



Senate Bills 425 and 427 (Substitute S-1 as reported)
Sponsor: Senator Dale W. Zorn
Committee: Transportation and Infrastructure

CONTENT

Senate Bill 425 (S-1) would amend the Michigan Transportation Fund law to do the following:

- Require the Michigan Department of Transportation (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 180 days after receiving the funding application whether it was approved or rejected.
- Allow grant funds to be used for any stage of design and construction related to a grade separation project or a project that improved traffic at a rail crossing without a full grade separation.
- 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.

Senate Bill 427 (S-1) would amend the Michigan Transportation Fund law to create the "Local Grade Separation Fund" within the State Treasury and provide for the disposition of money from the Fund.

Proposed MCL 247.661i (S.B. 425)
Proposed MCL 247.661k (S.B. 427)

Legislative Analyst: Tyler VanHuysse

FISCAL IMPACT

The bills would have a minimal fiscal impact on the State and a potentially significant, positive impact on local governments by way of matching grants for rail grade separation projects. Costs to the Department of Transportation would include the creation of a funding application form and a review process to make grant determinations. These costs likely would be absorbed by MDOT.

While Senate Bill 427 (S-1) would create the Local Grade Separation Fund, neither of the bills would appropriate any funds to the program. Of note, Senate Bill 529, a supplemental bill for the current year, would appropriate \$126.0 million of Federal Coronavirus Recovery Funds for a local rail grade separation program. If Senate Bill 529 and Senate Bills 425 (S-1) and 427 (S-1) were enacted, grants made under proposed program likely would be made with Federal money. This could create significant rail grade separation infrastructure improvements for local governments throughout the State with little to no direct cost to MDOT. Under Senate

Bill 425 (S-1), a local, private, or separate Federal match of 20% of a project's cost would be required to receive a grant.

Senate Bill 427 (S-1) would have a minimal fiscal impact on the Department of Treasury and no fiscal impact on local units of government. The Department of Treasury would experience minor costs to direct the investment of the funds in the Local Grant Separation Fund. These costs would be minor and within current appropriations.

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