

**SUBSTITUTE FOR
SENATE BILL NO. 1051**

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,

local 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 section 10 (MCL 247.660), as amended by 2004 PA 384.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 10. (1) A fund to be known as the Michigan transportation
 2 fund is established and shall be set up and maintained in the state
 3 treasury as a separate fund. Money received and collected under the
 4 motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170, except a
 5 license fee provided in that act, and a tax, fee, license, and
 6 other money received and collected under sections 801 to 810 of the
 7 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, except
 8 a truck safety fund fee provided in section 801(1)(k) of the
 9 Michigan vehicle code, 1949 PA 300, MCL 257.801, and money received
 10 under the motor carrier act, 1933 PA 254, MCL 475.1 to 479.43,
 11 shall be deposited in the state treasury to the credit of the
 12 Michigan transportation fund. In addition, income or profit derived
 13 from the investment of money in the Michigan transportation fund
 14 shall be deposited in the Michigan transportation fund. Except as
 15 provided in this act, no other money, whether appropriated from the
 16 general fund of this state or any other source, shall be deposited

1 in the Michigan transportation fund. Except as otherwise provided
2 in this section, the legislature shall appropriate funds for the
3 necessary expenses incurred in the administration and enforcement
4 of the motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170,
5 the motor carrier act, 1933 PA 254, MCL 475.1 to 479.43, and
6 sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL
7 257.801 to 257.810. Funds appropriated for necessary expenses shall
8 be based upon established cost allocation methodology that reflects
9 actual costs. Appropriations for the necessary expenses incurred by
10 the department of state in administration and enforcement of
11 sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL
12 257.801 to 257.810, shall be made from the Michigan transportation
13 fund and from funds in the transportation administration collection
14 fund created in section 810b of the Michigan vehicle code, 1949 PA
15 300, MCL 257.810b. Appropriations from the Michigan transportation
16 fund for the necessary expenses incurred by department of state in
17 administration and enforcement of sections 801 to 810 of the
18 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, shall
19 not exceed \$20,000,000.00 per state fiscal year. **APPROPRIATIONS**
20 **FROM THE MICHIGAN TRANSPORTATION FUND FOR THE NECESSARY EXPENSES**
21 **INCURRED BY THE DEPARTMENT OF TREASURY IN ADMINISTRATION AND**
22 **ENFORCEMENT OF THE MOTOR FUEL TAX ACT, 2000 PA 403, MCL 207.1001 TO**
23 **207.1170, SHALL NOT EXCEED \$8,800,000.00 PER YEAR.** All money in the
24 Michigan transportation fund is apportioned and appropriated in the
25 following manner:

26 (a) Not more than \$3,000,000.00 as may be annually
27 appropriated each fiscal year to the state trunk line fund for

1 subsequent deposit in the rail grade crossing account.

2 (b) Not less than \$3,000,000.00 each year to the local bridge
3 fund established in subsection (5) for the purpose of payment of
4 the principal, interest, and redemption premium on any notes or
5 bonds issued by the state transportation commission under **FORMER**
6 section 11b.

7 (c) Revenue from 3 cents of the tax levied under section
8 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, to
9 the state trunk line fund, county road commissions, and cities and
10 villages in the percentages provided in subdivision (i).

11 (d) Until September 30, 2004, all of the revenue from 1 cent
12 of the tax levied under section 8(1)(a) of the motor fuel tax act,
13 2000 PA 403, MCL 207.1008, to the state trunk line fund for repair
14 of state bridges under section 11. Beginning October 1, 2004 and
15 continuing through September 30, 2005, 3/4 of the revenue from 1
16 cent of the tax levied under section 8(1)(a) of the motor fuel tax
17 act, 2000 PA 403, MCL 207.1008, shall be appropriated to the state
18 trunk line fund for the repair of state bridges under section 11,
19 and 1/4 of the revenue from 1 cent of the tax levied under section
20 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, shall
21 be appropriated to the local bridge fund created in subsection (5)
22 for distribution only to cities, villages, and county road
23 commissions. Beginning October 1, 2005, 1/2 of the revenue from 1
24 cent of the tax levied under section 8(1)(a) of the motor fuel tax
25 act, 2000 PA 403, MCL 207.1008, shall be appropriated to the state
26 trunk line fund for the repair of state bridges under section 11,
27 and 1/2 of the revenue from 1 cent of the tax levied under section

1 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, shall
2 be appropriated to the local bridge fund created in subsection (5)
3 for distribution only to cities, villages, and county road
4 commissions.

