

HOUSE BILL No. 4545

March 28, 2001, Introduced by Reps. Switalski, Adamini, Raczkowski, Jacobs, Gielegem, Rivet, Jamnick, Woodward, Garza, Kolb, Bovin, Schermesser, Scranton and Lockwood and referred to the Committee on Transportation.

A bill to amend 1951 PA 51, entitled

"An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety commission; to establish certain standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive

transportation fund, and certain other funds of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to provide for submission of annual legislative requests and reports; to provide for the establishment and functions of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and repayment by local units and agencies of those loans from certain specified sources; and to repeal acts and parts of acts," by amending sections 1c, 11, 12, and 13 (MCL 247.651c, 247.661, 247.662, and 247.663), section 1c as amended by 1982 PA 438, section 11 as amended by 2000 PA 188, section 12 as amended by 1997 PA 79, and section 13 as amended by 1999 PA 54.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1c. The state transportation department shall bear the
2 cost of opening, widening, and improving, including construction
3 and reconstruction, in accordance with standards and specifica-
4 tions of the department, all state trunk line highways, subject
5 to all of the following provisions:

6 (a) Incorporated cities and villages shall participate with
7 the department in the cost of opening, widening, and improving,
8 including construction and reconstruction of state trunk line
9 highways within cities and villages to which may be added,
10 subject to the approval of the state transportation commission,
11 streets that are connecting links of trunk line highways or
12 streets as are made connecting links of trunk line highways,
13 according to the following schedule subject to the definition of
14 population as provided in section 13:

1 (i) In cities and villages having a population of 50,000 or
2 more, 12.5% of the cost shall be borne by the city or village,
3 and 87.5% by the state transportation department.

4 (ii) In cities and villages having a population of 40,000 or
5 more and less than 50,000, 11.25% of the cost shall be borne by
6 the city or village, and 88.75% by the state transportation
7 department.

8 (iii) In cities and villages having a population of 25,000
9 or more and less than 40,000, 8.75% of the cost shall be borne by
10 the city or village, and 91.25% by the state transportation
11 department.

12 (iv) In cities and villages having a population of less than
13 25,000, the state transportation department shall bear the entire
14 cost.

15 (b) As used in this act, "opening, widening, and improving,
16 including construction and reconstruction, of state trunk line
17 highways" includes, but is not limited to, the cost of right of
18 way; the cost of removal and replacement of TREES IF TREES ARE
19 REMOVED AS PART OF A PROJECT, sidewalks, street lighting, curb-
20 ing, where removal and replacement is made necessary by construc-
21 tion or reconstruction of a trunk line highway; and the cost of
22 bridges and structures, including that part of the cost of grade
23 separation structures not paid by the railroad companies.

24 (c) In a city or village, the width of a state trunk line
25 highway shall be the width required to serve anticipated future
26 traffic needs for a 20-year period as determined by a department
27 transportation survey, which width, except as prescribed by this

1 subdivision, shall not be less than the currently accepted
2 standards prescribed for a 4-lane highway; the width as may be
3 built on the same trunk line route immediately beyond and adja-
4 cent to either legal boundary of the city or village; or on trunk
5 lines eligible for federal highway funds, a width as may be pre-
6 scribed by the federal government, whichever width is greater.
7 However, the department and the governing body of a city or vil-
8 lage by mutual agreement may determine that the width of a state
9 trunk line highway shall be less than the width otherwise pre-
10 scribed by this subdivision.

11 (d) If a city or village ~~shall desire~~ DESIRES to widen a
12 state trunk line highway for local purposes beyond the width pre-
13 scribed in subdivision (c), the entire cost of the extra width,
14 less the federal highway funds which may be allocated to the por-
15 tion of the project by the department, shall be borne by the city
16 or village.

17 (e) The state transportation commission and the boards of
18 county road commissioners may enter into agreements with town-
19 ships or private persons for the improvement or widening of state
20 trunk line highways or county roads. The state transportation
21 commission and the boards of county road commissioners may
22 require full or partial participation in the cost of the improve-
23 ment or widening by the requesting party as considered
24 appropriate.

25 Sec. 11. (1) A fund to be known as the state trunk line
26 fund is established and shall be set up and maintained in the
27 state treasury as a separate fund. The money deposited in the

1 state trunk line fund is appropriated to the state transportation
2 department for the following purposes in the following order of
3 priority:

4 (a) For the payment, but only from money restricted as to
5 use by section 9 of article IX of the state constitution of 1963,
6 of bonds, notes, or other obligations in the following order of
7 priority:

8 (i) For the payment of contributions required to be made by
9 the state highway commission or the state transportation commis-
10 sion under contracts entered into before July 18, 1979, under
11 1941 PA 205, MCL 252.51 to 252.64, which contributions have been
12 pledged before July 18, 1979, for the payment of the principal
13 and interest on bonds issued under 1941 PA 205, MCL 252.51 to
14 252.64, for the payment of which a sufficient sum is irrevocably
15 appropriated.

16 (ii) For the payment of the principal and interest upon
17 bonds designated "State of Michigan, State Highway Commissioner,
18 Highway Construction Bonds, Series I", dated September 1, 1956,
19 in the aggregate principal amount of \$25,000,000.00, issued
20 ~~pursuant to~~ UNDER former 1955 PA 87 and the resolution of the
21 state administrative board adopted August 6, 1956, for the pay-
22 ment of which a sufficient sum is irrevocably appropriated.

23 (iii) For the payment of the principal and interest on bonds
24 issued under section 18b for transportation purposes other than
25 comprehensive transportation purposes as defined by law and the
26 payment of contributions of the state highway commission or state
27 transportation commission to be made pursuant to contracts

1 entered into under section 18d, which contributions are pledged
2 to the payment of principal and interest on bonds issued under
3 the authorization of section 18d and contracts executed ~~pursuant~~
4 ~~to~~ UNDER that section. A sufficient portion of the fund is
5 irrevocably appropriated to pay, when due, the principal and
6 interest on bonds or notes issued under section 18b for purposes
7 other than comprehensive transportation purposes as defined by
8 law, and to pay the annual contributions of the state highway
9 commission and the state transportation commission as are pledged
10 for the payment of bonds issued ~~pursuant to~~ UNDER contracts
11 authorized by section 18d.

12 (b) For the transfer of funds appropriated ~~pursuant to~~
13 UNDER section 10(1)(g) to the transportation economic development
14 fund, but the transfer shall be reduced each fiscal year by the
15 amount of debt service to be paid in that year from the state
16 trunk line fund for bonds, notes, or other obligations issued to
17 fund projects of the transportation economic development fund,
18 which amount shall be certified by the department.

19 (c) For the transfer of funds appropriated ~~pursuant to~~
20 UNDER section 10(1)(a) to the railroad grade crossing account in
21 the state trunk line fund for expenditure to meet the cost, in
22 whole or in part, of providing for the improvement, installation,
23 and retirement of new or existing safety devices or other rail
24 grade crossing improvements at rail grade crossings on public
25 roads and streets under the jurisdiction of the state, counties,
26 or cities and villages. Projects shall be selected for funding
27 in accordance with the following:

1 (i) Not more than 50% or less than 30% of these funds and
2 matched federal funds shall be expended for state trunk line
3 projects.

4 (ii) In prioritizing projects for these funds, in whole or
5 in part, the department shall consider train and vehicular traf-
6 fic volumes, accident history, traffic control device improvement
7 needs, and the availability of funding.

