

# Legislative Analysis



## INFRASTRUCTURE ASSET MANAGEMENT

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 5335 as enacted**  
**Public Act 323 of 2018**  
**Sponsor: Rep. Rob VerHeulen**

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

**House Bill 5406 as enacted**  
**Public Act 324 of 2018**  
**Sponsor: Rep. Roger Victory**

**House Bill 5408 as enacted**  
**Public Act 325 of 2018**  
**Sponsor: Rep. Triston Cole**

**House Committee: Transportation and Infrastructure**  
**Senate Committee: Transportation**  
**Complete to 2-15-19**

### BRIEF SUMMARY:

House Bill 5335 is a new act creating the Michigan Infrastructure Council within the Department of Treasury and specifying its membership and duties.

House Bill 5406 amends the Natural Resources and Environmental Protection Act (NREPA) to create the Water Asset Management Council within the Department of Environmental Quality (now the Department of Environment, Great Lakes, and Energy, referred to as EGLE) and specify its membership and duties.

House Bill 5408 amends 1951 PA 51 to revise provisions regarding the Transportation Asset Management Council (TAMC) created under section 9a of that act.

### BACKGROUND:

Taken together, the bills take a statewide *asset management* approach to Michigan's water, energy, transportation, and communications infrastructure and create interrelated councils to coordinate planning for those infrastructure systems at local, regional, and statewide levels. The bills are understood to reflect recommendations of the 21st Century Infrastructure Commission created by Executive Order 2016-5, which submitted its final report to the governor and the legislature on November 30, 2016.<sup>1</sup>

The bills are also seen as building upon the Regional Infrastructure Asset Management Pilot Program created by Executive Directive 2017-1.<sup>2</sup> The pilot program has involved local and regional governmental entities and stakeholders in both southeast Michigan (the Detroit Metro Prosperity Region) and west Michigan (the West Michigan Prosperity Alliance) in developing and coordinating regional asset management processes.<sup>3</sup>

<sup>1</sup>[https://www.michigan.gov/documents/snyder/21st\\_Century\\_Infrastructure\\_Commission\\_Final\\_Report\\_1\\_544276\\_7.pdf](https://www.michigan.gov/documents/snyder/21st_Century_Infrastructure_Commission_Final_Report_1_544276_7.pdf)

<sup>2</sup> [https://www.michigan.gov/documents/snyder/Executive\\_Directive\\_2017-1\\_556475\\_7.pdf](https://www.michigan.gov/documents/snyder/Executive_Directive_2017-1_556475_7.pdf)

<sup>3</sup> See <http://www.gvmc.org/documents/Infrastructure%20Pilot-July%202017v2.pdf>

Under the bills, *asset* means infrastructure related to drinking water, wastewater, stormwater, transportation, energy, or communications, and includes drinking water supply systems, wastewater systems, stormwater systems, drains, roads, bridges, electricity and natural gas networks, and broadband and communication systems. (HBs 5406 and 5408 specifically address water assets and transportation assets, respectively.)

*Asset management* under the bills means an ongoing process of maintaining, preserving, upgrading, and operating physical assets cost-effectively, based on a continuous physical inventory and condition assessment to achieve standards of system performance that reflect asset management principles for asset preservation and sustainability, operations, capacity consistent with local needs, and identified levels of service.<sup>4</sup>

## **DETAILED SUMMARY:**

**House Bill 5335** is a new act, the “Michigan Infrastructure Council Act,” which creates the Michigan Infrastructure Council in the Department of Treasury.

### Composition of the Michigan Infrastructure Council

The council consists of nine voting members and nine nonvoting members. The nine voting members must be experts in regional asset management planning across jurisdictions and infrastructure sectors; financial and procurement experts; and/or asset management experts with knowledge and expertise in the planning, design, construction, management, operation, and maintenance of transportation, energy, drinking water, wastewater, stormwater, and communications infrastructure.

The voting members must be appointed by August 31, 2018 (within 60 days after the effective date of the new act): five by the governor, and one each by the Senate Majority Leader, the Senate Minority Leader, the Speaker of the House, and the House Minority Leader. The voting members serve three-year terms, though members first appointed serve staggered one-, two-, or three-year terms.

The following state officials (or their designees) are the council's nine nonvoting members:

- The state treasurer.
- The chairperson of the Water Asset Management Council (see House Bill 5406).
- The chairperson of the TAMC (see House Bill 5408).
- The director of the Department of Technology, Management, and Budget (DTMB).
- The director of the Michigan Department of Transportation (MDOT).
- The director of EGLE.
- The director of the Department of Natural Resources (DNR).
- The director of the Department of Agriculture and Rural Development (MDARD).
- The chairperson of the Michigan Public Service Commission (MPSC).