5 (e) \$43,000,000.00 to the state trunk line fund for debt
6 service costs on state of Michigan projects.

7 (f) Except as provided in subsection (4), 10% to the
8 comprehensive transportation fund for the purposes described in
9 section 10e.

10 (g) \$5,000,000.00 to the local bridge fund established in
11 subsection (5) for distribution only to the local bridge advisory
12 board, the regional bridge councils, cities, villages, and county
13 road commissions.

14 (h) \$36,775,000.00 to the state trunk line fund for subsequent
15 deposit in the transportation economic development fund, and, as of
16 September 30, 1997, with first priority for allocation to debt
17 service on bonds issued to fund transportation economic development
18 fund projects. In addition, beginning October 1, 1997,
19 \$3,500,000.00 is appropriated from the Michigan transportation fund
20 to the state trunk line fund for subsequent deposit in the
21 transportation economic development fund to be used for economic
22 development road projects in any of the targeted industries
23 described in section 9(1)(a) of 1987 PA 231, MCL 247.909.

24 (i) Not less than \$33,000,000.00 as may be annually
25 appropriated each fiscal year to the local program fund created in
26 section 11e.

27 (j) The balance of the Michigan transportation fund as

1 follows, after deduction of the amounts appropriated in
2 subdivisions (a) through (i): ~~and section 11b:~~

3 (i) 39.1% to the state trunk line fund for the purposes
4 described in section 11.

5 (ii) 39.1% to the county road commissions of the state.

6 (iii) 21.8% to the cities and villages of the state.

7 (2) The money appropriated pursuant to this section shall be
8 used for the purposes as provided in this act and any other
9 applicable act. Subject to the requirements of section 9b, the
10 department shall develop programs in conjunction with the Michigan
11 state chamber of commerce and the Michigan minority business
12 development council to assist small businesses, including those
13 located in enterprise zones and those located in empowerment zones
14 as determined under federal law, as defined by law in becoming
15 qualified to bid.

16 (3) Thirty-one and one-half percent of the funds appropriated
17 to this state from the federal government pursuant to 23 USC 157,
18 commonly known as minimum guarantee funds, shall be allocated to
19 the transportation economic development fund, if such an allocation
20 is consistent with federal law. These funds shall be distributed
21 16-1/2% for development projects for rural counties as defined by
22 law and 15% for capacity improvement or advanced traffic management
23 systems in urban counties as defined by law. Federal funds
24 allocated for distribution under this section shall be eligible for
25 obligation and use by all recipients as defined by the
26 transportation equity act for the 21st century, Public Law 105-178.

27 (4) For the fiscal year beginning October 1, 2003 only, the

1 apportionment of 10% of Michigan transportation fund money to the
2 comprehensive transportation fund as provided in subsection (1)(f)
3 shall be reduced by \$10,000,000.00 and the \$10,000,000.00 shall be
4 transferred to the state trunk line fund for capacity improvements
5 to state trunk line highways.

6 (5) A fund to be known as the local bridge fund is established
7 and is set up and maintained in the state treasury as a separate
8 fund. The money appropriated to the local bridge fund and the
9 interest accruing to that fund shall be expended for the local
10 bridge program. The purpose of the fund is to provide financial
11 assistance to highway authorities for the preservation,
12 improvement, or reconstruction of existing bridges or for the
13 construction of bridges to replace existing bridges in whole or
14 part. The money in the local bridge fund is not subject to section
15 12(15) or 13(5). The local bridge advisory board is created and
16 shall consist of 6 voting members appointed by the state
17 transportation commission and 2 nonvoting members appointed by the
18 state transportation department. The board shall include 3 members
19 from the county road association of Michigan, 1 member who
20 represents counties with populations 65,000 or greater, 1 member
21 who represents counties with populations greater than 30,000 and
22 less than 65,000, and 1 member who represents counties with
23 populations of 30,000 or less. Three members shall be appointed
24 from the Michigan municipal league, 1 member who represents cities
25 with a population 75,000 or greater, 1 member who represents cities
26 with a population less than 75,000, and 1 member who represents
27 villages. Each organization with voting rights shall submit a list

1 of nominees in each population category to the state transportation
2 commission. The state transportation commission shall make the
3 appointments from the lists submitted under this subsection. Names
4 shall be submitted within 45 days after October 1, 2004. The state
5 transportation commission shall make the appointments by January
6 30, 2005. Voting members shall be appointed for 2 years. The
7 chairperson of the board shall be selected from among the voting
8 members of the board. In addition to the 2 nonvoting members, the
9 department shall provide qualified administrative staff and
10 qualified technical assistance to the board.

