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Senate Bill 896 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Kevin Hertel
Committee: Local Government

Date Completed: 11-12-24

CONTENT

The bill would amend the Home Rule City Act to allow the legislative body of a city to contract for the maintenance or improvement of any private road in the city by creating a special assessment district. The bill also would allow a majority of property owners that owned frontage along a private road to petition a legislative body of a city to create such a special assessment district.

Under the bill, the legislative body of a city could, by resolution, authorize the city to contract for the maintenance or improvement of any private road in the city by creating a special assessment district. (A special assessment district is an area of land within which properties can be assigned a financial burden in exchange for the completion of a project.)

More than 50% of the property owners owning the frontage along a private road could request, by petition to the legislative body of the city, the maintenance or improvement of the private road in the city. If the legislative body of a city passed a resolution or received a petition that complied with the above requirements, the city could enter a contract for or make the maintenance or improvement of the private road, with the allocation of cost to be spread against all of the owners in the special assessment district on a pro rata frontage basis (assigned based on the amount of frontage each house had on the private road). The maintenance or improvement of any private road under the bill, and the assessment of cost, could not commence until the legislative body of the city had created a special assessment district and assessed the properties with proper notice of public hearings to all the owners of property in the special assessment district that would benefit from the maintenance or improvement.

The maintenance or improvement of a private road authorized by the legislative body of a city under the bill could be an annual maintenance or improvement program of at most five years. The special assessment district could not be assessed for a period longer than five years unless a new special assessment district with a new special assessment was created to continue the program.

"Maintenance" would mean routine maintenance or preventive maintenance, or both. Maintenance would not include capital preventive treatments, resurfacing, reconstruction, restoration, rehabilitation, safety projects, widening of less than one lane width, adding auxiliary turn lanes of a half mile or less, adding auxiliary weaving, climbing, or speed-change lanes, modernizing intersections, or the upgrading of aggregate surface roads to hard surface roads. Maintenance of state trunk line highways would not include streetlighting except for freeway lighting for traffic safety purposes.

Proposed MCL 117.5I

BRIEF RATIONALE

Special assessment districts allow local governments to levy taxes in designated areas for specific services. Under current statute, cities do not have the ability to create a special assessment district to finance the maintenance of private roads. The ability to form a special assessment district is important because a private road's residents often cannot pay for the upkeep or improvement of the road themselves. Therefore, the bill should be passed to allow cities to adopt a financing mechanism to improve the quality of private roads.

Legislative Analyst: Alex Krabill

FISCAL IMPACT

The bill would have no fiscal impact on the State. The bill could have a minor negative fiscal impact on local units of government based on the requirement to hold public hearings. These costs could come in the form of mileage reimbursements or overhead costs of holding a public hearing.

Fiscal Analyst: Bobby Canell

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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.