

SENATE BILL No. 1049

September 6, 2016, Introduced by Senator KOWALL and referred to the Committee on Economic Development and International Investment.

A bill to amend 1987 PA 231, entitled

"An act to create a transportation economic development fund in the state treasury; to prescribe the uses of and distributions from this fund; to create the office of economic development and to prescribe its powers and duties; to prescribe the powers and duties of the state transportation department, state transportation commission, and certain other bodies; and to permit the issuance of certain bonds,"

by amending sections 1, 3, 11, 12, 12a, and 13 (MCL 247.901, 247.903, 247.911, 247.912, 247.912a, and 247.913), section 1 as amended by 2010 PA 238, sections 3 and 12 as amended and section 12a as added by 1993 PA 149, and section 11 as amended by 2014 PA 302.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:

2 (a) "Administrator" means the person appointed by the
3 department, in accordance with the policies of the commission and

1 civil service rules, to serve as director of the office of economic
2 development.

3 (b) "Advanced traffic management systems" means the
4 application of new technology designed to monitor, control, and
5 manage the flow of traffic in real-time on a transportation network
6 through traffic detection, communications, traffic control, and
7 information processing technologies. Advanced traffic management
8 systems do not include on-board navigation systems or electronic
9 route guidance systems in a motor vehicle.

10 (c) "Commercial forest land" means land defined as commercial
11 forest in Michigan's fourth forest inventory completed in May 1981
12 and reported by the United States ~~department of agriculture~~
13 **DEPARTMENT OF AGRICULTURE** in the resource bulletin NC-68 available
14 from the United States ~~forest service's~~ **FOREST SERVICE'S** north
15 central experiment station.

16 (d) "Commission" means the state transportation commission.

17 (e) "County road agency" means the board of county road
18 commissioners, or if a board does not exist in a county, the agency
19 designated by county charter.

20 (f) "Department" means the state transportation department.

21 (g) "Fund" means the economic development fund created in
22 section 2.

23 (h) "National lakeshore" means land conveyed by this state to
24 the United States ~~and which~~ **THAT** the United States has designated
25 as national lakeshore.

26 (i) "National park" means land set aside and designated as a
27 national park by the United States.

1 (j) "Project" means a transportation road construction or
 2 improvement. Project also includes a ~~transit-oriented development~~
 3 ~~and a transit-oriented facility.~~

4 (k) "Qualified county" means a county in which a national
 5 lakeshore or a national park is located, or a county in which 34%
 6 or more of all the land is commercial forest land.

7 (l) "Rural county" means any county in this state with a
 8 population of 400,000 or less.

9 ~~(m) "Transit-oriented development" means infrastructure~~
 10 ~~improvements that are located within 1/2 mile of a transit station~~
 11 ~~or transit-oriented facility that promotes transit ridership or~~
 12 ~~passenger rail use.~~

13 (M) ~~(n)~~ "Transit-oriented facility" means a facility that
 14 houses a transit station in a manner that promotes transit
 15 ridership or passenger rail use **AND OTHER INFRASTRUCTURE**
 16 **IMPROVEMENTS THAT FACILITATE TRANSIT RIDERSHIP OR PASSENGER RAIL**
 17 **USE.**

18 (N) ~~(o)~~ "Urban county" means a county in this state with a
 19 population greater than 400,000.

20 Sec. 3. (1) Money from the fund shall be allocated for
 21 projects to be funded ~~pursuant to~~ **UNDER** section 11(3)(a) ~~and (b)~~ in
 22 accordance with the adopted policies of the commission. No funds
 23 shall be committed to any project, nor shall any project be
 24 authorized for any funds under this act, until the commission
 25 notifies the senate committee on transportation ~~and tourism~~ and the
 26 house committee on transportation and the subcommittees on
 27 transportation of the senate and house appropriations committees of

1 the proposed projects in the manner provided in section 18k of Act
2 ~~No. 51 of the Public Acts of 1951, being section 247.668k of the~~
3 ~~Michigan Compiled Laws. 1951 PA 51, MCL 247.668K.~~ Hearings may be
4 conducted to afford interested parties the opportunity to address
5 aspects of the selection process, the final project list, proposed
6 funding, and related issues. If such hearings are not conducted by
7 the senate committee on transportation ~~and tourism~~ and the house
8 committee on transportation and the subcommittees on transportation
9 of the senate and house appropriations committees within 30 days,
10 if both the senate and house are in session, or 60 days, if either
11 the senate or the house or both are not in session of project
12 notification by the commission, the department may proceed with
13 project authorization for funding.

