

CITY/VILLAGE EXEMPTION FROM COST SHARING FOR STATE TRUNKLINE PROJECT: INTERNATIONAL BORDER CROSSING

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4636
Sponsor: Rep. David Nathan
Committee: Transportation

Complete to 6-6-11

SUMMARY OF HOUSE BILL 4636 AS INTRODUCED 5-11-11

Summary

House Bill 4636 would amend Public Act 51 of 1951 to exempt cities with a population of 50,000 or more from the cost sharing requirement of Section 1c "in the case of projects related to an international border crossing." This amendment would appear to be applicable primarily, if not exclusively, to the city of Detroit in relation to proposed new crossing of the Detroit River between Detroit and Windsor, Ontario.

Background Information

State trunkline highways are those highways under the jurisdiction of the Michigan Department of Transportation. Generally, the department is responsible for costs of constructing and maintaining those highways. However, under current law, Section 1c of 1951 PA 51, cities and villages are required to participate with the department in the cost of "opening, widening, and improving, including construction and reconstruction of state trunk line highways within cities and villages..." according to a sliding scale based on population:

Cities and villages having a population of 50,000 or more, 12.5% of the cost
Cities and villages having a population between 40,000 and 50,000, 11.25% of the cost
Cities and villages having a population between 25,000 and 40,000, 8.75% of the cost

Cities and villages with a population less than 25,000 are not required to participate in state trunkline project costs.

The cost participation of cities and villages relates only to what are effectively "capital" costs of state trunkline construction and reconstruction. Under provisions of Section 1b of Act 51, the department is responsible for all state trunkline *maintenance* costs. In addition, although not stated in Section 1c, the cost participation of cities and villages is limited to the non-federal share of project costs. For example, for a \$10 million state trunkline construction project, using 80% federal funds, a city with a 50,000 population would be required to share in 12.5% of the \$2 million non-federal share, i.e. \$250,000.

House Bill 4636 would amend Public Act 51 of 1951 to exempt cities with a population of 50,000 or more from the cost sharing requirement of Section 1c "in the case of projects

related to an international border crossing." As noted earlier, this amendment would appear to be applicable primarily, if not exclusively, to the city of Detroit in relation to the proposed new crossing of the Detroit River between Detroit and Windsor, Ontario.

House Bill 4636 is similar to 2010 PA 28 (Senate Bill 1001 from the 2009-2010 Legislative Session), which provided an exemption from the cost sharing requirements for cities and villages with a population from 25,000 to 40,000 in the case of projects related to an international border crossing. Senate Bill 1001 effectively exempted the city of Port Huron, which had a 2000 Census population of 32,338, from cost-sharing requirements associated with the Blue Water Bridge Plaza project.

FISCAL IMPACT:

The bill would reduce local costs of the City of Detroit in relation to a proposed new international crossing of the Detroit River between Detroit and Windsor, Ontario.

Fiscal Analyst: William E. Hamilton

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.