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<sup>4</sup> For a general discussion of asset management and its early history as a public policy concept, see the 2001 HFA Fiscal Forum, “Transportation: Asset Management”: <https://www.house.mi.gov/hfa/Archives/PDF/asset.pdf>

By September 30, 2018 (within 90 days after the effective date of the new act), the governor must call the council's first meeting, at which the council must elect a chairperson and other officers it considers appropriate. Thereafter, the council must meet at least quarterly, though it may meet more frequently at the call of the chair or upon a request by three or more members.

A majority of voting members and a majority of nonvoting members constitute a quorum to transact council business, and an affirmative majority vote is required for official council action. Council business must be performed at a public meeting held in compliance with the Open Meetings Act, and a writing created by the council in the performance of an official function must be subject to the Freedom of Information Act (FOIA).

Members of the council serve without compensation but can be reimbursed for expenses incurred in performing their duties. A member may be removed for incompetence, dereliction of duty, malfeasance, or any other reason considered appropriate by the office for whom the appointment was made. Council vacancies must be filled for the unexpired term in the same manner as the original appointment.

Qualified administrative and technical staff for the council may be provided by DTMB; MDARD; EGLE; MDOT; DNR; and the Department of Treasury. DTMB serves as the central data storage agency for the statewide database created by the council.

#### Duties of the Michigan Infrastructure Council

The council must do all of the following:

- Develop a multiyear program, work plan, budget, and funding recommendation for asset management, with an emphasis on coordination and integration across asset classes and regions. (An *asset class* is a single type of asset, including its network and all associated appurtenances critical to its performance.) This recommendation must be updated and provided to the governor and the legislature by September 30 of each year.
- Prepare an annual report on the current statewide asset management assessment that tracks progress on established performance goals. (*Performance goals* are standards of system performance that reflect asset management principles for asset preservation and sustainability, operations, capacity consistent with local needs, and identified levels of service.)
- Undertake research and advise on matters related to asset management, including financing models, best practices, impediments to delivery, emerging technology, information technology advancements, opportunities for greater coordination and collaboration, right-sizing and cost-efficiencies, and aligning state incentives to asset performance improvement goals.

Within six months after its first meeting, the council must evaluate the Regional Infrastructure Asset Management Pilot Program and the findings of the 21st Century Infrastructure Commission and develop and publish a three-year strategy for establishing

a statewide integrated asset management system. The strategy must include at least all of the following:

- A determination of the appropriate assets within the asset classes.
- Consistent data standards and definitions for each asset class.
- A process to coordinate asset management across assets and asset owners at the regional level.
- Procedures for data storage, collecting, updating, and reporting.
- Recommendations on the appropriate level of financial support for various local and regional asset management activities and participation in an integrated statewide asset management system.
- A process to coordinate the planning efforts of state-level planning entities. Reducing duplication of effort and providing efficiencies to the planning process must be goals of the council in coordinating planning efforts.
- Coordination to ensure that training and education programs on asset management principles and plan development, use of the statewide database, ongoing user support, and executive branch asset management requirements are consistent across various assets and the various entities providing that training.
- Statewide performance goals for appropriate assets and identification of regional and statewide progress toward meeting performance goals.
- Protocols for data security and accuracy at local, regional, and state levels.
- Consistent and coordinated requirements for asset management plans among the state-level agencies imposing those requirements. (An *asset management plan* means a set of procedures to manage assets through their life cycles, based on principles of life-cycle costing.)

By July 2, 2021 (three years after the effective date of the new act), the council must start the second phase of the statewide system for asset management implementation, which must include at least:

- Predictive analytics to forecast asset condition.
- A public dashboard of state, regional, and local system performance across asset classes.
- A 30-year integrated strategy developed and published by the council. This strategy must be updated every five years and must include:
  - Current statewide condition assessment and infrastructure priorities across asset classes, tracked progress on established performance goals, and net changes in asset value.
  - Investment needs to reach targeted overall system ratings and performance goals.
  - Network intelligence in asset management planning and monitoring.

