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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

**CONTENT**

The bill would amend Public Act 51 of 1951, the Michigan Transportation Fund law, 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.

Currently, a township with a population of at least 40,000 that meets other criteria and a board of county road commissioners in a county with a population of at least 500,000 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, subject to conditions specified in the law. The bill would eliminate the county population threshold, and lower the township population threshold 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

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.

Date Completed: 3-8-05

Fiscal Analyst: Bill Bowerman