8 (iii) Consistent with the other requirements for these
9 funds, the first priority for funds deposited ~~pursuant to~~ UNDER
10 this subdivision for rail grade crossing improvements and retire-
11 ment shall be to match federal funds from the railroad-highway
12 grade crossing improvement program or other comparable federal
13 programs.

14 (iv) If federal funds from the railroad-highway grade cross-
15 ing improvement program or other comparable federal programs have
16 been exhausted, funds deposited ~~pursuant to~~ UNDER this subdivi-
17 sion shall be used to fund 100% of grade crossing projects that
18 receive the highest priority of unfunded projects ~~pursuant to~~
19 UNDER criteria established by the department.

20 (v) State railroad grade crossing funds shall not be used,
21 either as 100% of project cost or to match federal
22 railroad-highway grade crossing improvement funds, for a crossing
23 that is determined by the department ~~pursuant to~~ UNDER the cri-
24 teria established by the department to be a lower priority than
25 other projects that have not yet been funded. However, if suffi-
26 cient funds are available, these state railroad grade crossing
27 account funds may be used for not more than 50% of a project's

1 cost for a crossing that is determined by the department
2 ~~pursuant to~~ UNDER the criteria established by the department to
3 be a lower priority if the balance of not less than 50% of the
4 project's cost is provided by the road authority, railroad, or
5 other sources.

6 (vi) The type of railroad grade crossing improvement,
7 installation, relocation, or retirement of grade crossing sur-
8 faces, active and passive traffic control devices, pavement mark-
9 ing, or other related work shall be eligible for these railroad
10 grade crossing account funds in the same manner as the project
11 type eligibility provided by the federal funds from the
12 railroad-highway grade crossing improvement program, except for
13 the following:

14 (A) For new railroad crossings, these funds may be used for
15 the crossing surface, active and passive traffic control devices,
16 pavement marking, and other improvements necessitated by the new
17 crossing.

18 (B) These funds may be used for the modification, reloca-
19 tion, or modernization of railroad grade crossing facilities
20 necessitated by roadway improvement projects.

21 (C) If the department and the road authority with jurisdic-
22 tion over a public road or street crossing formally agree that
23 the grade crossing should be eliminated by permanent closing of
24 the public road or street, the road authority making the closing
25 shall receive \$5,000.00 from the railroad grade crossing
26 account. In addition, any connecting road improvements
27 necessitated by the grade crossing closure are reimbursable on an

1 actual cost basis not to exceed \$10,000.00 per crossing closed.
2 The physical removal of the crossing, roadway within railroad
3 rights of way and street termination treatment will be negotiated
4 between the road authority and railroad company. The funds pro-
5 vided to the road authority as a result of the crossing closure
6 will be credited to its account representing the same road or
7 street system on which the crossing is located.

8 (d) For the total operating expenses of the state trunk line
9 fund for each fiscal year as appropriated by the legislature.

10 (e) For the maintenance of state trunk line highways and
11 bridges.

12 (f) For the opening, widening, improving, construction, and
13 reconstruction of state trunk line highways and bridges, includ-
14 ing the acquisition of necessary rights of way and the work inci-
15 dental to that opening, widening, improving, construction, or
16 reconstruction. Those sums in the state trunk line fund not oth-
17 erwise appropriated, distributed, determined, or set aside by law
18 shall be used for the construction or reconstruction of the
19 national system of interstate and defense highways, referred to
20 in this act as "the interstate highway system" to the extent nec-
21 essary to match federal aid funds as the federal aid funds become
22 available for that purpose; and, for the construction and recon-
23 struction of the state trunk line system. MONEY FROM THE STATE
24 TRUNK LINE FUND SHALL NOT BE EXPENDED UNDER THIS SUBDIVISION
25 UNLESS EACH TREE THAT IS REMOVED, DESTROYED, OR BOTH IN THE OPEN-
26 ING, WIDENING, IMPROVING, CONSTRUCTION, AND RECONSTRUCTION OF
27 STATE HIGHWAYS AND BRIDGES CONDUCTED UNDER THIS SECTION IS

1 REPLACED WITH A SAPLING OF THE SAME OR A SIMILAR VARIETY OF TREE
2 AS WAS REMOVED, DESTROYED, OR BOTH. HOWEVER, THIS TREE REPLACE-
3 MENT REQUIREMENT APPLIES ONLY TO PROJECTS CONDUCTED UNDER CON-
4 TRACTS EXECUTED ON OR AFTER THE EFFECTIVE DATE OF THE AMENDATORY
5 ACT THAT ADDED SUBSECTION (4)(E).

6 (g) The state transportation department may enter into
7 agreements with county road commissions and with cities and vil-
8 lages to perform work on a highway, road, or street. The agree-
9 ments may provide for the performance by any of the contracting
10 parties of any of the work contemplated by the contract including
11 engineering services and the acquisition of rights of way in con-
12 nection with the work, by purchase or condemnation by any of the
13 contracting parties in its own name, and for joint participation
14 in the costs, but only to the extent that the contracting parties
15 are otherwise authorized by law to expend money on the highways,
16 roads, or streets. The state transportation department also may
17 contract with a county road commission, city, and village to
18 advance money to a county road commission, city, and village to
19 pay their costs of improving railroad grade crossings on the
20 terms and conditions agreed to in the contract. A contract may
21 be executed before or after the state transportation commission
22 borrows money for the purpose of advancing money to a county road
23 commission, city, or village, but the contract shall be executed
24 before the advancement of any money to a county road commission,
25 city, or village by the state transportation commission, and
26 shall provide for the full reimbursement of any advancement by a
27 county road commission, city, or village to the state

1 transportation department, with interest, within 15 years after
2 advancement, from any available revenue sources of the county
3 road commission, city, or village or, if provided in the con-
4 tract, by deduction from the periodic disbursements of any money
5 returned by the state to the county road commission, city, or
6 village. BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT
7 THAT ADDED SUBSECTION (4)(E), EVERY AGREEMENT ENTERED INTO UNDER
8 THIS SUBDIVISION SHALL INCLUDE A REQUIREMENT THAT EACH TREE THAT
9 IS REMOVED, DESTROYED, OR BOTH UNDER THE AGREEMENT SHALL BE
10 REPLACED WITH A SAPLING OF THE SAME OR A SIMILAR VARIETY OF TREE
11 AS WAS REMOVED, DESTROYED, OR BOTH AND THAT THE COUNTY ROAD COM-
12 MISSION SHALL PROVIDE MATCHING FUNDS FOR THIS PURPOSE NOT TO
13 EXCEED 25% OF THE COST. HOWEVER, NOT MORE THAN 1/2 OF 1% OF THE
14 TOTAL CONSTRUCTION COSTS FOR THE PROJECT SHALL BE FOR TREE
15 REPLACEMENT.

16 (h) For providing inventories of supplies and materials
17 required for the activities of the state transportation
18 department. The state transportation department may purchase
19 supplies and materials for these purposes, with payment to be
20 made out of the state trunk line fund to be charged on the basis
21 of issues from inventory in accordance with the accounting and
22 purchasing laws of the state.