#### Telecommunications, Broadband, and Wireless Provisions

Except for transportation-related activities, the council may not propose, recommend, or fund any government-owned broadband or telecommunications network to provide service to residential or commercial premises. If the council proposes or recommends government funding to subsidize non-government-owned broadband networks to expand service to residential or commercial premises, the proposals and recommendations must be limited

to areas unserved by broadband, be technology neutral, and include a competitive bid process for the subsidy.

The Michigan Infrastructure Council is not authorized to place any obligations or requirements on providers of telecommunications, broadband, or wireless services. Any network or financial information provided to the Michigan Infrastructure Council by a provider of telecommunications, broadband, or wireless services is exempt from disclosure under FOIA if it is marked as confidential or commercial information.

The bill took effect July 2, 2018.

**House Bill 5406** adds Part 50 to NREPA, creating the Water Asset Management Council within the Michigan Infrastructure Council.

#### Composition of the Water Asset Management Council

The Water Asset Management Council consists of the following nine voting members appointed by the Michigan Infrastructure Council:

- A member from EGLE.
- A member from (and nominated by) the Michigan Municipal League.
- A member from (and nominated by) the Michigan Townships Association.
- A member from (and nominated by) the Michigan Association of Counties.
- A member from (and nominated by) the Michigan Association of Drain Commissioners.
- A member representing a regional drinking water, wastewater, or stormwater authority.
- A member representing a water infrastructure association.
- A member with drinking water, wastewater, or stormwater asset management experience.
- A member representing a region.

The council also includes one ex officio, nonvoting member, appointed by the director of DTMB, who has responsibilities related to the role of DTMB as the central data storage agency.

The council's voting members serve three-year terms, though members first appointed serve staggered one-, two-, or three-year terms. The council must select a chairperson from among its members at its first meeting. A member of the council may be removed for incompetence, dereliction of duty, malfeasance during his or her tenure in office, or any other cause considered appropriate by the Michigan Infrastructure Council. Qualified administrative staff and technical assistance for the council must be provided by EGLE. DTMB serves as the central storage agency for collecting, storing and maintaining data under the bill.

The council may also appoint advisory committees whose members serve as needed to provide research on issues and projects as determined by the council. An advisory committee member who is not a member of the water asset management council does not

have voting rights. A recommendation from the advisory committee is advisory only and is not binding.

### Duties of the Water Asset Management Council

The council must do the following:

- Advise the Michigan Infrastructure Council on a statewide water asset management strategy and the tools needed to implement a strategy for all drinking water, wastewater, and stormwater agencies and *asset owners*.
- Promote and oversee the implementation of recommendations from the Regional Infrastructure Asset Management Pilot Program at a state level for drinking water, wastewater, and stormwater infrastructure.

For purposes of the new part, *asset owner* means a person or agency that owns or operates an asset that serves 1,000 or more individuals and is required by a national pollutant discharge elimination system permit or by the Safe Drinking Water Act to have an asset management plan.

By October 1, 2019, the council must develop a template or templates that contain requirements for information to be included in an asset management plan. The template must allow for local asset management plan components, including all of the following, but must not require components beyond those required in an asset management plan associated with a permit:

- An **asset inventory**, which may include the location, material, size, and condition of the assets in a format that allows for digital mapping.
- A **level of service analysis**, which may include performance goals that address such things as reliability, safety, capacity, affordability, environmental impacts, and legal and regulatory requirements.
- A **risk of failure analysis**, which may identify the probability and criticality of failure of the most critical assets and includes contingency plans.
- **Anticipated revenues and expenses**, which may include expenditures for repair, improvement, or replacement of assets.
- A **performance outcomes analysis**, which may look at how the investment strategy achieves the desired level of service and performance goals. The plan may also include steps necessary to ensure asset conditions meet or achieve stated goals, to include a description and explanation for any gaps between condition and performance through investment strategy and desired goals.
- A **description of plans** to coordinate with other entities to minimize duplication of effort regarding infrastructure maintenance.
- **Proof of acceptance**, certification, or adoption of the local asset management plan by the jurisdiction's governing body.

By October 1, 2019, the council must establish a schedule for submission of asset management plans that ensures that one-third of asset owners submit a plan each year. The plans are subject to the following:

- The plans must cover and be valid for at least three years and be consistent with the asset management template provided by the council.

- The council must review each asset management plan within six months of receiving the plan. As part of its review, the council must compare submitted plans to the minimal requirements provided by the bill and by the council's template.
- If the council determines that a submitted plan does not meet the minimal standards and EGLE agrees, the council must notify the submitting entity of the deficiency and require the entity to revise the plan to meet the standards and resubmit it within six months.
- An asset owner required to have an approved plan must implement it by October 1, 2024.