14 (2) The commission shall not commit funds to any project in a
15 new category for funding under section 7(3) or section 9(1)(a) ~~7~~
16 ~~added by this amendatory act, or future amendatory acts,~~ before the
17 commission notifies the legislative committees of the criteria for
18 approval of projects under these categories in the same manner
19 described in this section.

20 (3) Projects in section 11(3)(a) shall be coordinated with
21 projects in section 11(3)(c) through the designated representatives
22 on the urban task forces and regional rural task forces.
23 ~~respectively.~~

24 (4) The department may be the contracting agent for all
25 projects to be funded by this act. Contracts shall be awarded
26 consistent with the policies of the commission.

27 (5) The administrator or the person acting in that capacity

1 shall assist the commission in reviewing recommendations for
2 funding projects under this act.

3 (6) Of the money appropriated to the fund, not more than 1% as
4 annually appropriated by the legislature shall be appropriated for
5 administration of the fund.

6 (7) The commission shall do the following:

7 (a) Establish criteria for the awarding of projects.

8 (b) Exercise ~~such~~ oversight as it may consider appropriate to
9 facilitate its development of policy for administration of the
10 fund.

11 (c) Review all projects recommended for funding to assure that
12 they satisfy commission policies and criteria. Funds shall not be
13 allocated to projects unless they are in accord with commission
14 policy and criteria.

15 (8) The office of economic development shall review each
16 project application and recommend the award of funding to selected
17 projects in accordance with the adopted policies of the commission.

18 Sec. 11. (1) Bonds may be issued as authorized by the
19 commission for the purpose of funding projects under this act in
20 the manner provided in sections 18b and 18k of 1951 PA 51, MCL
21 247.668b and 247.668k, and in accordance with the adopted policies
22 of the commission. Bonds shall not be committed for any project
23 under this act until the requirements under section 3(1) have been
24 satisfied.

25 (2) After the payment of interest and principal on bonds
26 issued under this act and the appropriation for costs of
27 administration of the fund as provided under this act, fund revenue

1 shall be annually appropriated as follows:

2 (a) The first \$5,000,000.00 for a forest roads program. Forest
3 roads program funds shall be distributed each fiscal year to each
4 qualified county in a percentage amount equal to the same
5 percentage amount that the number of acres of commercial forest,
6 national park, and national lakeshore land in each qualified county
7 bears to the total number of acres of commercial forest, national
8 park, and national lakeshore land in all qualified counties in this
9 state. Revenue distributed under this subdivision shall be used for
10 the construction or reconstruction of roads.

11 (b) The next \$2,500,000.00 of the fund shall be distributed
12 each fiscal year for improvements **WITHIN RURAL COUNTIES** to roads
13 and streets that are eligible for federal aid ~~in cities and~~
14 ~~villages having a population of 5,000 or greater within rural~~
15 ~~counties.~~ **AND ARE LOCATED INSIDE THE BOUNDARIES OF AN URBAN AREA OR**
16 **AN URBANIZED AREA AS DETERMINED BY THE MOST RECENT FEDERAL**
17 **DECENNIAL CENSUS AND AS ADJUSTED BY THE DEPARTMENT.**

18 (3) Of the balance remaining after funding projects pursuant
19 ~~to~~ **UNDER** subsection (2), projects shall be funded in the categories
20 described in section 9 based on the following percentages:

21 (a) ~~Except as otherwise provided in subsection (4),~~ 50% for
22 economic development road projects in any of the targeted
23 industries.