23 (2) Notwithstanding any other provision of this act, at
24 least 90% of state revenue appropriated annually to the state
25 trunk line fund less the amounts described in subdivisions (a) to
26 (i) shall be expended annually by the state transportation
27 department for the maintenance of highways, roads, streets, and

1 bridges and for the payment of debt service on bonds, notes, or
2 other obligations described in subsection (1)(a) issued after
3 July 1, 1983, for the purpose of providing funds for the mainte-
4 nance of highways, roads, streets, and bridges. Of the amounts
5 appropriated for state trunk line projects, the department shall,
6 where possible, secure warranties of not less than 5-year full
7 replacement guarantee for contracted construction work. If an
8 appropriate certificate is filed under section 18e but only to
9 the extent necessary, this subsection shall not prohibit the use
10 of any amount of money restricted as to use by section 9 of arti-
11 cle IX of the state constitution of 1963 and deposited in the
12 state trunk line fund for the payment of debt service on bonds,
13 notes, or other obligations pledging for the payment thereof
14 money restricted as to use by section 9 of article IX of the
15 state constitution of 1963 and deposited in the state trunk line
16 fund, whenever issued, as specified under subsection (1)(a). The
17 amounts ~~which~~ THAT are deducted from the state trunk line fund
18 for the purpose of the calculation required by this subsection
19 are as follows:

20 (a) Amounts expended for the purposes described in subsec-
21 tion (1)(a) for the payment of debt service on bonds, notes, or
22 other obligations issued before July 2, 1983.

23 (b) Amounts expended to provide the state matching require-
24 ment for projects on the national highway system and for the pay-
25 ment of debt service on bonds, notes, or other obligations issued
26 after July 1, 1983, for the purpose of providing funds for the

1 state matching requirements for projects on the national highway
2 system.

3 (c) Amounts expended for the construction of a highway,
4 street, road, or bridge to 1 or more of the following or for the
5 payment of debt service on bonds, notes, or other obligations
6 issued after July 1, 1983, for the purpose of providing funds for
7 the construction of a highway, street, road, or bridge to 1 or
8 more of the following:

9 (i) A location for which a building permit has been obtained
10 for the construction of a manufacturing or industrial facility.

11 (ii) A location for which a building permit has been
12 obtained for the renovation of, or addition to, a manufacturing
13 or industrial facility.

14 (d) Amounts expended for capital outlay other than for high-
15 ways, roads, streets, and bridges or to pay debt service on
16 bonds, notes, or other obligations issued after July 1, 1983, for
17 the purpose of providing funds for capital outlay other than for
18 highways, roads, streets, and bridges.

19 (e) Amounts expended for the operating expenses of the state
20 transportation department other than the units of the department
21 performing the functions assigned on January 1, 1983 to the
22 bureau of highways.

23 (f) Amounts expended pursuant to contracts entered into
24 before January 1, 1983.

25 (g) Amounts expended for the purposes described in subsec-
26 tion (5).

1 (h) Amounts appropriated for deposit in the transportation
2 economic development fund and the rail grade crossing account
3 ~~pursuant to~~ UNDER section ~~10(1)(g)~~ and 10(1)(a) AND
4 10(1)(G).

5 (i) Upon the affirmative recommendation of the director of
6 the state transportation department and the approval by resolu-
7 tion of the state transportation commission, those amounts
8 expended for projects vital to the economy of the state, a
9 region, or local area or the safety of the public. The resolu-
10 tion shall state the cost of the project exempted from this
11 subsection.

12 (3) Notwithstanding any other provision of this act, the
13 state transportation department shall expend annually at least
14 90% of the federal revenue distributed to the credit of the state
15 trunk line fund in that year, except for federal revenue expended
16 for the purposes described in subsection (2)(b), (c), (f), and
17 (i) on the maintenance of highways, roads, streets, and bridges.
18 The requirement of this subsection shall be waived if compliance
19 would cause the state to be ineligible according to federal law
20 for federal revenue, but only to the extent necessary to make the
21 state eligible according to federal law for that revenue.

22 (4) As used in this section:

23 (a) "Maintenance" and "maintaining" mean snow removal;
24 street cleaning and drainage; seal coating; patching and ordinary
25 repairs; erection and maintenance of traffic signs and markings;
26 safety projects; and the preservation, reconstruction,
27 resurfacing, restoration, and rehabilitation of highways, roads,

1 streets, and bridges. For the purposes of this section,
2 maintenance and maintaining shall not be limited to the repair
3 and replacement of a road but shall include maintaining the orig-
4 inal intent of a construction project. If traffic patterns indi-
5 cate that this intent is no longer being met, the department may
6 expend funds to take corrective action and continue to fulfill
7 its obligation of maintaining the department's original objective
8 for the construction project. However, maintenance and maintain-
9 ing do not include projects ~~which~~ THAT increase the capacity of
10 a highway facility to accommodate that part of the traffic having
11 neither origin nor destination within the local area.

12 (b) "Maintenance" and "maintaining" include widening less
13 than lane width; adding auxiliary turning lanes of 1/2 mile or
14 less; adding auxiliary weaving, climbing, or speed change lanes;
15 and correcting substandard intersections.

16 (c) "Maintenance" and "maintaining" do not include the
17 upgrading of aggregate surface roads to hard surface roads.

18 (d) "Maintenance" and "maintaining" include the portion of
19 the costs of the units of the department performing the functions
20 assigned on January 1, 1983, to the bureau of highways expended
21 for the purposes described in subdivisions (a) and (b).

22 (E) "RESTORATION" INCLUDES, BUT IS NOT LIMITED TO, THE
23 REPLACEMENT OF EACH TREE THAT WAS REMOVED OR DESTROYED WITH A
24 SAPLING OF THE SAME OR A SIMILAR VARIETY OF TREE AS WAS REMOVED
25 OR DESTROYED.

26 (5) Notwithstanding any other provision of this section, the
27 state transportation department may loan money to county road

1 commissions, cities, and villages for paying capital costs of
2 transportation purposes described in the second paragraph of sec-
3 tion 9 of article IX of the state constitution of 1963 from the
4 proceeds of bonds or notes issued ~~pursuant to~~ UNDER section 18b
5 or from the state trunk line fund. Loans made directly from the
6 state trunk line fund shall be made only after provision of funds
7 for the purposes specified in subsection (1)(a) to (f).

8 (6) County road commissions, cities, and villages may borrow
9 money from the proceeds of bonds or notes issued under section
10 18b or the state trunk line fund for the purposes set forth in
11 subsection (5) that shall be repayable, with interest, from 1 or
12 more of the following:

13 (a) The money to be received by the county road commission,
14 city, or village from the Michigan transportation fund, except to
15 the extent the money has been or may in the future be pledged by
16 contract in accordance with 1941 PA 205, MCL 252.51 to 252.64, or
17 has been or may in the future be pledged for the payment of the
18 principal and interest upon notes issued ~~pursuant to~~ UNDER 1943
19 PA 143, MCL 141.251 to 141.254, or has been or may in the future
20 be pledged for the payment of principal and interest upon bonds
21 issued under section 18c or 18d, or has been or may in the future
22 be pledged for the payment of the principal and interest upon
23 bonds issued ~~pursuant to~~ UNDER 1952 PA 175, MCL 247.701 to
24 247.707.

25 (b) Any other legally available funds of the city, village,
26 or county road commission, other than the general funds of the
27 county.

