Legislative Analysis

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ROAD WORK OR EQUIPMENT AGREEMENTS

House Bill 4897 as reported from committee
Sponsor: Rep. Nate Shannon
Committee: Transportation, Mobility and Infrastructure
Complete to 10-14-23

(Enacted as Public Act 248 of 2023)

SUMMARY:

House Bill 4897 would amend 1951 PA 51 ("Act 51") to expand the agreements that a county road commission can enter into with another road authority for performing work on a road or highway or purchasing or using equipment or machinery for road or highway construction, maintenance, or operation.

Agreement for the performance of work

The act currently allows a county road commission to enter into an agreement with the county road commission of an *adjacent* county and with a city or village to perform work on a highway, road or street. In addition, a county road commission can enter into an agreement with the Michigan Department of Transportation (MDOT) *with respect to a state trunk line highway and its connecting links* within the limits of the county or adjacent to the county.

The bill would instead allow a county road commission to enter into an agreement with a county road commission of another county, with a city or village, or with MDOT to perform work on a highway, road, or street within the limits that county or of another county.

Under both current law and the bill, such an agreement may provide for the performance by each contracting party of the work contemplated by the contract, including engineering services and the acquisition of rights-of-way in connection with the work contemplated, by purchase or condemnation, by any of the contracting parties in its own name. The agreement also may provide for joint participation in the costs.

Contract for the purchase and use of equipment

In addition, the act now authorizes a county road commission to contract with other county road commissions for the purchase and use of equipment or machinery necessary for the construction, maintenance, or operation of a road or highway.

The bill would retain the authority described above, but would additionally authorize a county road commission to contract with MDOT for the purchase and use of equipment or machinery necessary for the construction, maintenance, or operation of a road or highway.

MCL 247.662 and 247.663b

FISCAL IMPACT:

Act 51 establishes the Michigan Transportation Fund (MTF) as the primary collection and distribution fund for state restricted transportation revenue. Section 12 of Act 51 provides for the distribution of MTF revenue to county road commissions.[1]

Section 12 also establishes restrictions and guidance with respect to the use of MTF revenue by county road commissions. Section 12(14) currently authorizes a county road commission to contract with other road agencies for work on a highway, road or street under specific circumstances. Currently, county road commissions routinely contract with other county road commissions to perform work on each other's roads. Section 12(14) now limits these contracts to "adjacent" counties. The bill would allow county road commissions to contract for work on roads in nonadjacent counties, improving flexibility and efficiency in use of workforces and equipment.

The bill also would amend section 13b of Act 51, which currently authorizes a county road commission to contract with other county road commissions for the purchase and use of equipment or machinery necessary for the construction, maintenance, or operation of a road or highway. County road commissions frequently contract with each other for the joint purchase and shared use of road maintenance equipment.

The bill would extend this authority to allow county road commissions to also contract with MDOT for the purchase and use of equipment. MDOT indicates that this provision may be of particular benefit for county road commissions that perform maintenance work on state trunklines under contract.

The bill is permissive only and does not mandate any new responsibilities for county road commissions or MDOT. As a result, the bill would have no direct fiscal impact on MDOT or local road agencies. However, the bill could result in improved efficiency of road agency operations (reduced cost for the same or increased level of activity).

POSITIONS:

A representative of the County Road Association testified in support of the bill. (9-19-23)

The following entities indicated support for the bill (9-19-23):

- Department of Transportation
- Michigan Association of Counties
- Southeast Michigan Council of Governments (SEMCOG)
- Oakland County Road Commission

Legislative Analyst: E. Best
Fiscal Analyst: William E. Hamilton

■ 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.

[1] The distribution provisions are described in detail in this HFA Fiscal Brief: https://www.house.mi.gov/hfa/PDF/Alpha/Fiscal_Brief_MTF_Distribution_Formula_to_LRA_Feb2023_Update.pdf