



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



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bills 464 through 468 (as introduced 5-7-03)

Sponsor: Senator Jason E. Allen (S.B. 464)

Senator Tony Stamas (S.B. 465)

Senator Jim Barcia (S.B. 466)

Senator Mike Prusi (S.B. 467)

Senator Jud Gilbert, II (S.B. 468)

Committee: Transportation

Date Completed: 5-27-03

CONTENT

The bills would amend several statutes to do all of the following:

- Provide that, for fiscal years 2003-04 through 2006-07, the tolls and fees charged by the Mackinac Bridge Authority could not exceed the amount charged in fiscal year 2001-02.**
- Relieve the Authority of repaying the State money advanced for Authority bonds.**
- Appropriate to the Authority at least \$5.25 million annually from the State Trunkline Fund to reduce tolls.**
- Allow the Authority's corporate existence to continue after its liabilities had been met and bonds repaid; and provide that the Authority then could not assess a toll that exceeded the amount charged on January 1, 2003.**
- Prohibit the Authority from charging tolls to emergency vehicles.**

The bills are described in more detail below.

Senate Bill 464

The bill would amend the Mackinac Bridge Authority law to allow the corporate existence of the Authority to continue after its liabilities had been met and its bonds, including refunding bonds, had been paid in full or otherwise discharged. Under the current law, the Authority is to exist only until its liabilities have been met and bonds paid or discharged, at which point all rights and property of the Authority are to pass to and be vested in the State. The bill provides that, once its liabilities had been met, the Authority could continue to assess a toll but the amount of the toll could not exceed the amount assessed on January 1, 2003.

The bill is tie-barred to Senate Bill 468.

Senate Bill 465

Public Act 51 of 1951 appropriates money in the State Transportation Fund for specific purposes in a particular order of priority. The bill would add that, beginning in fiscal year 2003-04, the fifth purpose would be the appropriation of at least \$5,250,000 would have to be appropriated annually to the Mackinac Bridge Authority for the reduction of the toll charged.

Senate Bill 466

The bill would amend the Motor Fuel Tax Act to delete a requirement that the Mackinac Bridge be operated as a free bridge once the Authority reimburses the State for advances made in

Section 161 of the Act and in Section 7 of the Mackinac Bridge Authority law. (Those sections provide for annual appropriations to the Authority for the payment of Authority bonds.)

Senate Bill 467

The bill would amend the Mackinac Bridge Authority law to prohibit the Authority from charging tolls or charges to authorized emergency vehicles in the process of responding to an emergency, beginning July 1, 2003. The law currently requires all individuals or vehicles, except the Authority's vehicles or personnel, to pay a toll for using the bridge.

(The bill would define "authorized emergency vehicle" as it is defined in the Motor Vehicle Code, i.e., vehicles of the fire department, police vehicles, ambulances, or privately owned vehicles of volunteer or paid fire-fighters if authorized by the chief of an organized fire department, or privately owned motor vehicles of volunteer or paid members of a life support agency licensed by the Department of Consumer and Industry Services if authorized by the life support agency; or a vehicle owned and operated by a Federally recognized nonprofit charitable organization that is used exclusively for assistance during an emergency.)

Senate Bill 468

The bill would amend the Mackinac Bridge Authority law to provide that, beginning fiscal year (FY) 2003-04 and continuing through FY 2007-08, the amounts levied by the Authority for tolls, fees, rents, and charges could not exceed the amounts levied in FY 2001-02.

The bill also would delete a requirement that, once the cost of the bridge is fully paid and the State Transportation Department reimbursed for any sums paid, the Bridge be maintained and operated by the State as a free bridge. Under the bill, the Authority would continue to maintain and operate the bridge. The bill further specifies that, as of March 1, 2003, all advances made by the State to the Authority pursuant to the Motor Fuel Tax Act would be repaid or forgiven.