Each asset owner must report annually to the council on how its capital improvement plans are meeting its investment goals. State funding may be provided to asset owners to implement the bill as determined by the council. An asset owner may seek and use federal grants or loans to achieve the goals and manage the asset inventory described in its asset management plan. EGLE and asset owner must keep records of all work performed and funds expended.

The council must submit to the Michigan Infrastructure Council an annual report on asset condition and investment that includes a summary analysis of the asset management plans received from drinking water, wastewater, and stormwater entities. The report must also include recommendations on drinking water, wastewater, and stormwater condition goals and analysis of how the utilities are meeting those goals. The report must be consistent with analytic categories and reporting processes established by the Michigan Infrastructure Council.

The Water Asset Management Council must also prepare an annual report on the activities conducted during the preceding year and the expenditures of funds related to the activities identified by the council. The report must be submitted to the Michigan Infrastructure Council and the legislature by May 2 of each year.

The council must identify training needs to develop proficiency in using a multi-asset management system and training needs to identify asset system conditions based on a statewide measure. The council must coordinate and collaborate with the Transportation Asset Management Council on planning, reporting, training, and potential coordination in submitting asset management plans.

The bill took effect July 2, 2018.

MCL 324.5001 et seq.

**House Bill 5408** revises provisions in 1951 PA 51 (“Act 51”) regarding the Transportation Asset Management Council (TAMC). 2002 PA 499 amended section 9a of Act 51 to establish the TAMC within the State Transportation Commission. The TAMC was charged with “advising the [State Transportation] Commission on a statewide asset management strategy and the processes and necessary tools needed to implement such a strategy beginning with the federal-aid eligible highway system.”

### Transportation Asset Management Council (TAMC)

House Bill 5408 moves the TAMC from the State Transportation Commission to the Michigan Infrastructure Council and requires the annual funding currently appropriated to the State Transportation Commission to support the TAMC to be appropriated instead to the Michigan Infrastructure Council for that purpose.

The bill does not change the current membership, appointment procedures, or terms of office of the TAMC. It does, however, newly allow a member of the TAMC to be removed for incompetence, dereliction of duty, malfeasance during tenure in office, or any other cause considered appropriate by the Michigan Infrastructure Council, after the Michigan Infrastructure Council has consulted with the TAMC.

Before enactment of the bill, the TAMC could create a technical advisory panel whose members were appointed for three-year terms from transportation construction associations and related transportation road interests. Under the bill, the TAMC may appoint an advisory committee whose members serve as needed to provide research on issues and projects as determined by the TAMC. Advisory committee members who are not also members of the TAMC do not have voting rights on the advisory committee. A recommendation from the advisory committee is advisory only and not binding.

### TAMC Duties

The TAMC must advise the Michigan Infrastructure Council on a statewide transportation asset management strategy and its implementation, beginning with the federal-aid eligible highway system and infrastructure assets that impact system performance, safety, or risk management, including signals and culverts. (A local road agency is not precluded from using an asset management process on its non-federal-aid-eligible system.) The TAMC must also promote and oversee the implementation of recommendations from the Regional Infrastructure Asset Management Pilot Program on a statewide level as the program relates to roads, bridges, and related transportation infrastructure.

By October 1, 2019, the TAMC must develop an *asset management plan* template for use by local road agencies responsible for 100 or more certified miles of road. (The bill defines *asset management plan* as a plan created by MDOT and approved by the State Transportation Commission or a plan created by a local road agency and approved by the local road agency's governing body that includes provisions for asset inventory, performance goals, risk of failure analysis, anticipated revenues and expenses, performance outcomes, and coordination with other infrastructure owners.) The template must ensure that local asset management plans include the following components:

- An **asset inventory** including the location, material, size, and condition of the assets in a format that allows for and encourages digital mapping. All standards and protocols for assets must be consistent with government accounting standards, and standards and protocols for federal-aid-eligible assets must be consistent with federal requirements and regulations.
- **Performance goals**, including the desired condition and performance of the assets, as set by the local road agency. The performance goals can vary among asset classes under the local road agency's jurisdiction. If a local road agency has jurisdiction



over roads or bridges designated as part of the federal national highway system, the performance goals for that portion of the system must be consistent with established federal performance targets.

