

TOWNSHIP/COUNTY ROAD PRESERVATION CONTRACTS

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House Bill 5230 (Substitute H-1)

Sponsor: Rep. Philip LaJoy

Committee: Transportation

Complete to 5-24-04

A SUMMARY OF HOUSE BILL 5230 AS REPORTED FROM COMMITTEE 5-20-04

The bill would amend Section 20a of Public Act 51 of 1951 (MCL 247.670a), a section which allows for certain townships to contract with county road commissions for the preservation of the county local road system within the township. The bill would lower the section's population thresholds, making more townships eligible to enter into such contracts with county road commissions.

The H-1 substitute deletes a sentence from subsection b in current law that requires the forfeiture of a county's share of Michigan Transportation Fund revenue if the contracting township fails to apply "*monies returned pursuant to this act for the purposes herein prescribed.*"

BACKGROUND INFORMATION:

Sections 2 through 5 of Public Act 51 of 1951 (Act 51) provide 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 these county roads lies with the county road commission having jurisdiction, not with the township. Townships are permitted, but not required, to appropriate money for improvement or preservation of county roads within the township.¹

Although townships are not required to pay for the cost of improvement or preservation of county roads, in many cases townships do contribute to the cost of county local road projects. In addition, Section 20a of Act 51 allows certain townships to perform local road preservation work under contract with county road commissions.

Under Section 20a of Act 51, a township may contract with a road commission for preservation of the county local road system within that township only if the township, has a population of not less than 40,000; is in a county with a population of not less than 500,000; and if the township levies a 1 mill property tax dedicated for the improvement or preservation of county roads within the township. Currently only 8 Michigan townships meet the population thresholds of the Section. Only one township has entered

¹ See Attorney General Opinion No. 6570, dated April 14, 1989.

into a road preservation contract with a county road commission: Bloomfield Township has such a contract with the Road Commission for Oakland County.

The bill would lower the township population threshold from 40,000 to 15,000, and would eliminate any reference to county population. This would increase the number of eligible townships (based on population) from 8 to approximately 50. We do not know how many of these townships also levy a 1 mill property tax for roads; this Section 20a requirement would not change under HB 5230.

Section 20a currently indicates that the contracting county road commission may pay not more than 75% of the amount specified in the contract to the contracting township annually. We understand this language to mean that the contract amount not paid by the county road commission would be paid for from township funds. The bill would increase the county road commission share of contract costs to not more than 90% of the amount specified in the contract.

The limitations on county road commission contract participation – 75% in current law, and 90% under HB 5230 – are subject to a further limitation: the county road commission share of contract costs is also limited in current law to 66% of the 5-year average of local county road funds [from the Michigan Transportation Fund] expended on the local county road system within the township. This limitation would not change under HB 5230.

FISCAL IMPACT:

The bill has no direct impact on state or local costs or revenues.

POSITIONS:

The Michigan Townships Association has indicated support for the bill. (5-20-04)

The County Road Association of Michigan has indicated support for the bill. (5-20-04)

The Michigan Department of Transportation has indicated that it is neutral on the bill. (5-20-04)

Fiscal Analyst: William E. Hamilton

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