11 (6) Beginning October 1, 2005, no less than 5% and no more
12 than 15% of the funds received in the local bridge fund may be used
13 for critical repair of large bridges and emergencies as determined
14 by the local bridge advisory board. Beginning October 1, 2005,
15 funds remaining after the funds allocated for critical large bridge
16 repair and emergencies are deducted shall be distributed by the
17 board to the regional bridge councils created under this section.
18 One regional council shall be formed for each department of
19 transportation region as those regions exist on October 1, 2004.
20 The regional councils shall consist of 2 members of the county road
21 association of Michigan from counties in the region, 2 members of
22 the Michigan municipal league from cities and villages in the
23 region, and 1 member of the state transportation department in each
24 region. The members of the state transportation department shall be
25 nonvoting members who shall provide qualified administrative staff
26 and qualified technical assistance to the regional councils.

27 (7) Beginning October 1, 2005, funds in the local bridge fund

1 after deduction of the amounts set aside for critical repair of
2 large bridges and emergency repairs shall be distributed among the
3 regional bridge councils according to all of the following ratios,
4 which shall be assigned a weight expressed as a percentage as
5 determined by the board, with each ratio receiving no greater than
6 a 50% weight and no less than a 25% weight:

7 (a) A ratio with a numerator that is the total number of local
8 bridges in the region and a denominator that is the total number of
9 local bridges in this state.

10 (b) A ratio with a numerator that is the total local bridge
11 deck area in the region and a denominator that is the total local
12 bridge deck area in this state.

13 (c) A ratio with a numerator that is the total amount of
14 structurally deficient local bridge deck area in the region and a
15 denominator that is the total amount of structurally deficient
16 local bridge deck area in this state.

17 (8) Beginning October 1, 2005, the regional bridge councils
18 shall allocate the funds received from the board for the
19 preservation, improvement, and reconstruction of existing bridges
20 or for the construction of bridges to replace existing bridges in
21 whole or in part in each region.

22 (9) Beginning January 1, 2007 and each January after 2007, the
23 department shall submit a report to the chair and the minority
24 vice-chair of the appropriations committees of the senate and the
25 house of representatives, and to the standing committees on
26 transportation of the senate and the house of representatives, on
27 all of the following activities for the previous state fiscal year:

1 (a) A listing of how much money was dedicated for emergency
2 and large bridge repair.

3 (b) A listing of what emergency and large bridge repair
4 projects were funded.

5 (c) The actual weights used in the calculation required under
6 subsection (7).

7 (d) A listing of the total money distributed to each region.

8 (e) A listing of what specific projects were funded pursuant
9 to subsection (8).

10 (10) The state transportation commission shall borrow money
11 and issue notes or bonds in an amount of not less than
12 \$30,000,000.00 to supplement the funding provided for the local
13 bridge program under subsection (6). The bonds or notes issued
14 pursuant to this subsection may be issued by the commission for any
15 purpose for which other local bridge funds may be used under this
16 section. The bonds or notes authorized by this subsection shall be
17 issued by resolution of the state transportation commission
18 consistent with the requirements of section 18b.

19 (11) The state transportation department shall promulgate
20 rules pursuant to the administrative procedures act of 1969, 1969
21 PA 306, MCL 24.201 to 24.328, governing the administration of the
22 local bridge program. The rules shall set forth the eligibility
23 criteria for financial assistance under the program and other
24 matters related to the program that the department considers
25 necessary and desirable. The department shall take into
26 consideration the availability of federal aid and other financial
27 resources of the highway authority responsible for the bridge, the

1 importance of the bridge to the highway, road, or street network,
2 and the condition of the existing bridge.

3 (12) Beginning October 1, 2004, the revenue appropriated to
4 the local bridge fund pursuant to subsection (1)(d) shall be
5 distributed only to the local bridge advisory board, the regional
6 bridge councils, cities, villages, and county road commissions.