

Legislative Analysis



STATE TRANSPORTATION COMMISSION: SURETY BOND REQUIREMENTS FOR COMMISSIONERS

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House Bill 4401

Sponsor: Rep. Andrew Kandreyas

House Committee: Transportation

Complete to 3-25-09

A SUMMARY OF HOUSE BILL 4401 AS INTRODUCED

House Bill 4401 would amend 1964 PA 286 (MCL 247.801 et. seq.), which provides for the organization, powers, and duties of the State Transportation Commission and state transportation department, and for the appointment, powers, and duties of the state transportation director. Specifically, the bill would amend Section 3 of the act to eliminate the requirement in current law that each commissioner obtain a \$25,000 surety bond "*conditioned upon the faithful discharge of the duties of his or her office, the premium to be paid from the state transportation fund.*"

Article 5, Section 28, of the 1963 Michigan Constitution established a State Transportation Commission "which shall establish policy for the state transportation department transportation programs and facilities, and such other public works of the state as provided by law."

FISCAL IMPACT:

House Bill 4401 would eliminate the requirement of current law that members of the State Transportation Commission obtain a \$25,000 surety bond and that the bond premium be paid from the *State Transportation Fund*. (Although the act references "state transportation fund," such costs would currently be charged to the *State Trunkline Fund*.) In theory, the bill would reduce state costs in that it would eliminate related surety bond premium costs. However, in testimony a State Transportation Commission official indicated that the bonds had not been purchased in approximately 30 years.

The provisions of current law appear to be archaic and a holdover from the period prior to 1978. Article 5, Section 28 of the Michigan Constitution was amended in 1978 (Proposal M). This amendment changed the name of the commission from the State Highway Commission to the State Transportation Commission and the name of the department from the State Highway Department to the Department of Transportation. The amendment also limited the authority of the commission to establishing policy. Prior to the adoption of Proposal M, the commission had constitutional authority to "administer the state highway department."

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