



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 399 (Substitute S-3 as reported)
Sponsor: Senator Wayne Schmidt
Committee: Local Government

CONTENT

The bill would amend the county road law to do the following with respect to a telecommunication provider or a video service provider performing work in the right-of-way of a road under the jurisdiction of a county road commission:

- Prohibit the county road commission from charging the provider a fee of more than \$300 per permit or \$1,000 total for all permits per project.
- Prohibit the road commission from requiring the provider to have more than one security bond or right-of-way bond for the project.
- Require the provider to determine whether the bond was an insurance bond or cash bond, and prohibit the road commission from requiring it to be a cash bond.
- Specify that the road commission could not require a provider's bond to exceed \$20,000.
- Require the road commission to return the provider's bond within 60 days after the provider completed construction work in the right-of-way and requested the bond's return.
- Allow the provider to provide security through an irrevocable letter of credit, instead of a security bond or right-of-way bond.
- Require the provider to maintain general liability insurance with specified minimum policy limits for claims arising in connection with or as a direct result of the provider's use and occupancy of the right-of-way.
- Prohibit the road commission from requiring the provider to furnish a general liability insurance policy naming the county, the commission, and others as additional insureds.

MCL 224.19b

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on the State, and an indeterminate impact at the local level. To the extent that county road commissions would have to reduce permit and project fees for providers, there would be a corollary reduction in fee revenue. It is unknown whether the costs of issuing permits or approving projects would exceed the proposed fee limits. These costs can vary greatly depending on the county and the type of project.

Limiting security bonds for providers to \$20,000 could result in additional costs to county road agencies to the extent that a provider's work project resulted in damage to county road rights-of-way exceeding \$20,000. In prohibiting a county road commission from requiring a provider to furnish an insurance policy naming the commission as an insured, the bill could result in increased liability exposure for county road commissions or increased costs if a county road commission purchased additional insurance as a result.

Date Completed: 5-4-16

Fiscal Analyst: David Zin

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Bill Analysis @ www.senate.michigan.gov/sfa

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