

MICHIGAN TRANSPORTATION FUND DISTRIBUTION TO TOWNSHIPS

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House Bill 5490 as introduced
Sponsor: Rep. Jeff Yaroach
Committee: Transportation and Infrastructure
Complete to 2-26-18

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5490 would amend Public Act 51 of 1951 (Act 51) by adding a new section, Section. 12d. The new section directs that, upon request of a township, a county must enter into an agreement with a township to place a road that lies within the township under the jurisdiction of that township. The bill also directs that, if a county enters into such an agreement, the amount of Michigan Transportation Fund (MTF) revenue the county would have received for the road under Section 12 of Act 51 must be distributed to the township to be expended in the same manner as the transferring county would be required to expend the revenue under the provisions of Act 51.

(Although the bill uses the term “county,” it is understood that the bill refers to roads under the jurisdiction of county road commissions and to the MTF distribution to county road commissions as provided in Section 12 of Act 51. Section 10c of Act 51 defines “county road commission” to mean the board of county road commissioners elected or appointed under Public Act 283 of 1909, the county board of commissioners for those counties that dissolved the county road commission under Public Act 283 of 1909, or the county executive for ministerial functions, and the county commission for legislative functions, under Public Act 293 of 1966.)

House Bill 5490 would take effect 90 days after enactment.

Proposed MCL 247.662d

BACKGROUND INFORMATION:

Public Act 51 of 1951, known simply as “Act 51,” establishes the Michigan Transportation Fund (MTF) as the primary collection and distribution fund for state-generated transportation revenues from motor fuel taxes and vehicle registration taxes. This constitutionally restricted revenue, estimated at \$2.8 billion for Fiscal Year 2017-18, is first credited to the MTF and then distributed to other state funds and accounts, and to county road commissions and to cities and villages, according to the provisions of Act 51.

Townships do not receive a distribution from the MTF; townships do not have road jurisdiction. There are no “township roads.” As a rule, outside of municipal boundaries, and excluding state trunkline highways, all of the public roads within a township are under the jurisdiction of the applicable county road commission. In some cases these county

roads within townships are rural roads, in other cases county roads are major thoroughfares within urban townships. In other cases, subdivision streets within urban townships are under the jurisdiction of the county road commission.

FISCAL IMPACT:

House Bill 5490 would amend Act 51 to allow townships to assume jurisdiction of roads currently under the jurisdiction of county road commissions. Under provisions of the bill, those townships that did assume road jurisdiction would receive a share in the distribution of MTF revenue that would otherwise go to the county road commission.

These changes would have no direct impact on state costs or revenues or on local costs or revenues taken as a whole. However, the changes could cause the redistribution of local costs and revenues from some local units of government to others. If some townships elected to assume jurisdiction of some roads currently under control of county road commissions, the result would be a redistribution of local costs and revenues from one unit of local government, road commissions, to another, townships.

House Bill 5490 only addresses the distribution of MTF funds. However, many roads under the jurisdiction of county road commissions are eligible for federal aid for capital reconstruction or safety projects. It is not clear if townships could apply for and expend federal aid for eligible projects, or if county road commissions or the Michigan Department of Transportation would have to administer a local federal aid program on behalf of townships that assumed road jurisdiction.

Section 20b of Act 51 currently authorizes a township meeting specific criteria to contract with a road commission for the improvement or preservation of county roads within the township. It is our understanding that there is one township in the state that currently maintains roads within the township under the provisions of Section 20b.

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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.