

HOUSE BILL No. 4023

January 13, 2011, Introduced by Reps. Agema, Yonker and Hooker 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 promote safe and efficient travel for motor vehicle drivers, bicyclists, pedestrians, and other legal users of roads, streets, and highways; 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 10e (MCL 247.660e), as amended by 2008 PA 487.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 10e. (1) The comprehensive transportation fund is
2 appropriated for each fiscal year in the following order of
3 priority.

4 (2) The first priority is to pay, but only from money
5 restricted as to use by section 9 of article IX of the state
6 constitution of 1963, the principal and interest on bonds or notes
7 issued under section 18b for comprehensive transportation purposes
8 as defined by law. A sufficient portion of the comprehensive
9 transportation fund is irrevocably appropriated to pay, when due,
10 the principal and interest on those bonds and notes.

11 (3) After making or setting aside payments required by
12 subsection (2), the second priority of the comprehensive
13 transportation fund is the payment of the department's cost in
14 administering the comprehensive transportation fund. The amount to
15 be expended pursuant to this subsection shall not exceed the costs

1 appropriated for the administration of the fund in the fiscal year
2 ending September 30, 1987, as adjusted annually on October 1, by
3 the change for the preceding 12 months in the Detroit consumer
4 price index for urban wage earners and shall be appropriated
5 annually by the legislature.

6 (4) After making or setting aside payments required by
7 subsections (2) and (3), the balance of the comprehensive
8 transportation fund shall be expended each fiscal year as
9 appropriated annually by the legislature pursuant to the state
10 transportation program approved by the commission as follows:

11 (a) The third priority shall be the payment of operating
12 grants to eligible authorities and eligible governmental agencies
13 according to the following formulations and subject to the
14 following requirements:

15 (i) For the fiscal year ending September 30, 1998, and for each
16 fiscal year thereafter, each eligible authority and eligible
17 governmental agency which provides public transportation services
18 in urbanized areas under 49 USC 5307, with a Michigan population
19 greater than 100,000 shall receive a grant of up to 50% of their
20 eligible operating expenses as defined by the state transportation
21 department.

22 (ii) For the fiscal year ending September 30, 1998, and each
23 fiscal year thereafter, each eligible authority and eligible
24 governmental agency which provides public transportation services
25 in urbanized areas with a Michigan population less than or equal to
26 100,000 and nonurbanized areas under 49 USC 5311, shall receive a
27 grant of up to 60% of their eligible operating expenses as defined

1 by the state transportation department. For purposes of receiving a
2 grant under this subparagraph in nonurbanized areas, eligible costs
3 of services provided by water vehicle shall be reimbursed at not
4 less than 50% of the portion of the costs not eligible for
5 reimbursement by the federal government.

6 (iii) Funds shall not be distributed to an eligible authority or
7 eligible governmental agency under this act unless the eligible
8 authority or eligible governmental agency provides or agrees to
9 provide preferential fares for public transportation services to
10 persons 65 years of age or over or persons with disabilities riding
11 in off peak periods of service. As used in this section, "person
12 with disabilities" means an individual with a disability as that
13 term is defined in 61 FRP 56424 (November 1, 1996) and 49 CFR part
14 27. The preferential fares shall not be higher than 50% of the
15 regular 1-way single fare.

16 (iv) Eligible authorities and eligible governmental agencies
17 shall not engage in charter service using vehicles, facilities, or
18 equipment funded under this act except on an incidental basis as
19 defined by 49 CFR part 604.

20 (v) Notwithstanding any other provision of this subsection,
21 for the fiscal year ending September 30, 1998, each eligible
22 authority and eligible governmental agency shall receive a
23 distribution from the comprehensive transportation fund not less
24 than the distribution received for eligible operating expenses for
25 the fiscal year ending September 30, 1997. Beginning with the
26 fiscal year ending September 30, 1998 and each fiscal year
27 thereafter, each eligible authority and eligible governmental

1 agency shall receive a distribution from the comprehensive
2 transportation fund for eligible operating expenses not less than
3 the distribution received for the fiscal year ending September 30,
4 1997. As it relates to this subsection the ratio between
5 comprehensive transportation funds and local funds in the fiscal
6 year ending September 30, 1989 shall be maintained for all fiscal
7 years by the eligible authority and eligible governmental agency.
8 Reductions in this ratio shall require a proportionate reduction in
9 the comprehensive transportation funds provided for any fiscal
10 year.

11 (vi) Each eligible authority and eligible governmental agency
12 receiving comprehensive transportation funds shall prepare and
13 submit to the department a quarterly report of the progress made in
14 carrying out its local transportation program within 40 days after
15 the end of each fiscal year quarter. The progress report shall be
16 made on forms authorized by the United States department of
17 transportation under the provisions of the surface transportation
18 and uniform relocation assistance act of 1987, Public Law 100-17,
19 101 Stat. 132.

