transportation department.

If the conversion of rest areas to commercial uses were permitted by the federal government, (see below) the bill could result in additional state-restricted transportation revenue from the lease of state-owned expressway rest areas to private businesses. The amount of revenue would depend on the nature and extent of the commercial uses permitted.

One model for the commercial use of expressway rest areas is the highway service center which provides motor fuels, fast food service, and other services to the motoring public. Ohio and Illinois are among the states that have such service centers. The Ohio Turnpike Commission’s latest annual report shows a total of \$12.3 million in revenue for FY 2002 from concessions at 16 service plazas on the Ohio Turnpike. The Illinois State Toll Highway Authority reports concession revenue from the authority’s seven “oases” for FY 2001 of \$4.6 million, and \$8.4 million for FY 2000. Michigan has 13 Welcome Centers and a number of smaller rest areas.

The Ohio Turnpike Commission bids out concessions for food vendors, vending machines, video arcades, and service stations. Rent is based on a percentage of gross sales – from 2% to 15% depending on the nature of the business.

Nonetheless, federal regulations (23 USC Section 111) do not currently permit the commercial use of rest areas on federal-aid highways – other than vending machines. The federal regulations also require that the blind or visually handicapped be given a preference in awarding such concessions. The commercial service centers such as those found in Ohio and Illinois are operated on toll roads – roads not constructed with federal funds.

The American Association of State Highway and Transportation Officials (AASHTO) has asked that Congress, as part of the reauthorization of the federal aid highway program, revise federal regulations to eliminate restrictions on the commercial use of rest areas. Unless the federal regulations were changed, additional commercial uses of Michigan expressway rest areas would not be permitted.

Analyst(s)

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