



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 716 (as reported without amendment)
Sponsor: Senator Roger Victory
Committee: Appropriations

CONTENT

The bill would amend Public Act 51 of 1951, the Michigan Transportation Fund law, to prohibit the State Transportation Commission (STC) from borrowing money and issuing bonds or notes in excess of \$100.0 million in any fiscal year without at least 30 days' notice to each house of the Legislature. The Legislature then would have 30 days to disapprove the borrowing or issuance of bonds or notes in excess of \$100.0 million by concurrent resolution approved by a record roll call vote of each house of the Legislature.

MCL 247.668a & 247.668b

FISCAL IMPACT

The bill could have a direct fiscal impact on the Department of Transportation (MDOT), if the Legislature disapproved the borrowing or bond issuance of notes in excess of \$100.0 million. Under the bill, MDOT would not be able to proceed with the Rebuilding Michigan Bond Program, or MDOT's plans for bond refinancing, if the Legislature voted to disapprove. Both bonding requests already have been approved by the STC, but neither have gone to an underwriter to date. The bill would add a legislative approval process to MDOT bonding that, currently, is under the sole discretion of the STC.

The STC's approval on January 30, 2020, has authorized MDOT to begin bonding. The bill would add an additional 30-day notice requirement. This likely would delay MDOT's current plans to bond for 2020 should the bill become law. The Department's current plans for bonding under the Rebuilding Michigan Program and for refinancing are shown in the table below for each calendar year.

	2020	2021	2022	2023
Rebuild MI	\$500,000,000	\$1,000,000,000	\$1,000,000,000	\$1,000,000,000
Refinancing	\$200,000,000	\$0	\$0	\$0

The Department already has revised its rolling five-year building plan to account for the new construction and rehabilitation it will contract for under the Rebuilding Michigan Program. Disapproval of any of the Rebuilding Michigan Bonds would require additional changes to the revised plan.

The bill would not have a direct fiscal impact on local units of government.

Date Completed: 3-2-20

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