20 (vii) The department shall periodically adjust or redistribute
21 comprehensive transportation funds previously distributed under
22 this subdivision.

23 (viii) EXCEPT AS PROVIDED IN SUBSECTION (15), FOR EACH FISCAL
24 YEAR THAT BEGINS AFTER SEPTEMBER 30, 2011, THE DEPARTMENT SHALL
25 ASSURE THAT EACH ELIGIBLE AUTHORITY AND ELIGIBLE GOVERNMENTAL
26 AGENCY RECEIVING COMPREHENSIVE TRANSPORTATION FUNDS FOR ELIGIBLE
27 OPERATING EXPENSES IS RECEIVING AT LEAST 20% OF ELIGIBLE OPERATING

1 EXPENSES FROM FAREBOX REVENUE. EACH ELIGIBLE AUTHORITY AND ELIGIBLE
2 GOVERNMENTAL AGENCY RECEIVING COMPREHENSIVE TRANSPORTATION FUNDS
3 FOR ELIGIBLE OPERATING EXPENSES SHALL SUBMIT DOCUMENTATION TO THE
4 DEPARTMENT SUFFICIENT FOR THE DEPARTMENT TO MAKE THIS
5 DETERMINATION. THE DEPARTMENT SHALL REDUCE THE FUNDS RECEIVED BY
6 ELIGIBLE AUTHORITIES AND ELIGIBLE GOVERNMENTAL AGENCIES THAT DO NOT
7 MEET THIS REQUIREMENT BY THE AMOUNT THAT THE ELIGIBLE AUTHORITY AND
8 ELIGIBLE GOVERNMENTAL AGENCY WOULD HAVE RECEIVED FROM THE
9 DEPARTMENT IF THE REQUIREMENT OF THIS SUBSECTION HAD BEEN MET.

10 (b) For the fiscal year ending September 30, 1997, and each
11 fiscal year thereafter, not less than 10% shall be distributed by
12 the department for intercity passenger and intercity freight
13 transportation purposes.

14 (c) For the fiscal year ending September 30, 1997, and each
15 fiscal year thereafter, funds remaining in the fund after payment
16 of the amounts required by subdivisions (a) and (b) shall be
17 distributed by the department for public transportation purposes.
18 For the fiscal year ending September 30, 1998, and each fiscal year
19 thereafter, funds shall be made available to match all projects for
20 eligible authorities and eligible governmental agencies that are
21 approved for federal funding as provided by federal law and for
22 which an approved transportation improvement program (TIP) and
23 state transportation improvement plan (STIP) exist. Funds
24 distributed under this subdivision shall be expended pursuant to
25 specific line item appropriation for, but are not limited to, the
26 following public transportation purposes:

27 (i) The specialized services assistance program. The

1 specialized services assistance program shall be funded with not
2 less than \$3,600,100.00 from funds distributed under this
3 subdivision. Funds shall be distributed according to guidelines
4 developed by the department based upon the following
5 considerations:

6 (A) Proposals for coordinated specialized services assistance
7 funding shall be developed jointly between existing eligible
8 authorities or eligible governmental agencies that provide public
9 transportation services and the area agencies on aging or any other
10 organization representing specialized services interests, as
11 defined in this subdivision. Plans shall be reviewed and approved
12 by the bureau of urban and public transportation of the department.
13 Upon approval, the department shall release the funds to the
14 eligible authority or eligible governmental agency which shall then
15 allocate the funds to the area agency on aging or any other
16 organization representing specialized services interests, as
17 defined in this subdivision for the purchase of services as
18 approved in the plan by the department.

19 (B) If an eligible authority or eligible governmental agency
20 does not exist to provide public transportation service in a
21 county, coordinated proposals for specialized services assistance
22 funding may be submitted by the area agency on aging or any other
23 organization representing specialized services interests, as
24 defined in this subdivision. The proposals shall be reviewed and
25 approved by the bureau of urban and public transportation of the
26 department. Upon approval, the department shall release the funds
27 to the area agency on aging or any other organization representing

1 specialized services interests, as defined in this subdivision for
2 the purchase of services as approved in the plan by the department.

3 (C) For the purposes of this program, "specialized services"
4 means public transportation primarily designed for persons with
5 disabilities or persons who are 65 years of age or older.

6 (ii) Local bus capital. For the fiscal year ending September
7 30, 1998 and each fiscal year thereafter, not less than
8 \$8,000,000.00 will be distributed for either matching federal funds
9 for local bus capital or 100% capital projects for eligible
10 authorities and eligible governmental agencies that are not
11 eligible to receive federal capital formula funds under section
12 5307 of the federal intermodal surface transportation efficiency
13 act, Public Law 102-240, or any successor act.