- A **risk of failure analysis** identifying the probability and criticality of failure of the most critical assets and includes contingency plans.
- **Anticipated revenues and expenses**, including expenditures for repair, improvement, or replacement of assets.
- A **performance outcomes analysis** that looks at how the investment strategy achieves the performance goals and desired level of service and accounts for any gaps between what is possible and what is desired.
- A **description of plans** to coordinate with other entities to reduce duplication of effort regarding infrastructure maintenance.
- **Proof of acceptance**, certification, or adoption of the local asset management plans by the jurisdiction's governing body.

The bill requires that MDOT, each county road commission, and each city and village in the state annually submit to the TAMC a report on infrastructure conditions and investment that includes a multiyear program developed through the asset management process. No later than October 1, 2019, the TAMC must establish a schedule for the submission by MDOT of the required report. Projects in the multiyear program of a reporting entity must be consistent with that entity's own asset management plan and be reported consistent with categories established by the TAMC, as follows:

- For a local road agency responsible for less than 100 certified miles of road, this requirement applies beginning September 30, 2018 (the effective date of the bill).
- For MDOT, this requirement applies beginning January 1, 2020.
- For a local road agency responsible for 100 or more certified miles of road, this requirement applies beginning January 1, 2022.

Costs of data collection, analysis, or submittal that is not related to the federal-aid eligible highway system are borne by the owner of the data. Local road agencies can request planning region assistance or reimbursement for data collected on non-federal-aid eligible roads or streets within the region. The regional authority must determine where to collect local road or street data based on requests received from local road agencies.

By October 1, 2019, the TAMC must establish a schedule for submission of asset management plans by local road agencies responsible for 100 or more certified miles of road. The schedule must ensure that 1/3 of those local road agencies submit an asset management plan each year. Beginning October 1, 2020, these local road agencies must begin submitting their asset management plans to the TAMC according to the three-year schedule. The plans must cover at least three years, and they must be consistent with the template developed by the TAMC. If a local road agency required to submit a plan has not done so by October 1, 2024, the TAMC must notify the agency that it must do so within 120 days. If the agency fails to do so after 120 days, the TAMC must notify MDOT, which may withhold funds distributed to that agency under Act 51. Any funds so withheld must be released in the agency's allocation for the month after it submits a satisfactory plan.

The TAMC must review each asset management plan within six months of its submission. As part of its review, the TAMC must compare submitted plans to the minimal requirements provided by the bill and the TAMC's template. If the TAMC determines that a submitted plan does not meet the minimal standards and MDOT agrees, the submitting agency has six months to submit an acceptable asset management plan. The TAMC must allow an agency to appear before it to discuss why its plan is not up to the standards and what it can do to address those issues.

Beginning October 1, 2025, if the TAMC and MDOT agree that a local road agency responsible for 100 or more certified miles of road has not demonstrated annual progress toward achieving the condition goals described in its asset management plan for its federal-aid-eligible county primary road system or city major street system, as applicable, the TAMC must notify the agency and provide recommendations on how to make progress toward those goals. The agency then has six months to become compliant. The TAMC must allow an agency to appear before it to discuss why it is not demonstrating sufficient progress and what it can do to address those issues. If after six months the agency is still not compliant, it is prohibited from shifting funds it receives under Act 51 from a county primary road system to a county local road system or from a city major street system to a city local street system, as applicable. It may shift funds again after demonstrating progress toward achieving its condition goals. A local road agency may submit a revised asset management plan to the TAMC.

Under the act, MDOT staff assigned to the TAMC must submit an annual report to the governor and legislature that includes the results of the prior year's TAMC activities, the expenditure of funds related to those activities, and an overview of the TAMC's activities for the following year. The bill adds the Michigan Infrastructure Council to the designated recipients of the report and requires that the report address the expenditure of funds related to processes and activities identified by the Michigan Infrastructure Council. The report also must include a summary analysis of asset management plans and annual reports received from local road agencies, a determination of how investments are achieving performance goals and desired levels of service, and an identification of additional steps necessary to achieve performance goals and desired levels of service.

Finally, the bill allows local road agencies to seek and use federal grants or loans to achieve the goals and manage the asset inventory described in its asset management plan.

The bill took effect September 30, 2018.

MCL 247.659a

#### **FISCAL IMPACT:**

**House Bill 5335** creates a new Michigan Infrastructure Council in the Department of Treasury. Members on the council serve without pay; however, the bill requires DTMB; MDOT; EGLE; DNR; MDARD; and the Department of Treasury to provide qualified and technical staff to the council. Additionally, DTMB is required to serve as the central data

storage agency. Personnel and services provided by the requisite departments would increase costs for those departments by an unknown amount. Any cost increase would be directly related to the time and amount of resources that were necessary from each department. Presumably, funds appropriated to the Michigan Infrastructure Council (described below) could be used to offset costs to any of the departments.