24 (b) 25% for projects to reduce congestion on county primary
25 and city major streets within urban counties including advanced
26 traffic management systems. The funds shall be distributed to
27 counties with populations in excess of 400,000 in accordance with

1 the following formula:

2	<u>Population</u>	<u>Percentage of Funds</u>
3	1,750,000 or more	16%
4	1,000,000 to 1,749,999	40%
5	650,001 to 999,999	20%
6	400,000 to 650,000	24%

7 When 2 or more counties occupy the same category, the funds
8 shall be divided equally.

9 Projects funded under this category shall be used for the
10 widening of county primary roads or city major streets or for
11 advanced traffic management systems in eligible counties.

12 (c) 25% for ~~development~~ projects within rural counties. These
13 revenues shall be distributed for the improvement of rural primary
14 roads in rural counties and major streets in cities and villages
15 with a population of 5,000 or less **THAT ARE LOCATED OUTSIDE THE**
16 **BOUNDARIES OF AN URBAN AREA OR AN URBANIZED AREA AS DETERMINED BY**
17 **THE MOST RECENT FEDERAL DECENNIAL CENSUS AND AS ADJUSTED BY THE**
18 **DEPARTMENT**. Funds distributed under this subdivision shall be
19 allocated by the commission to the regional rural task force areas
20 defined in section 12a in the same proportion that the rural
21 primary mileage of the regional rural task force area bears to the
22 total rural primary mileage of all counties. Each rural county
23 shall be credited with an allocation in the proportion that the
24 county's rural primary mileage is to the total rural primary
25 mileage of those rural counties within the same regional rural task
26 force area. Projects funded under this subdivision shall be limited

1 to upgrading rural primary roads and major streets to create an
2 all-season road network.

3 ~~—— (4) For the fiscal years ending September 30, 2011, September~~
4 ~~30, 2012, September 30, 2013, and September 30, 2014 only, there is~~
5 ~~appropriated \$12,000,000.00 from the fund for credit to the state~~
6 ~~trunk line fund established in section 11 of 1951 PA 51, MCL~~
7 ~~247.661, for the purposes of matching available federal aid highway~~
8 ~~funds, and the distribution to targeted industries under subsection~~
9 ~~(3)(a) shall be reduced accordingly.~~

10 ~~—— (5) The obligation authority for any federal funds allocated~~
11 ~~under section 10 of 1951 PA 51, MCL 247.660, shall be distributed~~
12 ~~equally among urban task forces and regional rural task forces~~
13 ~~according to the distribution formula outlined in subsection (3)(b)~~
14 ~~and (c). An additional 1.5% of the obligation authority for federal~~
15 ~~funds identified in section 10 of 1951 PA 51, MCL 247.660, shall be~~
16 ~~distributed among the regional rural task forces according to the~~
17 ~~distribution formula outlined in subsection (3)(c). These funds~~
18 ~~shall be obligated and used consistent with section 10 of 1951 PA~~
19 ~~51, MCL 247.660.~~

20 Sec. 12. (1) The urban task force ~~which~~ **THAT** represents the
21 majority of the communities in the urban area of each county shall
22 select and designate for eligibility projects for funding under
23 section ~~11(3)(e)~~ **11 (3) (B)** within their respective allocations. One
24 nonvoting member of each task force shall be a designee of and
25 represent the administrator. In the case of widening projects only,
26 the task forces shall designate projects for eligibility as
27 follows:

1 (a) Projects shall be eligible for federal aid.

2 (b) Projects shall ~~consist of adding~~ **ADD** travel lanes, left
3 turn lanes, and intersectional improvements to roads with 2 travel
4 lanes carrying more than 10,000 vehicles per day or roads with more
5 than 2 travel lanes carrying more than 25,000 vehicles per day ~~in~~
6 ~~accordance with~~ **BASED ON THE MOST CURRENT TRAFFIC COUNT OR A**
7 ~~traffic counts~~ **COUNT** done on or before April 1, 1993. **PROJECTS MAY**
8 **ALSO BE FOR THE CONSTRUCTION OF NEW ROADS WITH 3 OR MORE TRAVEL**
9 **LANES WHERE THE PROJECTED TRAFFIC COUNT EXCEEDS 10,000 VEHICLES PER**
10 **DAY BASED ON AN ENGINEERING STUDY APPROVED BY THE DEPARTMENT.**

