

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 813 (as introduced 11-1-01)
Sponsor: Senator Bill Bullard, Jr.
Committee: Transportation and Tourism

Date Completed: 11-6-01

CONTENT

The bill would amend Public Act 17 of 1925, which provides for the construction, improvement, and maintenance of trunk line highways, to increase the amount of contracts the Michigan Department of Transportation (MDOT) may enter into without approval of the State Administrative Board.

Currently, MDOT is authorized to contract with boards of county road commissioners, township boards or other State municipalities, and individuals or corporations for the construction, improvement, and maintenance of trunk line highways. The Department must gain approval from the State Administrative Board for any contract amount over \$48,000 per contract for contracts valued at \$800,000 or less, and any amount over 6% per contract for contracts valued at more than \$800,000, if the contract is with a private agency. If the contract is with a county road commission, township board, or municipality of the State, MDOT must seek approval for any amount over \$800,000; however, each job for additional labor in excess of \$100,000 must be approved by the Board.

The bill would increase the limit per contract from \$48,000 to \$80,000 in the case of contracts valued at less than \$800,000; from 6% to 10% in the case of private contracts valued at more than \$800,000; and from \$100,000 to \$250,000 in the case of additional labor costs.

In addition, the bill would authorize MDOT to contract for roadside mowing, roadside park and rest area maintenance, highway drainage, and other highway operational activities. Under the Act, MDOT is allowed to contract for toilet vault cleaning, pickup and disposal of refuse, pavement surfacing and patching, curb replacement, maintenance of office equipment, and other services. The Department is further authorized to subcontract with county road commissioners, township boards, and municipalities for services performed on State trunk line highways, and may do so without Board approval if the subcontract does not exceed \$20,000. The bill would increase that amount to \$100,000 per subcontract. The bill specifies that this \$100,000 limit would be for total expenditures, including cost overruns and extras. The bill further provides that the dollar amount limits for these highway operational activities would have to be adjusted on February 1 each year, based on the percentage increase or decrease of the Detroit Consumer Price Index for the 12-month State fiscal year, ending the preceding September 30. The adjustment would be determined by multiplying the percentage increase or decrease in the Detroit Consumer Price Index, times the dollar limit provided for these highway operational activities, and adding the product to the dollar limit for the previous year, as adjusted by the bill.

MCL 250.62

Legislative Analyst: C. Layman

FISCAL IMPACT

There would be no fiscal impact on State or local government associated with the changes in contract amounts not requiring approval from the State Administrative Board. The last time the contract amounts were changed was in 1987.

Fiscal Analyst: C. Thiel

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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.