14 (iii) Local bus new services.

15 (iv) Not less than \$2,000,000.00 in each fiscal year for the
16 credit program established under section 10/.

17 (v) Public transportation development.

18 (vi) Other public transportation programs approved by the
19 commission.

20 (d) The unappropriated and unencumbered balance of the
21 comprehensive transportation fund lapses at the end of each fiscal
22 year and reverts to the comprehensive transportation fund for
23 appropriation in the following fiscal year.

24 (5) Eligible authorities and eligible governmental agencies
25 shall receive capital grants each fiscal year by the annual process
26 described in this section. Amounts received by an eligible
27 authority or eligible governmental agency pursuant to this

1 subsection shall be expended by that authority or agency solely for
2 capital projects which have been approved by the state
3 transportation commission. Any funds approved by distribution to an
4 eligible authority or eligible governmental agency pursuant to this
5 section which have not been encumbered by that agency or authority
6 for an approved capital project by the end of the following fiscal
7 year in which the funds were approved shall not be expended by the
8 authority or agency and be available for distribution from the
9 comprehensive transportation fund for the purposes described in
10 this section.

11 (6) The department, in carrying out the policy of the state
12 transportation commission, shall annually prepare and distribute by
13 December 1, instructions to eligible governmental agencies,
14 eligible authorities, and intercity carriers to enable the
15 preparation of a local transportation program. Eligible
16 governmental agencies, eligible authorities, and intercity carriers
17 shall give public notice of their intent to apply for money in the
18 comprehensive transportation fund to the residents of the counties,
19 townships, villages, and cities affected by the local
20 transportation program and shall make their application available
21 for a period of 30 days. All comments received by the eligible
22 governmental agency, eligible authority, or intercity carrier shall
23 be transmitted to the department.

24 (7) On or before March 1 of each year, each intercity carrier,
25 eligible authority, and eligible governmental agency shall submit
26 to the department its local transportation program for the next
27 succeeding fiscal year. The format for each local transportation

1 program shall be as prescribed by the federal transportation
2 improvement program insofar as practical and shall include project
3 descriptions, funding sources, and justification for each line
4 item, and summary budgets based on distributions anticipated under
5 subsection (4). The program shall contain at a minimum the
6 contemplated routes, hours of service, estimated transit vehicle
7 miles, costs of public transportation services, and projected
8 capital improvements or projects as exclusively determined by the
9 eligible authority or eligible governmental agency. The costs of
10 service and capital improvements or projects shall be in sufficient
11 detail to permit the state transportation department to evaluate
12 and approve the annual public transportation program. Determination
13 of individual projects to be included in the local transportation
14 programs other than those provided in this subsection shall be made
15 by the governing body of the eligible authority or eligible
16 governmental agency.

17 (8) On or before March 1 of each year, the department shall
18 prepare and file for public inspection and review the department
19 transportation program. The department transportation program shall
20 be prepared on similar format to the local transportation programs,
21 and shall include a summary description of projects, with funding
22 sources and project justifications for each line item for the
23 fiscal year immediately succeeding the fiscal year in which the
24 program is submitted. In addition, the department transportation
25 program shall include summary, nondetailed budget and project
26 descriptions and justifications excluding projects contained in a
27 local transportation program.

1 (9) On or before April 1 of each year, the department shall
2 prepare and file with the commission the proposed state
3 transportation program for the next succeeding fiscal year. The
4 proposed state transportation program shall contain the local
5 transportation programs of each intercity carrier, eligible
6 authority and eligible governmental agency, the department
7 transportation program, and the programs for the expenditure of the
8 state trunk line fund as they may have been supplemented, amended,
9 or modified since their original filing. The state transportation
10 program shall include the estimated amount of money in the funds
11 described in this subsection by revenue source, project
12 justifications, project descriptions funding sources, and budget
13 summaries.

14 (10) On or before May 1 of each year, the state transportation
15 commission shall act on the state transportation program for the
16 fiscal year commencing on the following October 1. In considering
17 approval of the proposed projects of each intercity carrier,
18 eligible authority, or eligible governmental agency, other than
19 projects which are to be funded pursuant to subsection (5), the
20 state transportation commission shall consider whether the projects
21 comply with state law, are within funds allocated in this section,
22 whether they may be funded within the approved budgets, whether
23 there are intercity carriers, eligible authorities, and eligible
24 governmental agencies responsible to implement the projects, and
25 the recommendations of the department on individual projects. Upon
26 making those determinations, the state transportation commission
27 shall approve the projects which best meet the criteria of this

1 subsection.