11 ~~—— (2) Projects funded under section 11(4) shall be consistent~~
12 ~~with the provisions of section 10 of Act No. 51 of the Public Acts~~
13 ~~of 1951, being section 247.660 of the Michigan Compiled Laws.~~

14 (2) ~~(3)~~—If any task force fails to submit sufficient qualified
15 projects to obligate its allocation by July 1 of any fiscal year,
16 those funds shall be made available to the remaining urban task
17 forces in the same proportion as the original allocation.

18 (3) ~~(4)~~—The individual urban task forces shall propose project
19 result evaluation criteria for all projects to the administrator
20 and the commission for review and comment.

21 (4) ~~(5)~~—The urban task forces shall report to the
22 administrator on an annual basis the status of all projects
23 selected for funding.

24 (5) ~~(6)~~—The programs and projects authorized in section
25 ~~11(3)(e)~~ **11(3)(B)** shall be administered in a similar manner as
26 current federal aid projects and in accordance with the adopted
27 policies of the commission.

1 Sec. 12a. (1) The regional rural task force shall make
2 recommendations to the commission and the administrator for funding
3 projects under section ~~11(3)(d)~~**11(3)(C)** within their respective
4 regions. If any represented county fails to submit sufficient
5 qualified projects to obligate its allocation after 3 consecutive
6 years, those funds shall be reallocated to the remaining counties
7 in the same regional rural task force area. The regional rural task
8 force areas shall coincide with the boundaries of the 14 state
9 planning and development regions as configured on January 1, 1990.
10 In a regional rural task force area that is composed of 5 or more
11 counties, subtask forces of 2 or more of the counties may be formed
12 with the approval of the task force.

13 (2) The regional rural task force shall be composed of a
14 representative of each county road commission within the regional
15 area plus an equal number of representatives from incorporated
16 cities and villages with a population of 5,000 or less within the
17 regional area, and a representative selected by the administrator.
18 Projects submitted to the administrator for funding under section
19 ~~11(3)(d)~~**11(3)(C)** shall be based on the following:

20 (a) Only projects eligible for federal aid shall be funded
21 unless otherwise approved by the regional rural task force.

22 (b) Projects shall be on existing hard surface roads unless
23 otherwise waived by the regional rural task force.

24 (c) Construction shall be to all-season standards.

25 (d) These funds shall be used for physical construction only
26 and shall not include costs of right-of-way acquisition and
27 engineering.

1 ~~—— (3) Projects funded under section 11(4) shall be consistent~~
2 ~~with the provisions of section 10 of Act No. 51 of the Public Acts~~
3 ~~of 1951, being section 247.660 of the Michigan Compiled Laws.~~

4 (3) ~~(4)~~The programs and projects authorized in section
5 ~~11(3)(d)~~**11(3)(C)** shall be administered in a similar manner as the
6 current local federal aid projects and in accordance with the
7 adopted policies of the commission.

8 Sec. 13. By December 31 each year the commission shall report
9 to the governor, the house and senate appropriations committees,
10 and the house and senate fiscal agencies the following information
11 regarding this act:

12 (a) The projects funded during the previous fiscal year.

13 (b) The status of projects funded in the immediately preceding
14 fiscal year.

15 (c) The number of jobs created and retained and any other
16 economic benefits of the projects funded and listed under
17 ~~subdivision (a)~~**SECTION 11(3)(A)**.

18 (d) The degree to which the projects funded have achieved the
19 objectives of this act.

20 (e) Any other information considered necessary by the
21 commission for the legislature to evaluate the effectiveness of
22 this act.

23 Enacting section 1. This amendatory act takes effect 90 days
24 after the date it is enacted into law.

25 Enacting section 2. This amendatory act does not take effect
26 unless Senate Bill No. 25 of the 98th Legislature is enacted into
27 law.