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BILL ANALYSIS

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Senate Bills 124 and 125 (as introduced 3-1-23)
Sponsor: Senator Darrin Camilleri
Committee: Transportation and Infrastructure

Date Completed: 4-10-23

INTRODUCTION

The bills would amend the Michigan Transportation Fund law to create a local grade separation grant program that would provide cities, villages, and county road commissions with funding for any stage of a grade separation project or a project that improves traffic at a rail crossing without a full grade separation. Applicants would have to provide a 20% match of the project's cost and specified information to the Michigan Department of Transportation (MDOT) to receive funding. The bills would require MDOT to develop parameters for prioritizing project applications based on specified criteria, such as the proximity of a project to emergency planning zones and certain health facilities. In addition, the bills would create the Local Grade Separation Fund and require MDOT to spend money for project funding, upon appropriation.

The bills are tie-barred.

PREVIOUS LEGISLATION

(Please note: The information in this summary provides a cursory overview of previous legislation and its progress. It does not provide a comprehensive account of all previous legislative efforts on the relevant subject matter.)

Senate Bills 124 and 125 are similar to Senate Bills 427 and 425 from the 2021-2022 Legislative Session, respectively. Senate Bills 427 and 425 passed the Senate but received no further action in the House.

FISCAL IMPACT

Senate Bill 124 would have a minimal negative fiscal impact on the State in the amount equal to the cost of creating the parameters for approval of funding applications and no fiscal impact on local units of government.

Senate Bill 125 would have a minimal negative fiscal impact on the State in the amount equal to the cost of creating the application form and the additional work needed to operate the form and reporting requirements. The bill would have a minimal negative fiscal impact on local units of government equal to the cost of applying for these grants. Costs to the State and revenue to the local units of government will depend on appropriations.

Proposed MCL 247.661i (S.B. 125)
Proposed MCL 247.661j (S.B. 124)

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CONTENT

Senate Bill 125 would amend the Michigan Transportation Fund law to do the following:

- Require MDOT to establish a local grade separation grant program and to provide grants to cities, villages, and county road commissions.**
- Require MDOT to establish a review process for considering funding applications and to notify applicants within 120 days of the application's approval or denial.**
- Require MDOT, before releasing local grade separation funds, to enter into an agreement with the recipient, and specify the provisions that would have to be included in the agreement.**
- Require MDOT to issue a report to the Legislature pertaining to the use of funds from the grant program.**
- Create the Local Grade Separation Fund to provide funding under the bill.**

Senate Bill 124 would amend the Michigan Transportation Fund law to develop parameters for prioritizing the approval of funding applications for railroad crossing projects awarded under the proposed grant program.

Senate Bill 125

Local Grade Separation Program

Specifically, the bill would require MDOT to create and operate a local grade separation grant program for the separation of motor vehicle traffic and railroad traffic in the State. The Department would have to provide grants to cities, villages, and county road commissions in the State. ("Grade separation" would mean an intersection of a railroad and roadway at different levels with the railroad either above or below the roadway.)

The bill would require a funding application for the grant program to be made on a form approved by MDOT and to contain the information required under Section 11j of the law, which Senate Bill 124 would add. A funding application could be made at any time as determined by MDOT.

Application Review Process; Agreement

Under the bill, MDOT would have to establish a review process for considering funding applications that included the parameters for prioritizing the approval of funding applications as described in Section 11j. Within 180 days of receiving a funding application, MDOT would have to notify the applicant in writing whether the application was approved or rejected. Grant funds awarded under the bill would have to be used within three years after they were awarded.

Before releasing grant funds, MDOT would have to enter into an agreement with the funding recipient. Awarded grant funds could be used by the recipient for any stage of design and construction related to the grade separation project or a project that improved traffic at a rail crossing without a full grade separation, including construction of a rail siding or spur. The written agreement between MDOT and the recipient would have to provide for complete details of the grade separation project or a project that improved traffic as described above and a local, private, or Federal match of at least 20% of the cost of the project.

Reporting Requirements

Under the bill, for each year in which MDOT received funding applications, it would have to report by December 1 to the standing committees of the Senate and House of Representatives with primary jurisdiction over issues pertaining to transportation and to the Senate and House Appropriations Committees on the Local Grade Separation Funds' utilization from the grant program. The report would have to include all the following:

- The number of funding application received.
- The name of each city, village, or county road commission that submitted a funding application, and whether each funding application was approved or denied.
- The amount of local match for each approved funding application.

Local Grade Separation Fund

The bill would create the Local Grade Separation Fund within the State Treasury. The State Treasurer could receive money or other assets from any source for deposit into the Fund. The Treasurer would have to direct the investment of the Fund and credit to the Fund interest and earnings from Fund investments. Money in the Fund at the close of the fiscal year would remain in the Fund and would not lapse into the General Fund.

The Michigan Department of Transportation would have to spend money from the Local Grade Separation Fund, on appropriation, only to fund the grant program.

Senate Bill 124

Under the bill, MDOT would have to develop parameters for prioritizing the approval of funding applications for railroad crossing projects awarded under the proposed grant program. The parameters would have to give priority to projects for railroad crossing that met one or more of the following conditions:

- Were within 10 miles of a facility with an emergency planning zone, including a nuclear power plant or chemical plant.
- Were within five miles of a railyard.
- Were within five miles of a manufacturing facility.
- Were within five miles of a level I to level IV trauma center, adult assisted-living facility, school, or courthouse.
- Had an above-average vehicle traffic volume, as determined by MDOT.
- Any other condition that MDOT considered relevant.

The bill specifies that MDOT would have to give higher priority to railroad crossing projects that met a higher number of the conditions described above than competing projects.

(According to the American Trauma Society, there are five levels of trauma centers. Level I trauma centers are comprehensive trauma centers capable of providing total care of all aspects of an injury. Level IV centers can provide advanced trauma life support prior to transfer of patients. Level V centers generally provide initial evaluation and diagnostic tests before transfer to a higher level of care.)

Before awarding grants, MDOT would have to establish the parameters on its website. The bill also would require a funding application to include a list of the North American Industry Classification System (NAICS) designations for all businesses within a five-mile radius of the project.

(According to the United States Bureau of Labor Statistics, the NAICS is a system that classifies businesses based upon the activity in which they are primarily engaged; the system uses information such as raw material inputs and capital equipment to classify businesses.)

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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.