

# Legislative Analysis



## TRANSPORTATION ECONOMIC DEVELOPMENT FUND – FUNDING SHIFT TO STATE TRUNKLINE FUND

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<http://www.house.mi.gov/hfa>

**House Bill 4440 as introduced**  
**Sponsor: Rep. Edward J. Canfield**  
**Committee: Appropriations**  
**Complete to 4-14-15**

Analysis available at  
<http://www.legislature.mi.gov>

**BRIEF SUMMARY:** House Bill 4440 would amend Section 11 of 1987 PA 231 (MCL 247.911), the act that created and governs the Transportation Economic Development Fund (TEDF), to appropriate \$12.0 million from the TEDF to the State Trunkline Fund (STF) "for the purposes of matching available federal-aid highway funds." The bill would make the appropriation for the fiscal year ending September 30, 2016, only. The reduction in funding for the TEDF would be taken from the TEDF Targeted Industries program ("Category A").

**FISCAL IMPACT:** The \$12.0 million redirection of TEDF revenue proposed in House Bill 4440 would have no impact on total state revenue; the bill would simply shift revenue from one state-restricted transportation fund to another state-restricted transportation fund. This shift of revenue from TEDF to the STF is intended to ensure that the Michigan Department of Transportation (MDOT) is able to match all available federal-aid highway funds. Similar shifts from the TEDF to the STF for the purpose of matching federal-aid highway funds were made in previous fiscal years, (FYs 2010-11, 2011-12, 2012-13, and 2013-14). This redirection is not made in the current (2014-15) fiscal year.

The \$12.0 million redirection from the TEDF to the STF is assumed in the Governor's FY 2015-16 transportation budget proposal; the State trunkline road and bridge construction line item reflects the addition revenue, and the TEDF/Target industries program reflects a corresponding decrease. The appropriation for Targeted Industries in the current (2014-15) fiscal year is \$18.8 million. Primarily because of the proposed \$12.0 million fund shift, the proposed FY 2015-16 appropriation for TEDF/Targeted Industries would be only \$7.4 million.

**BACKGROUND INFORMATION:** The TEDF is a state-restricted transportation fund created in 1987 to help fund highway, road, and street improvements related to either a specific type of economic activity or a specific type of road system. There are five TEDF categorical programs. Target Industries is a TEDF program dedicated to capital road improvements related to economic development projects that create/retain permanent jobs in seven industries: agriculture and food processing, tourism, forestry, high technology research, mining, manufacturing, and office centers of not less than 50,000 square feet. Grants are competitively evaluated and may be awarded to any eligible road agency (MDOT, county road commissions, cities, or villages).

The TEDF/Target Industries program is administered jointly by MDOT's Office of Economic Development and Enhancement and the Michigan Economic Development Corporation (MEDC).

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