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BILL ANALYSIS

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Senate Bills 269 and 270 (as reported without amendment)
Sponsor: Senator John J. Gleason (S.B. 269)
Senator Jud Gilbert, II (S.B. 270)
Committee: Transportation

Date Completed: 7-15-08

RATIONALE

Local governments across the State are facing tight budgets and mounting road maintenance costs. Revenue from gas and diesel fuel taxes, which is a major source of revenue for road construction and maintenance in the State, is in decline as drivers cut back on driving in response to record-high fuel prices. At the same time, the cost of repairing and maintaining roads is increasing, in part because of the higher cost of materials and petroleum-related products. Hot mix asphalt, which is a petroleum derivative, has almost doubled in price since 2005, and the price of steel and other raw materials has risen as well, according to an article in the *Detroit News* ("Rough Road Ahead", 6-12-08).

In response to the rising expenses and declining revenue, local governments are looking for ways to cut costs and increase efficiency. In most counties, road maintenance and repair projects are overseen by a county road commission. Some have suggested that those responsibilities could be transferred to the county board of commissioners, eliminating duplication of administrative costs and freeing up more revenue for road work.

CONTENT

Senate Bills 269 and 270 would amend the county road law and Public Act 156 of 1851, respectively, to allow the county board of commissioners of a county with a population under 1.0 million to pass a resolution transferring the powers, duties, and functions otherwise provided by law for an appointed board of county road commissioners to the county board of commissioners.

The bills are described in more detail below.

Senate Bill 269

Under the bill, except for a county with a population of 1.0 million or more or as provided under Section 6(5), the powers, duties, and functions that are otherwise provided by law for an appointed board of county road commissioners could be transferred to the county board of commissioners by a resolution as allowed under Section 11 of Public Act 156 of 1851. The county board of commissioners would be authorized to receive and spend funds as allowed under the Michigan Transportation Fund law.

(Section 11 of Public Act 156 would be amended by Senate Bill 270. Under Section 6(5) of the county road law, a county with a population of 1.5 million or more may amend its charter to reorganize the powers and duties of a board of county road commissioners.)

Under the county road law, in a county where the county road system is adopted, except as provided under this law, a board of county road commissioners must be elected. Under the bill, this would apply except as provided by law, current provisions of the county road law, or the bill. (The county road law provides that the election of county road commissioners is not mandatory in any county that contains all or part of 12 surveyed townships. In such a county (except as provided in Section 6(5)), the county board of commissioners may appoint the county road commissioners.)

(Only Oakland County and Wayne County have a population of at least 1.0 million, according to 2007 U.S. Census estimates. Oakland County has 1.2 million residents, and Wayne County has almost 2.0 million.)

Senate Bill 270

Public Act 156 of 1851 pertains to duties of county boards of commissioners. The bill would allow a county board of commissioners, by majority vote of the members elected and serving, to pass a resolution that transferred the powers, duties, and functions that are otherwise provided by law for an appointed board of county road commissioners to the county board of commissioners. This would apply except as otherwise provided by law. The appointed board of county road commissioners would be dissolved on the date specified in the resolution.

MCL 224.6 (S.B. 269)
46.11 (S.B. 270)

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The bills would save money by reducing bureaucracy and allowing a county to consolidate the functions of the road commission with those of the board of commissioners. The costs of maintaining a county road commission include not only compensation for the commission members, but also support staff, office space, administrative expenses, legal counsel, and other related costs. In many cases, the county board of commissioners has similar facilities and administrative capabilities and could absorb the duties of the road commission with little additional cost. This would improve efficiency and help ensure that limited resources were used as fully as possible for road projects rather than for administrative expenses.

Since each eligible county would be free to choose whether to make this change, the bills would preserve local control and allow a county to decide whether the consolidation of powers would make sense under its own circumstances.

Opposing Argument

The county road systems and county road commissions were created by petition and approved by a vote of the electors under the county road law. The bills would allow a county board of commissioners to overturn the expressed will of the people.

In addition, the potential savings under the bills could be fairly small. Because of tight budgets, most county road commissions already have cut staff and other expenses significantly. In 2006, administrative expenses for county road commissions amounted to about 5.5% of revenue on average, according to the County Road Association of Michigan. Those expenses are essential to the functions of the road commission, and would not be eliminated under the bills, but merely shifted to the county board of commissioners. The only cost savings would come through staff reductions, but many county road commissions have a very small support staff, minimizing the potential savings.

In addition, it is unclear whether a county board of commissioners would have the expertise to perform the responsibilities of the county road commission. Road commissioners are able to focus their time and attention on the maintenance and repair of the county's transportation infrastructure. Boards of commissioners, on the other hand, must deal with any number of issues, and consequently may not be in a position to devote the necessary time to the county roads. Because of the importance of adequate, well maintained roads and bridges, it would be preferable to retain a dedicated commission focused solely on that issue.

The bills also could result in added expenses associated with separating all transportation money from a county's general revenue. Article IX, Section 9 of the State Constitution requires that all motor fuel taxes be used for transportation purposes only. If a county road commission absorbed the responsibility of road maintenance and repair, it would have to implement additional accounting procedures to ensure that any transportation revenue was used only for those purposes.

Legislative Analyst: Curtis Walker

FISCAL IMPACT

The bills would have no fiscal impact on State or local government.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.