1 (7) Loans made ~~pursuant to~~ UNDER subsection (5) if
2 required by the state transportation department may be payable by
3 deduction by the state treasurer, upon direction of the state
4 transportation department, from the periodic disbursements of any
5 money returned by the state under this act to the county road
6 commission, city, or village, but only after sufficient money has
7 been returned to the county road commission, city, or village to
8 provide for the payment of contractual obligations incurred or to
9 be incurred and principal and interest on notes and bonds issued
10 or to be issued under 1941 PA 205, MCL 252.51 to 252.64, 1943
11 PA 143, MCL 141.251 to 141.254, 1952 PA 175, MCL 247.701 to
12 247.707, or section 18c or 18d. The interest rates and payment
13 schedules of any loans made from the proceeds of bonds or notes
14 issued ~~pursuant to~~ UNDER section 18b shall be established by
15 the state transportation department to conform as closely as
16 practicable to the interest rate and repayment schedules on the
17 bonds or notes issued to make the loans. However, the state
18 transportation department may allow for the deferral of the first
19 payment of interest or principal on the loans for a period of not
20 to exceed 1 year after the respective first payment of interest
21 or principal on the bonds or notes issued to make the loans.

22 (8) The amount borrowed by a county road commission, city,
23 or village ~~pursuant to~~ UNDER subsection (6) shall not be
24 included in, or charged against, any constitutional, statutory,
25 or charter debt limitation of the county, city, or village and
26 shall not be included in the determination of the maximum annual
27 principal and interest requirements of, or the limitations upon,

1 the maximum annual principal and interest incurred under 1941
2 PA 205, MCL 252.51 to 252.64, 1943 PA 143, MCL 141.251 to
3 141.254, 1952 PA 175, MCL 247.701 to 247.707, or section 18c or
4 18d.

5 (9) The county road commission, city, or village is not
6 required to seek or obtain the approval of the electors, the
7 municipal finance commission or its successor agency, or, except
8 as provided in this subsection, the department of treasury to
9 borrow money ~~pursuant to~~ UNDER subsection (6). The borrowing
10 is not subject to the municipal finance act, 1943 PA 202,
11 MCL 131.1 to 139.3, or to section 5(g) of the home rule city act,
12 1909 PA 279, MCL 117.5. The state transportation department
13 shall give at least 10 days' notice to the state treasurer of its
14 intention to make a loan under subsection (5). If the state
15 treasurer gives notice to the director of the state transporta-
16 tion department within 10 days of receiving the notice from the
17 state transportation department, that, based upon the then exist-
18 ing financial or credit situation of the county road commission,
19 city, or village, it would not be in the best interests of the
20 state to make a loan under subsection (5) to the county road com-
21 mission, city, or village, the loan shall not be made unless the
22 state treasurer, after a hearing, if requested by the affected
23 county road commission, city, or village, subsequently gives
24 notice to the director of the state transportation department
25 that the loan may be made on the conditions that the state trea-
26 surer specifies.

1 (10) The state transportation commission may borrow money
2 and issue bonds and notes under, and pursuant to the requirements
3 of, section 18b to make loans to county road commissions, cities,
4 and villages for the purposes described in the second paragraph
5 of section 9 of article IX of the state constitution of 1963, as
6 provided in subsection (5). A single issue of bonds or notes may
7 be issued for the purposes specified in subsection (5) and for
8 the other purposes specified in section 18b. The house and
9 senate transportation appropriations subcommittees shall be noti-
10 fied by the department if there are extras and overruns suffi-
11 cient to require approval of either the state administrative
12 board or the commission, or both, on any contract between the
13 department and a local road agency or a private business.

14 (11) The director of the state transportation department,
15 after consultation with representatives of the interests of
16 county road commissions, cities, and villages, shall establish,
17 by intergovernmental communication, procedures for the implemen-
18 tation and administration of the loan program established under
19 subsections (5) to (10).

20 (12) Not more than 10% per year of all of the funds received
21 by and returned to the state transportation department from any
22 source for the purposes of this section may be expended for
23 administrative expenses. The department shall be subject to
24 section 14(5) if more than 10% per year is expended for adminis-
25 trative expenses. As used in this subsection, "administrative
26 expenses" means those expenses that are not assigned including,
27 but not limited to, specific road construction or maintenance

1 projects and are often referred to as general or supportive
2 services. Administrative expenses ~~shall~~ DO not include net
3 equipment expense, net capital outlay, debt service principal and
4 interest, and payments to other state or local offices which are
5 assigned, but not limited to, specific road construction projects
6 or maintenance activities.

7 (13) Any performance audits of the department shall be con-
8 ducted according to government auditing standards issued by the
9 United States general accounting office.

10 Sec. 12. (1) The amount distributed to the county road com-
11 missions shall be returned to the county treasurers in the
12 manner, for the purposes, and under the terms and conditions
13 specified in this section. The department and the county road
14 association of Michigan shall jointly develop incentives for
15 counties to establish statewide purchasing pools for the more
16 efficient use of Michigan transportation funds.

17 (2) Each county road commission shall be reimbursed in an
18 amount up to \$10,000.00 per year for the sum paid to a licensed
19 professional engineer employed or retained by the county road
20 commission in the previous year. The sum shall be returned to
21 each county road commission certified by the state transportation
22 department as complying with this subsection regarding the
23 employment of an engineer.

24 (3) An amount equal to 1% of the total amount returned to
25 the county road commissions from the Michigan transportation fund
26 during the prior calendar year shall be withheld annually from
27 the counties' November monthly distribution provided for in

1 section 17, and the amount shall be returned to the county road
2 commissions for snow removal purposes as provided in
3 section 12a.

4 (4) An amount equal to 10% of the total amount returned to
5 the county road commissions from the Michigan transportation fund
6 shall be returned to each county road commission having county
7 primary, or county local road, or both, mileage in the urban
8 areas as determined ~~pursuant to~~ UNDER section 12b. This sum
9 shall be distributed pursuant to section 12b. The return shall
10 be in addition to the amounts provided in subsections (6) and (7)
11 and for the purposes stated in those subsections.

12 (5) An amount equal to 4% of the total amount returned to
13 the county road commissions from the Michigan transportation fund
14 shall be returned to the county road commissions in the same per-
15 centages as provided in subsection (7). All money returned to
16 the county road commissions as provided in this subsection shall
17 be expended by the county road commissions for the maintenance,
18 improvement, construction, reconstruction, acquisition, and
19 extension of county local road systems and shall be in addition
20 to the amounts provided in subsection (7).

21 (6) Seventy-five percent of the remainder of the total
22 amount to be returned to the counties shall be expended by each
23 county road commission for the maintenance, improvement, con-
24 struction, reconstruction, acquisition, and extension of the
25 county primary road system, including the acquisition of a neces-
26 sary right of way for the system, work incidental to the system,

1 and a roadside park or motor parkway appurtenant to the system,
2 and shall be returned to the counties as follows:

3 (a) Three-fourths of the amount in proportion to the amount
4 received within the respective county during the 12 months next
5 preceding the date of each monthly distribution, as specific
6 taxes upon registered motor vehicles under the Michigan vehicle
7 code, 1949 PA 300, MCL 257.1 to 257.923.

8 (b) One-tenth of the amount in the same proportion that the
9 total mileage in the county primary road system of each county
10 bears to the total mileage in all of the county primary road sys-
11 tems of the state.

12 (c) One eighty-third of the remaining 15% of the amount to
13 each county.

14 (7) The balance of the remainder of the total amount to be
15 returned to counties shall be expended by each county road com-
16 mission for the maintenance, improvement, construction, recon-
17 struction, acquisition, and extension of the county local road
18 system as defined by this act, including the acquisition of a
19 necessary right of way for the system, work incidental to the
20 system, and a roadside park or motor parkway appurtenant to the
21 system, and shall be returned to the counties as follows:

22 (a) Sixty-five percent of the amount in the same proportion
23 that the total mileage in the county local road system of each
24 county bears to the total mileage in all of the county local road
25 systems of the state.

