



Telephone 373-8080  
Fax 373-5874

# HOUSE FISCAL AGENCY

124 N. Capitol Avenue  
4 – North, HOB Lansing, MI

**SB813** AS REPORTED WITHOUT AMENDMENT

**Sponsor:** Sen. Jr., Bill Bullard

**Committee:** TRANSPORTATION

**Analyst(s):** Hamilton, William

**Completed:** 12/11/01

### State Fiscal Impact

**Cost:** None  
**Revenues:** None

### Local Fiscal Impact

**Cost:** None  
**Revenues:** None

The total dollar value of a state highway construction contract is based estimated quantities of various work elements (pay items) extended by the contractor's bid prices for those pay items. The actual payment to the contractor is based on actual quantities of pay items completed. In many cases the quantities of various work elements - such as volume of excavation removed or embankment placed - can not be precisely estimated in advance. The actual quantities may be greater than the estimates. In addition, unforeseen circumstances may require the addition of pay items not part of the original contract. These contract extras and changes may result in an increase to the total dollar value of the contract.

Public Act 17 of 1927 (MCL 250.62) authorizes the Michigan Department of Transportation to contract with public and private entities for the "construction, improvement, and maintenance" of state trunkline highways and requires State Administrative Board approval of department contracts and/or contract extras which exceed certain dollar amounts. Senate Bill 813 would amend PA 17 to increase those dollar limits. Under the bill the department could contract for higher dollar amounts of extra or increased work without State Administrative Board approval than it is authorized to under current law.

A more detailed comparison of the provisions of current law and SB 813 is found in the table attached (or linked) to this analysis.

The bill would have no material impact on state or local costs or revenues.