

Legislative Analysis



ALLOW COUNTY TO LOAN FUNDS TO TOWNSHIP FOR ROAD PROJECT

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Senate Bill 729 (S-1) as reported from House committee

Sponsor: Sen. Wayne Schmidt

House Committee: Local Government

Senate Committee: Appropriations

Complete to 3-21-16

(Enacted as Public Act 77 of 2016)

BRIEF SUMMARY: Senate Bill 729 would amend Public Act 156 of 1851, which provides a list of the powers which may be exercised by a county board of commissioners, in order to allow a county to loan funds to a township for road construction.

This S-1 substitute is identical to the H-2 version of House Bill 5261, which was reported from the House Local Government committee on 2-17-16. Both substitutes removed the initial 90-day enacting language; thus, the bills could take effect immediately upon enactment, if the Legislature granted immediate effect.

FISCAL IMPACT: The bill does not appear to have a direct fiscal impact. It is permissive in that it authorizes, but does not mandate, a county board of commissioners to loan money to a township for a road construction project or to provide matching funds for a joint project between the county and a township.

THE APPARENT PROBLEM:

Currently, townships are unable to borrow money for road construction, and may be limited to completing construction on a project-by-project basis. This bill would allow townships to borrow from counties and is intended to provide a cost savings, as costs typically rise over time, and would allow a township to complete road construction over a shorter period of time. (See *Background Information*.)

THE CONTENT OF THE BILL:

Senate Bill 729 would amend Public Act 156 of 1851, to allow a county to loan funds to a township for road construction.

Current law lists 21 powers granted to a county board of commissioners, which include purchasing or leasing property to use for a courthouse or jail, setting the salaries for county employees, and passing ordinances.

Senate Bill 729 would add the following: *Loan funds to a township within the county for the purpose of funding a road construction project or providing matching funds for a joint project between the county and the township. A loan granted under this subsection shall not exceed a term of 10 years.* (MCL 46.11)

BACKGROUND INFORMATION:

This bill is understood to address the needs of Norwood Township. According to the township supervisor, based on an inventory carried out with the Charlevoix County Road Commission, Norwood Township needs an estimated \$400,000 to get its roads back into acceptable condition. With approximately \$150,000 currently in its road fund and a 10-year one-mill levy approved last year, Norwood Township would have enough money to fix all of its roads by the end of the 10-year millage; however, it seeks to borrow against the millage and bid out all of its road work at one time, as soon as possible. This will prevent further deterioration of the roads over time that would only make repairs more expensive.

ARGUMENTS:

For:

Proponents argue that this bill would allow townships to borrow from the county board of commissioners in order to expedite road construction and keep costs down.

Against:

No one testified or voted against this bill in committee.

POSITIONS:

The Norwood Township Supervisor's office supports this bill. (3-16-16)

The Michigan Townships Association supports this bill. (3-16-16)

The Michigan Association of Counties supports this bill. (3-16-16)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.