26 (b) Thirty-five percent of the amount in the same proportion
27 that the total population outside of incorporated municipalities

1 in each county bears to the total population outside of
2 incorporated municipalities in all of the counties of the state,
3 according to the most recent statewide federal census as certi-
4 fied at the beginning of the state fiscal year.

5 (8) Money deposited in, or becoming a part of the county
6 road funds of a board of county road commissioners shall be
7 expended first for the payment of principal and interest on the
8 bonds, for the payment of contractual contributions pledged for
9 the payment of bonds, for debt service requirements for the pay-
10 ment of contractual contributions pledged for the payment of
11 bonds, and for debt service requirements for the payment of notes
12 and loans in the following order of priority:

13 (a) For the payment of contributions required to be made by
14 a board of county road commissioners under a contract entered
15 into under 1941 PA 205, MCL 252.51 to 252.64, which contributions
16 have been pledged for the payment of the principal and interest
17 on bonds issued under that act, or for the payment of total debt
18 service requirements upon notes issued by a board of county road
19 commissioners under 1943 PA 143, MCL 141.251 to 141.254.

20 (b) For the payment of principal and interest upon bonds
21 issued under section 18c, and the payment of contributions of a
22 board of county road commissioners to be made ~~pursuant to~~ UNDER
23 contracts entered into under section 18d, which contributions are
24 pledged to the payment of principal and interest on bonds issued
25 after June 30, 1957, under the authorization of section 18c and
26 contracts executed pursuant to its provisions.

1 (c) For the payment of principal and interest upon loans
2 received ~~pursuant to~~ UNDER section 11(7), to the extent other
3 funds have not been made available for that payment.

4 (9) Not to exceed 30% per year of the amount returned to a
5 county for use on the county primary road system may be expended,
6 with or without matching, on the county local road system of that
7 county. Not to exceed 15% per year of the amount returned to a
8 county for expenditure on the county local road system may be
9 used, with or without matching, on the county primary road system
10 of that county, and not to exceed an additional 15% per year of
11 the amount returned to a county for expenditure on the county
12 local road system, may, in case of an emergency or with the
13 approval of the state transportation department, be expended,
14 with or without matching, on the county primary road system of
15 that county. An amount returned to a county for and on account
16 of county local roads, under this section, in excess of the total
17 amount paid into the county treasury each year by all of the
18 townships of that county for and on account of the county local
19 roads pursuant to section 14(6) may be transferred to and
20 expended on the county primary road system of that county.

21 (10) Not less than 20% per year of the funds returned to a
22 county by this section shall be expended for snow and ice remov-
23 al, the construction or reconstruction of a new highway or exist-
24 ing highway, and the acquisition of a necessary right of way for
25 those highways, and work incidental to those highways, or for the
26 servicing of bonds issued by the county for these purposes.

1 Surplus funds may be expended for the development, construction,
2 or repair of an off-street parking facility.

3 (11) Not more than 5% per year of the funds returned to a
4 county for the county primary road system and the county local
5 road system shall be expended for the maintenance, improvement,
6 or acquisition of appurtenant roadside parks and motor parkways.

7 (12) Funds returned to a county shall be expended by the
8 county road commission for the purposes provided in this section
9 and shall be deposited by the county treasurer in a designated
10 county depository, in a separate account to the credit of the
11 county road fund, and shall be paid out only upon the order of
12 the county road commission, and interest accruing on the money
13 shall become a part of, and be deposited with the county road
14 fund.

15 (13) In a county to which the funds are returned the func-
16 tion of the county road commission shall be limited to the forma-
17 tion of policy and the performance of the official duties imposed
18 by law and delegated by the county board of commissioners. A
19 member of the county road commission shall not be employed indi-
20 vidually in any other capacity for other duties with the county
21 road commission.

22 (14) A county road commission may enter into an agreement
23 with a county road commission of an adjacent county and with a
24 city or village to perform work on a highway, road, or street,
25 and with the state transportation department with respect to a
26 state trunk line and connecting links of the state trunk line
27 within the limits of the county or adjacent to the county. The

1 agreement may provide for the performance by each contracting
2 party of the work contemplated by the contract including engi-
3 neering services and the acquisition of rights of way in connec-
4 tion with the work contemplated, by purchase or condemnation, by
5 any of the contracting parties in its own name and the agreement
6 may provide for joint participation in the costs. BEGINNING ON
7 THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED SUBSECTION
8 (23), EVERY AGREEMENT ENTERED INTO UNDER THIS SUBDIVISION SHALL
9 INCLUDE A REQUIREMENT THAT EACH TREE THAT IS REMOVED, DESTROYED,
10 OR BOTH UNDER THE AGREEMENT SHALL BE REPLACED WITH A SAPLING OF
11 THE SAME OR A SIMILAR VARIETY OF TREE AS WAS REMOVED, DESTROYED,
12 OR BOTH AND THAT THE CONTRACTING PARTY OR PARTIES AGREE TO PRO-
13 VIDE MATCHING FUNDS FOR THIS PURPOSE NOT TO EXCEED 25% OF THE
14 COST. HOWEVER, NOT MORE THAN 1/2 OF 1% OF THE TOTAL CONSTRUCTION
15 COSTS FOR THE PROJECT SHALL BE FOR TREE REPLACEMENT.

16 (15) Money distributed from the Michigan transportation fund
17 may be expended for construction purposes on county local roads
18 only to the extent matched by money from other sources. However,
19 Michigan transportation funds may be expended for the construc-
20 tion of bridges on the county local roads in an amount not to
21 exceed 75% of the cost of the construction of local road
22 bridges. This subsection does not apply to section 11b.

23 (16) Notwithstanding any other provision of this act, at
24 least 90% of the state revenue returned annually to the county
25 road commission from the Michigan transportation fund less the
26 amounts described in subdivisions (a) to (e) shall be expended
27 annually by the county road commission for the maintenance of

1 highways, roads, streets, and bridges, and for the payment of
2 contractual contributions pledged for the payment of bonds or
3 portions of bonds, debt service requirements for the payment of
4 bonds or portions of bonds, and debt service requirements for the
5 payment of notes and loans or portions of notes and loans issued
6 or received after July 1, 1983, for the purpose of providing
7 funds for the maintenance of highways, roads, streets, and
8 bridges. If an appropriate certificate is filed under
9 subsection (19) but only to the extent necessary, this subsection
10 shall not prohibit the use of any amount of state revenue
11 returned annually to the county road commissions for the payment
12 of contractual contributions pledged for the payment of bonds,
13 for debt service requirements for the payment of bonds, and for
14 debt service requirements for the payment of notes or loans,
15 whenever issued or received, as specified under subsection (8).
16 The amounts ~~which~~ THAT are deducted from the state revenue
17 returned to a county road commission from the Michigan transpor-
18 tation fund, for the purpose of the calculation required by this
19 subsection are as follows:

20 (a) Amounts expended for the purposes described in subsec-
21 tion (8) for bonds, notes, loans, or other obligations issued or
22 received before July 2, 1983.

23 (b) Amounts expended for the administrative costs of the
24 county road commission.

25 (c) Amounts expended for capital outlay projects for equip-
26 ment and buildings, and for the payment of contractual
27 contributions pledged for the payment of bonds, for debt service

1 requirements for the payment of bonds, and for debt service
2 requirements for the payment of notes and loans issued or
3 received after July 1, 1983, for the purpose of providing funds
4 for capital outlay projects for equipment and buildings.

