



**House  
Legislative  
Analysis  
Section**

Washington Square Building, Suite 1025  
Lansing, Michigan 48909  
Phone. 517/373-6466

**LOCAL GOVERNMENT — PUBLIC SERVICES**

House Bill 4464 as introduced **RECEIVED**  
First Analysis (3-9-88)

MAR 30 1988

Sponsor: Rep. John D. Pridnia

Committee: Towns and Counties Mich. State Law Library

***THE APPARENT PROBLEM:***

Public Act 320 of 1927 grants governmental agencies or municipalities the option to contract with various firms to treat or dispose of public sewage and refuse. The act's language, however, limits public service contracts to "corporations," thereby excluding individual or partner-owned firms from being able to compete for these contracts. The act also states that the Public Service Commission (PSC) is responsible for determining the rate at which these public services are to be provided, even though the commission has over the years slowly relinquished its authority in this matter to the specific governmental agencies or municipalities involved. It has been suggested that the act be amended to give individual and partner-owned firms, in addition to "corporations," the opportunity to bid for and service public service contracts, and to delete the obsolete reference to the PSC.

***THE CONTENT OF THE BILL:***

The bill would amend Public Act 320 of 1927 to allow a governmental agency or municipality to enter into a contract with, in addition to a corporation, an individual or partnership for the purpose of treatment or disposal of public sewage or refuse. In addition, the bill would delete an obsolete reference to the PSC and thereby would allow a governmental agency or municipality, instead of the commission, to determine the rate at which these services will be rendered by an individual, partnership or corporation.

MCL 123.246

***FISCAL IMPLICATIONS:***

According to the Public Service Commission, the bill would have no fiscal implications to the state. (3-8-88)

***ARGUMENTS:***

***For:***

Public service contracts for the removal or treatment of public waste can be made between a governmental agency or municipality and a private "corporation." The act's language, however, inadvertently discriminates against firms owned by one or two persons since some local governments will opt to adhere to the letter of the law and give contracts to larger firms. The bill would eliminate this confusion and allow local governments the option to contract for public service work with any size firm, which ultimately could save municipalities money by increasing competition for contracts, and thus reduce rates at which contracts are offered. In addition, the bill would clarify that governmental agencies or municipalities have the authority to determine public service contract rates, instead of the PSC.

***POSITIONS:***

The Public Service Commission does not oppose the bill. (3-8-88)

The Michigan Townships Association supports the bill. (3-8-88)

The Michigan Municipal League supports the bill. (3-8-88)

H.B. 4464 (3-9-88)