

ROAD COMMISSION INSTALLMENT CONTRACTS

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House Bill 4120 as enrolled

Sponsor: Rep. Gregory Markkanen

1st House Committee: Transportation

2nd House Committee: Ways and Means

Senate Committee: Transportation and Infrastructure

Complete to 12-20-19

Analysis available at
<http://www.legislature.mi.gov>

(Vetoed by the Governor 12-18-19)

SUMMARY:

House Bill 4120 would amend 1909 PA 283, the county road law, to revise the allowable length of installment contracts for the road commissions of certain counties.

Generally under the act, a county road commission may enter into a contract or agreement for the purchase of real or personal property for public purposes, to be paid for in installments over a period of up to 15 years or the useful life of the property acquired, whichever is less.

The bill would add an exception to allow a county road commission for a county with a population of less than 100,000 to enter into a contract or agreement for the purchase of real or personal property for public purposes, to be paid for in installments over a period of up to 30 years or the useful life of the property acquired, whichever is less.

MCL 224.10

BACKGROUND:

The following counties have a population of less than 100,000: Alcona, Alger, Alpena, Antrim, Arenac, Baraga, Barry, Benzie, Branch, Cass, Charlevoix, Cheboygan, Chippewa, Clare, Clinton, Crawford, Delta, Dickinson, Emmet, Gladwin, Gogebic, Grand Traverse, Gratiot, Hillsdale, Houghton, Huron, Ionia, Iosco, Iron, Isabella, Kalkaska, Keweenaw, Lake, Lapeer, Leelanau, Lenawee, Luce, Mackinac, Manistee, Marquette, Mason, Mecosta, Menominee, Midland, Missaukee, Montcalm, Montmorency, Newaygo, Oceana, Ogemaw, Ontonagon, Osceola, Oscoda, Otsego, Presque Isle, Roscommon, St. Joseph, Sanilac, Schoolcraft, Shiawassee, Tuscola, Van Buren, and Wexford.

The following counties have a population of 100,000 or greater: Allegan, Bay, Berrien, Calhoun, Eaton, Genesee, Ingham, Jackson, Kalamazoo, Kent, Livingston, Macomb, Monroe, Muskegon, Oakland, Ottawa, Saginaw, St. Clair, Washtenaw, and Wayne.

FISCAL IMPACT:

Under current provisions of the county road law, county road commissions are authorized to enter into a contract or agreement for the purchase of real or personal property for public purposes, to be paid for in installments over a period of up to 15 years or the useful life of the property acquired, whichever is less. These provisions were added by 2003 PA 137.¹

House Bill 4120 would extend the allowable installment payment period to up to 30 years for counties with a population of less than 100,000. The bill would retain the restricting phrase “or the useful life of the property acquired, whichever is less.”

The bill has no fiscal impact on state government. In expanding authorized methods of financing for certain counties, the bill could have a marginal fiscal impact on county road commissions.

Vetoed 12-18-19:

In her veto message,² Governor Whitmer wrote that the longer installment contracts that the bill would allow “would provide greater financial flexibility to counties when it comes to building and maintaining roads. Nevertheless, the bill deprives larger counties—those with over 100,000 in population—of access to this tool. I fail to see a reasonable justification for this disparity.”

Legislative Analyst: E. Best
Fiscal Analyst: William E. Hamilton

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

¹ See <http://www.legislature.mi.gov/documents/2003-2004/billanalysis/House/pdf/2003-HLA-4708-b.pdf>
² https://content.govdelivery.com/attachments/MIEOG/2019/12/18/file_attachments/1345926/HB%204120%20Signing%20Statement.pdf