



COUNTY ROAD ASSOCIATION OF MICHIGAN

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Talking Points- HB 4094

Summary:

House Bill 4094, introduced by Rep. Roberts (R-Macomb), would amend the Transportation Economic Development Fund (TEDF) by requiring a 'Michigan First' model for all TEDF projects. The bill would create the following new requirements for state and local road agencies.

- Prohibit hiring or contracting with someone who hires illegal immigrants, or those without a proper work VISA. Road agencies would be responsible to certify the contractor is following the applicable work laws.
- Require state and local road agencies to follow Michigan's Prevailing Wage laws on all projects where TEDF funds are used (may conflict with rules for federal funding, i.e. Davis Bacon).
- Require road agencies to "make a good faith effort" to employ Michigan residents.
- Require road agencies to "make a good faith effort" to employ or contract with Michigan residents, firms and contractors on TEDF projects.
- Require road agencies to "make a good faith effort" to utilize Michigan-based suppliers and vendors when purchasing goods and services.
- If the road agency fails to comply with the requirements to hire those legally working in the US and follow all applicable guidelines within the prevailing wage statutes they will no longer be eligible to receive TEDF funds. The road agency could also be made to repay some or all of the TEDF funds received under the act.
- The act also creates new reporting requirements. Road agencies must report the number of Michigan residents employed in TEDF projects annually and details relating to the good faith efforts mentioned above.

CRAM position:

CRAM opposes this legislation.

What is the Transportation Economic Development Fund (TEDF)?

The TEDF was created in 1987 to assist in the funding of highway, road, and street projects necessary to support economic growth. The program's mission continues to be to enhance the ability of the state to compete in an international economy, to serve as a catalyst for economic growth of the state, and to improve the quality of life in the state. There are five funding categories

Category A Road projects related to target industry development

Category C Reduction of traffic congestion in urban counties

Category D Road improvements in rural counties to create an all-season road network

- Category E Construction or reconstruction of roads essential to commercial forestry in Michigan
Category F Road and street improvements in cities and rural counties

Michigan spent approximately \$40.4 million to fund TEDF projects in FY 2008. These funds are distributed to MDOT, road commissions, cities and villages. A portion of the funds are competitively allocated among road agencies, while the balance is a lump sum distribution.

Talking Points:

- This legislation would create several new and onerous reporting requirements for local road agencies.
- The reporting requirements could be seen as an unfunded mandate.
- The legislation does not provide a definition or determination of “good faith effort.”
- Several of the provisions of Michigan’s Prevailing Wage laws could create compliance issues on small TEDF projects. An example is the requirement to clearly post (in a conspicuous place) the details of the prevailing wage contract.
- Local road agencies are required to comply with the provisions of ‘Davis-Bacon’ on all federal-aid projects which could conflict with Michigan’s Prevailing Wage law.
- MCL 15.602 prohibits public employers from requiring that employees live within a “specified geographic area.” This legislation would set local road agencies up for a potential law suit related to residency requirements or discriminatory hiring practices.
- If a determination is made that road commissions could legally do this, it may be very difficult for counties on the border of other states to ensure their employees (or the employees of a local contractor) are actually Michigan residents.