5 (d) Amounts expended for projects vital to the economy of
6 the local area or the safety of the public in the local area.
7 Before these amounts can be deducted, the governing body over the
8 county road commission or the county road commission, as applica-
9 ble, shall pass a resolution approving these projects. This res-
10 olution shall state which projects will be funded and the cost of
11 each project. A copy of each approved resolution shall be for-
12 warded immediately to the department.

13 (e) Amounts expended in urban areas as determined pursuant
14 to section 12b.

15 (17) As used in this subsection, "urban routes" means those
16 portions of 2 lane county primary roads within an urban area
17 ~~which~~ THAT has average daily traffic in excess of 15,000.
18 Notwithstanding any other provision of this act, except as pro-
19 vided in this subsection, a county road commission shall expend
20 annually at least 90% of the federal revenue distributed to the
21 use of the county road commission for highways, roads, streets,
22 and bridges, less the amount expended on urban routes for other
23 than maintenance purposes and the amount expended for
24 hard-surfacing of gravel roads on the federal-aid system, on the
25 maintenance of highways, roads, streets, and bridges. A county
26 road commission may expend in a year less than 90% of the federal
27 revenue distributed to the use of the county road commission for

1 highways, roads, streets, and bridges, less the amount expended
2 on urban routes for other than maintenance purposes and the
3 amount expended for hard-surfacing of gravel roads on the
4 federal-aid system, on the maintenance of highways, roads,
5 streets, and bridges, if that year is part of a 3-year period in
6 which at least 90% of the total federal revenue distributed in
7 the 3-year period to the use of the county road commission for
8 highways, roads, streets, and bridges, less the amount expended
9 on urban routes for other than maintenance purposes and the
10 amount expended for hard-surfacing of gravel roads on the
11 federal-aid system, is expended on the maintenance of highways,
12 roads, streets, and bridges. If a county road commission expends
13 in a year less than 90% of the federal revenue distributed to the
14 use of the county road commission for highways, roads, streets,
15 and bridges, less the amount expended on urban routes for other
16 than maintenance purposes and the amount expended for
17 hard-surfacing of gravel roads on the federal-aid system, on the
18 maintenance of highways, roads, streets, and bridges and that
19 year is not a part of a 3-year period in which at least 90% of
20 the total federal revenue distributed in the 3-year period to the
21 use of the county road commission for highways, roads, streets,
22 and bridges, less the amount expended on urban routes for other
23 than maintenance purposes and the amount expended for
24 hard-surfacing of gravel roads on the federal-aid system, is
25 expended on the maintenance of highways, roads, streets, and
26 bridges, the county road commission shall expend in each year
27 subsequent to the 3-year period 100%, or less in 1 year if

1 sufficient for the purposes of this subsection, of the federal
2 revenue distributed to the use of the county road commission for
3 highways, roads, streets, and bridges, less the amount expended
4 on urban routes for other than maintenance purposes and the
5 amount expended for hard-surfacing of gravel roads on the
6 federal-aid system, on the maintenance of highways, roads,
7 streets, and bridges until the average percentage spent on the
8 maintenance of highways, roads, streets, and bridges in the
9 3-year period and the subsequent years, less the amount expended
10 on urban routes for other than maintenance purposes and the
11 amount expended for hard-surfacing of gravel roads on the
12 federal-aid system, is at least 90%. A year may be included in
13 only one 3-year period for the purposes of this subsection. The
14 requirements of this subsection shall be waived if compliance
15 would cause the county road commission to be ineligible according
16 to federal law for federal revenue, but only to the extent neces-
17 sary to make the county road commission eligible according to
18 federal law for that revenue. For the purpose of the calcula-
19 tions required by this subsection, the amount expended on urban
20 routes by a county road commission for other than maintenance
21 purposes and the amount expended for hard-surfacing of gravel
22 roads on the federal-aid system shall be deducted from the total
23 federal revenue distributed to the use of the county road
24 commission.

25 (18) As used in this section:

26 (a) "Maintenance" and "maintaining" mean snow removal;
27 erection of traffic control devices and traffic signals and

1 payment of monthly electrical costs for those signals; street
2 cleaning and drainage; seal coating; patching and ordinary
3 repairs; erection and maintenance of traffic signs and markings;
4 safety projects ~~which~~ THAT do not increase through traffic
5 capacity; and the preservation, reconstruction, resurfacing, res-
6 toration, and rehabilitation of highways, roads, streets, and
7 bridges. However, maintenance and maintaining do not include
8 projects ~~which~~ THAT increase the capacity of a highway facility
9 to accommodate that part of the traffic having neither origin nor
10 destination within the local area.

11 (b) "Maintenance" and "maintaining" include widening less
12 than lane width; adding auxiliary turning lanes of 1/2 mile or
13 less; adding auxiliary weaving, climbing, or speed change lanes;
14 and correcting substandard intersections.

15 (c) "RESTORATION" INCLUDES, BUT IS NOT LIMITED TO, THE
16 REPLACEMENT OF EACH TREE THAT WAS REMOVED OR DESTROYED WITH A
17 SAPLING OF THE SAME OR A SIMILAR VARIETY OF TREE AS WAS REMOVED
18 OR DESTROYED.

19 (19) A county road commission shall certify, which certifi-
20 cation shall, for purposes of the validity of bonds and notes, be
21 conclusive as to the matters stated therein, to the state trans-
22 portation department on or before the issuance of any bonds or
23 notes issued after July 1, 1983, ~~pursuant to~~ UNDER 1943 PA 143,
24 MCL 141.251 to 141.254, 1941 PA 205, MCL 252.51 to 252.64, or
25 section 18c or 18d, for purposes other than the maintenance of
26 highways, roads, streets, and bridges and purposes other than the
27 purposes specified in subsection (16)(c) that its average annual

1 debt service requirements for all bonds and notes or portions of
2 bonds and notes issued after July 1, 1983, for purposes other
3 than the maintenance of highways, roads, streets, and bridges and
4 other than for the purposes specified in subsection (16)(c),
5 including the bond or note to be issued does not exceed 10% of
6 the funds returned to the county road commission ~~pursuant to~~
7 UNDER this act, less the amounts specified in subsection (16)(a),
8 (b), and (c) during the last completed fiscal year of the county
9 road commission. If the purpose for which the bonds or notes are
10 issued is changed after the issuance of the notes or bonds, the
11 change shall be made in such a manner to maintain compliance with
12 the certification required by this subsection, as of the date the
13 certificate was originally issued, but no such change shall
14 invalidate or otherwise affect the bonds or notes with respect to
15 which the certificate was issued or the obligation to pay debt
16 service on the bonds or notes.

17 (20) In each charter county to which funds are returned
18 under this section, the responsibility for road improvement,
19 maintenance, and traffic operation work, and the development,
20 construction, or repair of off-road parking facilities and con-
21 struction or repair of road lighting shall be coordinated by a
22 single administrator to be designated by the county executive who
23 shall be responsible for and shall represent the charter county
24 in transactions with the state transportation department pursuant
25 to this act.

26 (21) Not more than 10% per year of all of the funds received
27 by and returned to a county from any source for the purposes of

1 this section may be expended for administrative expenses. A
2 county that expends more than 10% for administrative expenses in
3 a year shall be subject to section 14(5) unless a waiver is
4 granted by the department of treasury. As used in this subsec-
5 tion, "administrative expenses" means those expenses that are not
6 assigned including, but not limited to, specific road construc-
7 tion or maintenance projects and are often referred to as general
8 or supportive services. Administrative expenses ~~shall~~ DO not
9 include net equipment expense, net capital outlay, debt service
10 principal and interest, and payments to other state or local
11 offices which are assigned, but not limited to, specific road
12 construction projects or maintenance activities.