The council would also incur costs associated with establishing and organizing the council; undertaking research and advising on matters related to asset management; evaluating existing asset management programs; developing a multiyear program, work plan, and budgeting and funding recommendations for asset management; and development and publishing an annual report on the current statewide asset management assessment.

2017 PA 201, a supplemental appropriations act for FY 2017-18, appropriated \$1.5 million in one-time appropriations from the Michigan Infrastructure Fund to the Department of Treasury to fund the activities, costs, and expenses of the Michigan Infrastructure Council. Any costs exceeding this appropriation would need to be funded through further appropriations.

**House Bill 5406** would increase costs for the Department of Environmental Quality (now EGLE) by requiring the department to provide administrative and technical support to a new Water Asset Management Council; the extent of this cost increase is unclear. The department would also be charged with reviewing asset management plans that the council deems to be below established standards. The bill provides for drinking water, wastewater, and stormwater agencies and asset owners to share plan implementation costs with the state and specifies that the department shall receive “an annual appropriation” to cover program costs, but does not provide additional details on fund source or appropriation amount. Consequently, it is unclear if the bill would provide additional revenue to the department to address the aforementioned costs.

Local units of government that also function as drinking water, wastewater, and stormwater agencies and asset owners may also realize increased costs as a result of being subject to the asset management plan requirements included in the bill. The bill also provides for cost-sharing with the state, however, so it is unclear what the net fiscal impact on local units of government would be.

**House Bill 5408** amends section 9a of Act 51, which established and defined the powers and duties of the TAMC. In order to understand the potential impacts of House Bill 5408, it may be useful to describe the history of statutory provisions related to the TAMC and related TAMC activities.

2002 PA 499 amended section 9a of Act 51 to establish the TAMC within the State Transportation Commission. Under 2002 PA 49, the TAMC was charged with “advising the [State Transportation] Commission on a statewide asset management strategy and the processes and necessary tools needed to implement such a strategy beginning with the federal-aid eligible highway system.” 2002 PA 499 defined “asset management” as “an ongoing process of maintaining, upgrading, and operating physical assets cost effectively,

based on a continuous physical inventory and condition assessment.” The act also identified the intent of the council as the provision of “a coordinated, unified effort by the various roadway agencies within the state.”

Among other things, 2002 PA 499 required the TAMC to report to the State Transportation Commission, the legislature, and the House and Senate Committees on Transportation by May 2 of each year. The TAMC issued its first report in 2003.<sup>5</sup> The TAMC continues to meet on a regular basis. Among other things, the TAMC oversees data collection and analysis, reports annually on changes in statewide pavement condition, and provides training to local road agencies.

Section 9a currently directs that funding necessary to support the activities of the TAMC be annually appropriated from the Michigan Transportation Fund (MTF) to the State Transportation Commission. From the TAMC’s inception, its activities have been funded from a specific Asset Management Council appropriation in the state transportation budget. The FY 2018-19 baseline appropriation of \$1.9 million, from the Michigan Transportation Fund, will be used primarily for data collection and analysis, as well as for training activities. MDOT provides staff support and technical assistance to the council from funds appropriated in other line items within the department’s budget. The bill indicates that on the effective date of the bill, as enacted, this annual appropriation would be allocated to the Michigan Infrastructure Council.

As described in the body of this analysis, House Bill 5408 makes a number of changes to section 9a with respect to the TAMC. Some of the changes appear to be primarily administrative and would not have a substantive impact on TAMC activities. However, the bill also appears to establish additional planning and reporting requirements for the TAMC and for local road agencies. The costs of those additional requirements cannot be readily estimated at this time.

The bill establishes various reporting requirements and deadlines for local road agencies. The bill indicates that local road agencies that fail to meet reporting requirements and deadlines are “noncompliant.” The bill authorizes MDOT to withhold MTF funds from noncompliant local road agencies. With respect to local road agencies that had not demonstrated progress in achieving asset condition goals, the bill would prohibit those agencies from shifting between road or street funds—specifically between the county primary road fund to the county local road fund, or between the city major street fund and the city local street fund.

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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.

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<sup>5</sup> Annual reports are available on the council website: <https://www.michigan.gov/tamc/0,7308,7-356-82495---.00.html>