

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 5396 (Substitute S-1 as reported)
Sponsor: Representative Larry Julian
House Committee: Transportation
Senate Committee: Transportation and Tourism

CONTENT

The bill would amend the Michigan Transportation Fund law to create an asset management system; establish an asset management council and prescribe its duties; and require county road commissions, cities, and villages annually to prepare and publish multiyear programs developed through the use of the asset management system. The bill would define "asset management" as an ongoing process of maintaining, upgrading, and operating physical assets cost-effectively, based on a continuous physical inventory and condition assessment.

The bill would create the Transportation Asset Management Council within the State Transportation Commission. The Council would be charged with advising the Commission on a Statewide asset management strategy, and the processes and tools needed to implement such a strategy. The Council would consist of eight voting members appointed by the Commission, and would include two members from the County Road Association of Michigan, two from the Michigan Municipal League, two from the State planning and development regions, two from the Michigan Department of Transportation (MDOT), one from the Michigan Townships Association, and one from the Michigan Association of Counties. The Council could appoint a technical advisory panel consisting of representatives of transportation construction associations and related road interests.

Beginning October 1, 2003, MDOT, each county road commission, and city and village in the State annually would have to prepare and publish a multiyear program, based on long-range plans and developed through the use of the asset management system.

MCL 247.659a

Legislative Analyst: Claire Layman

FISCAL IMPACT

The bill would result in increased administrative costs associated with the Asset Management Council. The Council would receive administrative support from the Michigan Department of Transportation and would be funded from the Michigan Transportation Fund (MTF). Funding from the MTF to the Council would reduce resources provided for public transit programs, the State Trunkline Fund, and local road agencies according to the provisions of the law. It is unknown, at this time, how much funding from the MTF would be necessary to support the Council.

The bill also would result in additional administrative costs to the Michigan Department of Transportation and each local road agency associated with the preparation and publication of an annual multiyear program. These costs would be supported by an annual appropriation from the MTF. Again, any funds removed from the MTF to cover administrative costs would reduce the amount of funds available for public transit programs, the State Trunkline Fund, and local road agencies according to the statute.

Date Completed: 5-23-02

Fiscal Analyst: Craig Thiel