

Legislative Analysis



PUBLIC ACT 51 OF 1951: DISTRIBUTION OF MTF REVENUE TO COUNTY LOCAL ROAD FUND AND COUNTY PRIMARY ROAD FUND

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House Bill 4848 as passed by the Senate
Sponsor: Rep. Joel Sheltroun
House Committee: Transportation
Senate Committee: Transportation

Complete to 7-1-10

A SUMMARY OF HOUSE BILL 4848 AS PASSED BY THE SENATE 7-1-10

House Bill 4848 would amend Section 12 of Public Act 51 of 1951 (MCL 247.662) to let county road commissions use a greater share of Michigan Transportation Fund (MTF) revenue on the county *local* road system, as opposed to the county *primary* road system. Under current law, no more than 30 percent of a county road commission's MTF primary road system funds may be expended on the county local road system. The bill would increase that limitation to 50 percent.

With the exception of the addition of an effective date (November 1, 2008), the Senate-passed bill is identical to the House bill as introduced. The Senate-passed bill differs from the House-passed bill, however; the House-passed bill had amended language dealing with matching requirements when using county local road funds on the county primary system.

BACKGROUND INFORMATION:

Public Act 51 of 1951, often referred to simply as "Act 51," governs the distribution of state-restricted transportation revenue – approximately \$1.8 billion in FY 2008-09. This revenue, derived primarily from motor fuel taxes, and vehicle registration taxes, is distributed by Act 51 formula to other state transportation funds, to special program accounts, and to local units of government – including 83 county road commissions.¹ The estimated distribution in FY 2008-09 to county road commissions is \$593 million.

One of the initial requirements of Act 51, at the time of its enactment in 1951, was for the boards of county road commissioners in each county to select a system of county primary roads – selected on the basis of greatest general importance to the county. The remaining roads constituted the county local road system.

Section 12 of Act 51 governs the distribution of MTF revenue among the 83 county road commissions. Under the Act 51 distribution formula, the largest share of MTF funds is distributed to county road commissions for the "preservation, construction, acquisition,

¹ The term "road commission" includes Wayne County Department of Public Services; Wayne County roads are managed by the Wayne County DPS under the authority of the Wayne County Board of Commissioners.

and extension of the county primary road system." A smaller share of MTF revenue is distributed for the county local road system.

Act 51 currently allows a county road commission to use up to 30 percent of its MTF primary road system funds on the county local road system. House Bill 4848 would increase that limitation to 50 percent.

There are similar provisions in Section 13 of Act 51 regarding use of MTF funds by cities and villages. Subsection 6 allows a city or village to transfer MTF revenue from its major street funds to the local street funds. However, the subsection indicates that first priority is the major street fund, and the subsection prohibits transfers of more than 50 percent of the annual MTF major street funding unless the city or village had adopted and followed an "asset management process."

FISCAL IMPACT:

House Bill 4848 would have no direct fiscal impact. It would not change the distribution of MTF revenue to local units of government (road commissions, cities, or villages), and would not change the distribution of MTF revenue to particular county road commissions. It would allow a county road commission the ability to use a greater share of its MTF revenue on the county local road system as opposed the primary road system.

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■ 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.