

Legislative Analysis



30-YEAR COUNTY ROAD COMMISSION INSTALLMENT CONTRACTS

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House Bill 5314 as reported from committee
Sponsor: Rep. Gregory Markkanen
1st Committee: Transportation
2nd Committee: Ways and Means
Complete to 6-24-20

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

(Enacted as Public Act 286 of 2020)

SUMMARY:

House Bill 5314 would amend 1909 PA 283, the county road law, to allow a county road commission to enter into a contract or agreement for the purchase of real or personal property for public purposes, to be paid for in installments over a period of up to 30 years or the useful life of the property acquired, whichever is less. Current law prescribes a maximum period of 15 years for such an installment contract.

MCL 224.10

BACKGROUND:

The bill is a reintroduction of HB 4120, which was passed by both houses and enrolled in December 2019. The enrolled version of the bill contained amendments that restricted application of the proposed 30-year contract period to counties with a population of less than 100,000. Governor Whitmer vetoed the bill on December 18, 2019, writing that “the bill deprives larger counties—those with over 100,000 in population—of access to this tool. I fail to see a reasonable justification for this disparity.”

FISCAL IMPACT:

Under current provisions of the county road law, county road commissions are authorized to enter into a contract or agreement for the purchase of real or personal property for public purposes, to be paid for in installments over a period of up to 15 years or the useful life of the property acquired, whichever is less. These provisions were added by 2003 PA 137.¹

House Bill 5314 would extend the allowable installment payment period to up to 30 years. The bill would retain the restricting phrase “or the useful life of the property acquired, whichever is less.”

The bill has no fiscal impact on state government. In expanding authorized methods of financing, the bill could have a marginal fiscal impact on county road commissions.

¹ See <http://www.legislature.mi.gov/documents/2003-2004/billanalysis/House/pdf/2003-HLA-4708-b.pdf>

POSITIONS:

The following entities indicated support for the bill (6-24-20):

- Michigan Association of Counties
- Road Commission for Oakland County

The Department of Transportation is neutral on the bill. (6-24-20)

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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.