13 (22) In addition to the financial compliance audits required
14 by law, the department of treasury shall conduct performance
15 audits and make investigations of the disposition of all state
16 funds received by county road commissions, county boards of com-
17 missioners, or any other county governmental agency acting as the
18 county road authority, for transportation purposes to determine
19 compliance with the terms and conditions of this act.

20 Performance audits shall be conducted according to government
21 auditing standards issued by the United States general accounting
22 office. The department of treasury shall provide 6 months notice
23 to the county road commission or county board of commissioners,
24 as applicable, of the standards to be used for audits performed
25 under this subsection prior to the fiscal year in which the audit
26 is conducted. The department shall notify the county road
27 commission or county board of commissioners of any subsequent

1 changes to the standards. County road commissions or county
2 boards of commissioners, as applicable, shall make available to
3 the department of treasury the pertinent records for the audit.

4 (23) FUNDS RETURNED TO THE COUNTY UNDER THIS SECTION SHALL
5 ONLY BE EXPENDED BY THE COUNTY FOR PROJECTS THAT INCLUDE THE
6 REPLACEMENT OF EACH TREE THAT IS REMOVED, DESTROYED, OR BOTH WITH
7 A SAPLING OF THE SAME OR A SIMILAR VARIETY OF TREE AS WAS
8 REMOVED, DESTROYED, OR BOTH. HOWEVER, THIS TREE REPLACEMENT
9 REQUIREMENT APPLIES ONLY TO PROJECTS CONDUCTED UNDER CONTRACTS
10 EXECUTED ON OR AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT
11 THAT ADDED THIS SUBSECTION.

12 Sec. 13. (1) The amount distributed to cities and villages
13 shall be returned to the treasurers of the cities and villages in
14 the manner, for the purposes, and under the terms and conditions
15 specified in this section. As used in this section, "population"
16 means the population according to the most recent statewide fed-
17 eral census as certified at the beginning of the state fiscal
18 year, except that, if a municipality has been newly incorporated
19 since completion of the census, the population of the municipal-
20 ity for purposes of the distribution of funds before completion
21 of the next census shall be the population as determined by spe-
22 cial federal census, if there is a census, and if not, by the
23 population as determined by the official census in connection
24 with the incorporation, if there is such a census and, if not, by
25 a special state census to be taken at the expense of the munici-
26 pality by the secretary of state pursuant to section 6 of the
27 home rule city act, 1909 PA 279, MCL 117.6. The amount received

1 by the newly incorporated municipality shall be in place of any
2 other direct distribution of funds from the Michigan transporta-
3 tion fund. The population of the newly incorporated municipality
4 as determined under this section shall be added to the total pop-
5 ulation of all incorporated cities and villages in the state in
6 computing the amounts to be returned under this section to each
7 municipality in the state. Major street mileage, local street
8 mileage, and equivalent major mileage, if applicable, shall be
9 determined by the state transportation department before the next
10 month for which distribution is made following the effective date
11 of incorporation of a newly incorporated municipality.

12 (2) From the amount available for distribution to cities and
13 villages during each December, an amount equal to 0.7% of the
14 total amount returned to all cities and villages under subsec-
15 tions (3) and (4) during the previous calendar year shall be
16 withheld. The amount withheld shall be used to partially reim-
17 burse those cities and villages located in those counties that
18 are eligible for snow removal funds pursuant to section 12a and
19 that have costs for winter maintenance on major and local streets
20 that are greater than the statewide average. The distributions
21 shall be made annually during February and shall be calculated
22 separately for the major and local street systems but may be paid
23 in a combined warrant. The distribution to a city or village
24 shall be equal to 1/2 of its winter maintenance expenditures
25 after deducting the product of its total earnings under subsec-
26 tions (3) and (4) multiplied by 2 times the average municipal
27 winter maintenance factor. Winter maintenance expenditures shall

1 be determined from the street financial reports for the most
2 current fiscal years ending before July 1. A city or village
3 that does not submit a street financial report for the fiscal
4 year ending before July 1 by the subsequent December 31 shall be
5 ineligible for the winter maintenance payment that is to be based
6 on that street financial report. The average municipal winter
7 maintenance factor shall be determined annually by the state
8 transportation department by dividing the total expenditures of
9 all cities and villages on winter maintenance of streets and
10 highways by the total amount earned by all cities and villages
11 under subsections (3) and (4) during the 12 months. If the sum
12 of the distributions to be made under this subsection exceeds the
13 amount withheld, the distributions to each eligible city and vil-
14 lage shall be reduced proportionately. If the sum is less than
15 the amount withheld, the balance shall be added to the amount
16 available for distribution under subsections (3) and (4) during
17 the next month. The distributions shall be for use on the major
18 and local street systems respectively and shall be subject to the
19 same provisions as funds returned under subsections (3) and (4).

20 (3) Seventy-five percent of the remaining amount to be
21 returned to the cities and villages, after deducting the amounts
22 withheld pursuant to subsection (2), shall be returned 60% in the
23 same proportion that the population of each bears to the total
24 population of all cities and villages, and 40% in the same pro-
25 portion that the equivalent major mileage in each bears to the
26 total equivalent major mileage in all cities and villages. As
27 used in this section, "equivalent major mileage" means the sum of

1 2 times the state trunk line mileage certified by the state
2 transportation department as of March 31 of each year, as being
3 within the boundaries of each city and village having a popula-
4 tion of 25,000 or more, plus the major street mileage in each
5 city and village, multiplied by the following factor:

6 1.0 for cities and villages of 2,000 or less population;

7 1.1 for cities and villages from 2,001 to 10,000 population;

8 1.2 for cities and villages from 10,001 to 20,000 population;

9 1.3 for cities and villages from 20,001 to 30,000 population;

10 1.4 for cities and villages from 30,001 to 40,000 population;

11 1.5 for cities and villages from 40,001 to 50,000 population;

12 1.6 for cities and villages from 50,001 to 65,000 population;

13 1.7 for cities and villages from 65,001 to 80,000 population;

14 1.8 for cities and villages from 80,001 to 95,000 population;

15 1.9 for cities and villages from 95,001 to 160,000 population;

1 2.0 for cities and villages from 160,001 to 320,000 population;
2 and for cities over 320,000 population, by a factor of 2.1
3 increased successively by 0.1 for each 160,000 population incre-
4 ment over 320,000. The amount returned under this subsection
5 shall be used by each city and village for the following purposes
6 in the following order of priority:

7 (a) For the payment of contributions required to be made by
8 a city or village under the provisions of contracts previously
9 entered into under 1941 PA 205, MCL 252.51 to 252.64, which con-
10 tributions have been previously pledged for the payment of the
11 principal and interest on bonds issued under that act; or for the
12 payment of the principal and interest upon bonds issued by a city
13 or village pursuant to 1952 PA 175, MCL 247.701 to 247.707.

14 (b) Payment of obligations of the city or village on highway
15 projects undertaken by the city or village jointly with the state
16 transportation department.

17 (c) For the payment of principal and interest upon loans
18 received pursuant to section 11(7), to the extent other funds
19 have not been made available for that payment.

