

# Legislative Analysis



## PA 51 FUNDING TO LOCAL AUTHORITIES CREATED BY TOWNSHIPS

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### House Bill 4015

Sponsor: Rep. Kurt Heise

Committee: Transportation and Infrastructure

Complete to 11-11-13

### A SUMMARY OF HOUSE BILL 4015 AS INTRODUCED 1-22-13

The bill would amend Public Act 51 of 1951, the statute that governs the distribution of Michigan Transportation Fund (MTF) revenue. The MTF is the principal collection and distribution fund for approximately \$1.8 billion in dedicated state transportation revenue, and is the principal revenue source for road preservation activities of county road commissions.

The bill would add new Section 10q to the act to specify that a *local authority*, as defined in the bill, could receive money – effectively MTF revenue – in the same manner and for the same purposes as a county road commission receives money from the distribution of MTF revenue. A local authority that receives money under these provisions would be treated as a county road commission for the purposes of receiving distributions.

As defined in the bill, the term "local authority" would mean an entity, consisting of two or more townships within a county, that elects to receive MTF money as provided in Section 10q, and that had entered into either a joint endeavor under the Municipal Partnership Act (MCL 124.111) or an interlocal agreement under the Urban Cooperation Act (MCL 124.501).

The bill directs that if two or more townships form a local authority and receive MTF money, the money distributed to that local authority would be subtracted from the amount distributed to the county road commission of the county in which the townships are located.

### FISCAL IMPACT:

The bill would have no direct fiscal impact on the state of Michigan or on local units of government as a whole. The bill would not increase or decrease total MTF revenue distributed to local units of government. The bill could result in the *redistribution of MTF revenue* among certain local units of government. In effect, the bill could result in a reduction of MTF revenue distributed to county road commissions and an increase in MTF revenue to newly created local units of governments, designated as *local authorities*, as authorized under the bill.

It is not clear how provisions of the bill would work in practice:

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.<sup>1</sup>

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 from general township funds or through dedicated road millages. In addition, Section 20a of Act 51 allows certain townships to perform local road preservation work under contract with county road commissions.

Because townships do not have jurisdictional authority over the roads and streets within townships, under current law townships do not receive a distribution of MTF revenue. Although House Bill 4015 would authorize the distribution of MTF revenue to a local authority created under provisions of the bill, and would reduce funding to the applicable county road commission accordingly, the bill does not provide for the transfer of road jurisdiction. The road commission would still have legal responsibility for the preservation of the roads and streets within the borders of the townships that created the local authority. The road commission would also appear to retain legal liability to persons injured as a result of defects in the roadway, including those defects caused through a failure to properly maintain the roadway.

The bill provides for a *local authority* to receive MTF revenue in the same manner and for the same purposes as a county road commission; however, the Act 51 formula for distributing MTF revenue among 83 county road commission includes factors that cannot be readily be suballocated to local authorities. Approximately 47.9% of the MTF distribution to county road commissions is based on each county's relative share of vehicle registrations. The Michigan Secretary of State tracks vehicle registration by county; it is not clear of the Secretary of State can readily track vehicle registrations by townships within counties. In addition, part of the MTF distribution to county road commissions is simply divided equally amount all road commissions, i.e. 1/83 of a subtotal. It is not clear how this distribution would be suballocated to a local authority.

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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.

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<sup>1</sup> See Attorney General Opinion No. 6570, dated April 14, 1989.