

Legislative Analysis



REDIRECTION OF CERTAIN DRIVERS' LICENSE FEE REVENUE FROM TEDF TO STATE GENERAL FUND

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House Bills 5072 and 5073 as passed by the House

Sponsor: Rep. Lee Gonzales

Committee: Appropriations

Complete to 10-22-09

A SUMMARY OF HOUSE BILLS 5072 AND 5073 AS PASSED BY THE HOUSE 9-25-09

House Bill 5072 (H-1) would amend Section 11 of 1987 PA 231 (MCL 247.911), an act which created and governs the Transportation Economic Development Fund (TEDF). The TEDF is a state-restricted transportation fund created to help fund highway, road, and street improvements related to either a specific type of economic activity or a specific type of road system. The bill would reduce the amount allocated to the Targeted Industries program ("Category A") for the 2008-09 fiscal year by \$12 million to reflect in statute the reductions effected through Executive Order 2009-22.

House Bill 5073 (H-1) would amend Section 819 (MCL 257.819) of the Michigan Vehicle Code (1949 PA 300) to redirect to the state General Fund a portion of drivers' license fee revenue currently dedicated to the TEDF. The total amount to be redirected as shown in the bill is \$18 million. This amount represents \$12 million related to TEDF reductions made in Executive Order 2009-22. Public Act 346 of 2008 had previously redirected \$6 million in driver's license fees from the TEDF to the state General Fund in FY 2008-09. The bill simply reflects the total of \$18 million to be redirected to the General Fund in FY 2008-09 (\$6 million plus \$12 million).

The previous \$6 million amount for FY 2008-09 represented the amount that the TEDF was reduced for FY 2006-07 through Executive Order 2007-3. In effect, budgetary spending authority was reduced by \$6 million in FY 2006-07, but the actual shift of those funds to the state General Fund was not completed until FY 2008-09.

FISCAL IMPACT:

The bills would redirect \$12 million from the TEDF to the state General Fund (not counting the \$6 million that had already been redirected through Public Act 346 of 2008). The reduction in TEDF funding would be taken entirely from the TEDF "Target Industry" program (Category A). There would be no impact on total state revenue, simply a shift between a state-restricted fund and the state General Fund.

Transportation Economic Development Fund

Recent Legislative Actions Regarding Driver's License Fee Fund Source

| Fiscal Year/ Action | Appropriation Bill | Amendment to Michigan Vehicle Code to Transfer to GF/GP | Amendment to TEDF Act (1987 PA 231) |
|---|--|---|---|
| FY 2006-07 Reduces Category "A" by \$6 million | <i>Executive Order 2007-3</i> | Never enacted – transfer in FY 2008-09 instead. (See below) | <i>Public Act 168 of 2007</i> (<i>Senate Bill 794</i>) |
| FY 2007-08 Reduces Category "A" by \$13 million total | FY 2007-08 appropriation adjusted to decrease spending authority for Category "A" by \$6.5 million, and increase Categories "C" and "D" by \$3.25 million each. <i>Done by transfer</i> | <i>Public Act 346 of 2008</i> (<i>House Bill 4847</i>) | Bill to direct entire reduction from Category "A" <i>Public Act 364 of 2008</i> (<i>Senate Bill 1485</i>) |
| FY 2008-09 Redirects \$6 million to GF/GP | Not adjusted in original enacted budget because Category "A" was already reduced in FY 2006-07. | <i>Public Act 346 of 2008</i> (<i>House Bill 4847</i>) | No bill needed. |
| FY 2008-09 Reduces Category "A" by \$12 million | <i>Executive Order 2009-22</i> | | <i>House Bill 5072</i> |
| FY 2008-09 Redirects \$12 million to GF/GP | | <i>House Bill 5073</i> The bill indicates that \$18 million from driver's license fee revenue will be deposited to the state General Fund for FY 2008- 09. This is the total of the \$12 million related to EO 2009-22, and the \$6 million already enacted in 2008 PA 346. <i>This will not result in an additional \$6 million beyond what had previously been enacted.</i> | |

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