MCL 254.312 (S.B. 464)
247.661 (S.B. 465)
207.1163 (S.B. 466)
254.322 (S.B. 467)
254.317 (S.B. 468)

Legislative Analyst: Julie Koval

FISCAL IMPACT

Senate Bill 464

On May 1, 2003, the Mackinac Bridge Authority raised the toll for passenger cars from \$1.50 each way to \$2.50 each way. The toll for passenger vehicles had been \$1.50 since January 1, 1969. The tolls for cars pulling trailers and commercial vehicles are higher. The tolls for these vehicles also were increased on May 1. Senate Bill 464 would reduce State revenues by restricting the tolls that the Mackinac Bridge Authority is able to charge. Specifically, the bill would limit or cap the amount of the toll the Authority may charge to the amount assessed on January 1, 2003 (i.e., \$1.50 per trip for passenger vehicles). This would reduce State revenues by approximately \$6,040,000 annually (\$3,300,000 for the period May 1, 2003, to September 30, 2003). In fiscal year (FY) 2001-02, the Authority collected \$10,500,000 in tolls.

The use of bridge tolls is restricted by statute to the payment of all expenses of operating, repairing, and maintaining the bridge and to the repayment of principal and interest on all bonds. Bridge tolls are authorized only until such time as principal and interest on the bonds are repaid in full, after which the Bridge is to be operated free of charge.

Senate Bill 465

The bill would redirect State-restricted transportation revenues. Under the bill, \$5,250,000 annually (beginning FY 2003-04) would be earmarked in the State Trunkline Fund (STF) for the Mackinac Bridge Authority, to be used to reduce the toll charged. Currently, the Authority does not receive any revenue from the STF. This redirection would reduce the STF resources available to the Michigan Department of Transportation (MDOT) for administering its annual road and bridge program. The STF annually receives revenue from the Michigan Transportation Fund (MTF) as well as various fees and taxes. In FY 2001-02, STF revenue totaled \$874,445,000.

Senate Bills 466 and 468

Senate Bill 466 would redirect State-restricted transportation revenues. The Motor Fuel Tax Act requires that annually \$3,500,000 from the MTF be appropriated to repay the principal and interest on bonds issued for the Mackinac Bridge Authority and lower tolls. The Act requires that when the bonds have been repaid, the appropriation ceases. Further, the Act requires the Authority to repay the MTF for the advances it received, after all bonds have been repaid. The Act does not set a repayment schedule for the advances.

The Authority received the annual \$3,500,000 appropriation from 1969 through 1986, when the bonds were repaid. In total, the Bridge received \$63,000,000 from the MTF. As of FY 2001-02, the Authority had reimbursed the MTF \$9,750,000. Annual repayments in recent years have totaled \$250,000.

Senate Bill 468 would relieve the Authority from further repayments to the MTF. Therefore, the MTF would "lose" revenue of \$53,250,000, or approximately \$250,000 annually based on the current repayment schedule. Overall, the loss of MTF revenue would reduce funding available to the Comprehensive Transportation Fund by \$5,325,000, STF by \$18,738,700, county road commissions by \$1,8738,700, and cities and villages by \$10,447,600.

Senate Bill 468 also would relieve the Authority from repaying the STF for operating advances received from 1958 through 1986. The Act authorized an annual advance, not to exceed \$417,000, from the STF to help defray the operating expenses of the Authority. These advances were made from 1958 until 1986, when the bonds for construction of the bridge were repaid in full. The advances totaled \$12,300,000. As of FY 2001-02, the Authority had not reimbursed the STF. The "loss" of this future revenue to the STF effectively would reduce the amount of resources available to the Michigan Department of Transportation to administer its annual road and bridge program.

Further, the bill would restrict the amount of State revenue that the Authority can generate. The limitation on the tolls that the Authority may charge would effectively cap tolls at \$1.50 per vehicle, per trip for passenger cars from FY 2003-04 through FY 2007-08. Presumably, the toll cap established in Senate Bill 464 would continue beyond FY 2007-08. Annually, the Authority would lose approximately \$6,040,000 in toll revenue, based on the current toll structure.

Senate Bill 467

The bill would reduce State revenue collected by the Authority by prohibiting it from charging tolls to authorized emergency vehicles. It is estimated that the revenue lost from this prohibition would be \$7,800 annually.

Fiscal Analyst: Craig Thiel

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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.