20 (d) For the maintenance, improvement, construction, recon-
21 struction, acquisition, and extension of the major street system
22 as defined by this act including the acquisition of a necessary
23 right of way for the system, work incidental to the system, and
24 an appurtenant roadside park or motor parkway, of the city or
25 village and for the payment of the principal and interest on that
26 portion of the city's or village's general obligation bonds which
27 are attributable to the construction or reconstruction of the

1 city's or village's major street system. Not more than 5% per
2 year of the funds returned to a city or village by this subsec-
3 tion shall be expended for the maintenance, improvement, or
4 acquisition of appurtenant roadside parks and motor parkways.
5 Surplus funds may be expended for the development, construction,
6 or repair of off-street parking facilities, and the construction
7 or repair of street lighting.

8 (4) The remaining amount to be returned to incorporated
9 cities and villages shall be expended in each city or village for
10 the maintenance, improvement, construction, reconstruction,
11 acquisition, and extension of the local street system of the city
12 or village, as defined by this act, including the acquisition of
13 a necessary right of way for the system, work incidental to the
14 system, and subject to subsection (5), for the payment of the
15 principal and interest on that portion of the city's or village's
16 general obligation bonds which are attributable to the construc-
17 tion or reconstruction of the city's or village's local street
18 system. The amount returned under this subsection shall be
19 returned to the cities and villages 60% in the same proportion
20 that the population of each bears to the total population of all
21 incorporated cities and villages in the state, and 40% in the
22 same proportion that the total mileage of the local street system
23 of each bears to the total mileage in the local street systems of
24 all cities and villages of the state. The payment of the princi-
25 pal and interest upon bonds issued by a city or village pursuant
26 to 1952 PA 175, MCL 247.701 to 247.707, and after that payment,
27 the payment of debt service on loans received under section

1 11(7), shall have priority in the expenditure of money returned
2 under this subsection.

3 (5) Money distributed to each city and village for the main-
4 tenance and improvement of its local street system under this act
5 represents the total responsibility of the state for local street
6 system support. Funds distributed from the Michigan transporta-
7 tion fund shall not be expended for construction purposes on city
8 and village local streets except to the extent matched from local
9 revenues including other money returned to a city or village by
10 the state under the state constitution of 1963 and statutes of
11 the state, from funds that can be raised by taxation in cities
12 and villages for street purposes within the limitations of the
13 state constitution of 1963 and statutes of the state, from spe-
14 cial assessments, or from any other source. This subsection does
15 not apply to section 11b.

16 (6) Money returned under this section to a city or village
17 shall be expended on the major and local street systems of that
18 city or village. However, the first priority shall be the major
19 street system. Money returned for expenditure on the major
20 street system may be expended on the local street system in an
21 amount equal to the amount of local revenues, as provided in sub-
22 section (5), expended by the city or village on the major street
23 system or on state trunk line highways, and to the extent that
24 that amount of major street money is not transferred for expendi-
25 ture on the local street system in that year, major street money
26 received during the next succeeding 2 years may be transferred
27 for expenditure on the local system until the amount so

1 authorized for transfer is fully expended. If a city or village
2 transfers more than 25% of its major street funding for the local
3 street system, the city or village shall adopt a resolution with
4 a copy to the department setting forth all of the following:

5 (a) A list of the major streets in that city or village.

6 (b) A statement that the city or village is adequately main-
7 taining its major streets.

8 (c) The dollar amount of the transfer.

9 (d) The local streets to be funded with the transfer.

10 (7) Not more than 10% per year of all of the funds returned
11 to a city or village from any source for the purposes of this
12 section may be expended for administrative expenses. As used in
13 this subsection, "administrative expenses" means those expenses
14 that are not assigned including, but not limited to, specific
15 road construction or maintenance projects and are often referred
16 to as general or supportive services. Administrative expenses
17 ~~shall~~ DO not include net equipment expense, net capital outlay,
18 debt service principal and interest, and payments to other state
19 or local offices that are assigned, but not limited to, specific
20 road construction projects or maintenance activities. A city or
21 village ~~which~~ THAT in a year expends more than 10% for adminis-
22 trative expenses shall be subject to section 14(5).

23 (8) In each city and village to which funds are returned
24 under this section, the responsibility for street improvement,
25 maintenance, and traffic operation work, and the development,
26 construction, or repair of off-street parking facilities and
27 construction or repair of street lighting shall be coordinated by

1 a single administrator to be designated by the governing body who
2 shall be responsible for and shall represent the municipality in
3 transactions with the state transportation department pursuant to
4 this act.

5 (9) Cities and villages may provide for consolidated street
6 administration. A city or a village may enter into an agreement
7 with other cities or villages, the county road commission, or
8 with the state transportation commission for the performance of
9 street or highway work on a road or street within the limits of
10 the city or village or adjacent to the city or village. The
11 agreement may provide for the performance by any of the contract-
12 ing parties of the work contemplated by the contracts including
13 services and acquisition of rights of way, by purchase or condem-
14 nation by any of the contracting parties in its own name. The
15 agreement may provide for joint participation in the costs if
16 appropriate. BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY
17 ACT THAT ADDED SUBSECTION (12), EVERY AGREEMENT ENTERED INTO
18 UNDER THIS SUBSECTION SHALL INCLUDE A REQUIREMENT THAT EACH TREE
19 THAT IS REMOVED, DESTROYED, OR BOTH UNDER THIS AGREEMENT SHALL BE
20 REPLACED WITH A SAPLING OF THE SAME OR A SIMILAR VARIETY OF TREE
21 AS WAS REMOVED, DESTROYED, OR BOTH AND THAT THE CONTRACTING PARTY
22 OR PARTIES AGREE TO PROVIDE MATCHING FUNDS FOR THIS PURPOSE NOT
23 TO EXCEED 25% OF THE COST. HOWEVER, NOT MORE THAN 1/2 OF 1% OF
24 THE TOTAL CONSTRUCTION COSTS FOR THE PROJECT SHALL BE FOR TREE
25 REPLACEMENT.

1 (10) Interest earned on funds returned to a city or a
2 village for purposes provided in this section shall be credited
3 to the appropriate street fund.

4 (11) In addition to the financial compliance audits required
5 by law, the department of treasury shall conduct performance
6 audits and make investigations of the disposition of all state
7 funds received by cities and villages for transportation purposes
8 to determine compliance with the terms and conditions of this
9 act. Performance audits shall be conducted according to govern-
10 ment auditing standards issued by the United States general
11 accounting office. The department of treasury shall provide
12 notice to cities and villages of the standards to be used for
13 audits under this subsection prior to the fiscal year in which
14 the audit is conducted. The department shall notify cities and
15 villages of any subsequent changes to the standards. Cities and
16 villages shall make available to the department of treasury the
17 pertinent records for the audit.

18 (12) MONEY RETURNED UNDER THIS SECTION SHALL ONLY BE
19 EXPENDED BY THE CITY OR VILLAGE FOR PROJECTS THAT INCLUDE THE
20 REPLACEMENT OF EACH TREE THAT IS REMOVED, DESTROYED, OR BOTH WITH
21 A SAPLING OF THE SAME OR A SIMILAR VARIETY OF TREE AS WAS
22 REMOVED, DESTROYED, OR BOTH. HOWEVER, THIS TREE REPLACEMENT
23 REQUIREMENT APPLIES ONLY TO PROJECTS CONDUCTED UNDER CONTRACTS
24 EXECUTED ON OR AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT
25 THAT ADDED THIS SUBSECTION.