



Senate Fiscal Agency  
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BILL



ANALYSIS

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House Bill 4197 (as reported without amendment)  
Sponsor: Representative Philip LaJoy  
House Committee: Transportation  
Senate Committee: Transportation

Date Completed: 3-11-05

### **RATIONALE**

Public Act 51 of 1951, the Michigan Transportation Fund law, provides for the selection and certification of a system of county primary and county local roads. Although these roads may traverse townships, responsibility for the improvement or preservation of a county road lies with the county road commission having jurisdiction over the road, not with the township. Townships, however, are permitted to appropriate money for improvement or preservation of county roads within their boundaries, according to Attorney General Opinion No. 6570.

Although townships are not required to pay the cost of improving or preserving county roads, in many cases they do contribute funds to county local road projects. Additionally, Public Act 51 allows townships that meet certain criteria to perform local road preservation work under a contract with county road commissions. Under the Act, a township may enter into a written contract for up to one year providing for the preservation by the township of all or any part of the county local road system within the township, if the township has a population of at least 40,000, is in a county with a population of at least 500,000, and levies a one-mill property tax dedicated for the improvement or preservation of county roads within the township. It has been suggested that the population thresholds be reduced so that more townships would be eligible to enter into contracts with county road commissions for preservation of local roads.

### **CONTENT**

**The bill would amend Public Act 51 of 1951 to lower the population threshold at which a township and a county road commission may enter into a contract for the preservation of the county local road system within the township; and increase the amount that a contracting road commission may pay to a contracting township for local road preservation.**

The bill would eliminate the county population threshold, and lower the township population threshold from 40,000 to 15,000.

Under the law, the contract must specify the total amount of money that the contracting township may spend annually for the preservation of the local road system. Presently, the contracting road commission may not pay more than 75% of the specified amount to the township annually. Under the bill, the road commission could pay up to 90% of the specified amount to the township.

The law requires the contracting township to keep separate accounts and accurate and uniform records on all road preservation work and funds, and to file an annual report showing the disposition of funds received and spent for road purposes with the contracting county road commission and the State Transportation Commission. The bill would eliminate a provision requiring the forfeiture by the contracting county of all funds to which it may have been entitled under the law and the apportionment of all forfeited funds among the other county road

commissions, if a contracting township fails to apply money returned under the law to the prescribed purposes.

MCL 247.670a

## **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

### **Supporting Argument**

By lowering the population threshold and increasing the percentage of the annual total cost that counties may pay to townships, the bill would enable more townships to take on special projects within their boundaries. This would relieve county road commissions of some of the burden of maintaining many miles of pavement.

Legislative Analyst: Julie Koval

## **FISCAL IMPACT**

The bill would increase the number of townships that are eligible to participate in local road preservation contracts. Under current law, eight townships qualify; however, only one township participates. Under the bill, 54 townships would be eligible. The contracts could generate local efficiencies. The bill also could result in more townships contributing local revenue for the preservation of local roads.

Fiscal Analyst: Bill Bowerman

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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.