2 (11) By October 1, the department and each intercity carrier,
3 eligible authority, or eligible governmental agency shall enter
4 into a contractual agreement or standardized grant memorandum of
5 agreement, which may cover 1 or more projects to be made from this
6 section in the applicable fiscal year to the intercity carrier,
7 eligible authority, or eligible governmental agency from the
8 comprehensive transportation fund.

9 (12) After a multiyear public transportation program is
10 approved by the state transportation commission, the state
11 transportation department may enter into a grant-in-aid instrument
12 with an eligible authority, intercity carrier, or eligible
13 governmental agency obligating the state to a minimum level of
14 funding for approved projects to be available over the multiyear
15 period of the program. This obligation shall be binding upon the
16 state transportation department as long as the provisions and
17 conditions of the state transportation commission approved program
18 are carried out as agreed.

19 (13) Contracts and grant memorandum agreements may be audited
20 by the state transportation commission's office of commission
21 audits using rules promulgated by the United States general
22 accounting office and the terms and conditions of the respective
23 contracts and agreements. Third party agreements are subject to the
24 review and approval of the department.

25 (14) Funds distributed by the department may pay 100% of the
26 portion of the cost not eligible for reimbursement by the federal
27 government for eligible capital projects authorized by the state

1 transportation commission using comprehensive transportation funds
2 or the proceeds of notes and bonds issued under section 18b.

3 Priority for funding obligation shall be given to capital projects
4 for which federal funds have been authorized.

5 (15) All approved local bus new services initiated by eligible
6 authorities and eligible governmental agencies not in their fourth
7 year or beyond of funding on October 1, 1988, shall be funded from
8 subsection (4)(c)(iii). Local bus new services shall be funded under
9 subsection (4)(c)(iii) in the following percentages of eligible
10 operating expenses as determined by the department:

11 (a) Startup 100%.

12 (b) First year 90%.

13 (c) Second year 80%.

14 (d) Third year 70%.

15 (e) Fourth year and each year thereafter, as determined by and
16 from funds provided under subsection (4)(a). The balance of
17 eligible operating expenses shall be met from local revenue sources
18 including farebox. The department shall pay up to 100% of eligible
19 capital expenses during the startup and first 3 years of service,
20 after the third year, the department shall participate in eligible
21 capital expenses in the same percentage as for other eligible
22 authorities and eligible governmental agencies. For the purposes of
23 this subsection, eligible operating and capital expenses means
24 those expenses determined by the department as applicable to
25 existing eligible authorities and eligible governmental agencies.
26 The department shall prioritize annually all requests for
27 comprehensive transportation funds to institute new services under

1 this subsection. First priority shall be given to eligible
2 authorities and eligible governmental agencies who have not
3 completed their first 3 years of service by October 1, 1998. New
4 services initiated by eligible authorities and eligible
5 governmental agencies under this subsection shall meet all of the
6 requirements of section 10.

7 (16) The department shall pay up to 80% of the portion of the
8 cost not eligible for reimbursement by the federal government for
9 intercity passenger operating assistance projects authorized by the
10 commission for the first 2 years of new services. For the third
11 year, eligible costs shall be reimbursed at up to 60% of the
12 portion of the cost not eligible for reimbursement by the federal
13 government. After the third year, eligible costs shall be
14 reimbursed at up to 50% of the portion of the cost not eligible for
15 reimbursement by the federal government. Eligible costs of services
16 provided as of September 30, 1981, shall be reimbursed at up to 50%
17 of the portion of the cost not eligible for reimbursement by the
18 federal government. However, the amount of funds from the
19 comprehensive transportation fund when added to federal funds and
20 local funds shall not exceed the total operating assistance project
21 cost.

22 (17) A vehicle purchased, leased, or rented after November 15,
23 1976, by an eligible authority or eligible governmental agency with
24 funds made available under this act, which funds were not already
25 committed under a contract in existence on November 15, 1976, shall
26 not be used to provide service on a fixed schedule and fixed route
27 for which a passenger fee is charged unless the vehicle is

1 accessible to a person using a wheelchair from a roadway level or
2 curb level, and has accommodations in which 1 or more wheelchairs
3 can be secured.

4 (18) A vehicle shall not be purchased, leased, or rented by an
5 eligible authority or eligible governmental agency after October 1,
6 1978, with funds made available under this act which vehicle is
7 used to provide demand actuated service unless the eligible
8 authority or eligible governmental agency has submitted a plan to
9 the state transportation department describing the service to be
10 provided by the demand actuated service to persons 65 years of age
11 or older and persons with disabilities within the applicable
12 service area and that plan has been approved by the department. The
13 department shall approve the plan as submitted or modified or shall
14 reject the plan within 60 days after the plan is submitted. A plan
15 which describes the service to be provided by the demand actuated
16 service shall not be approved by the department unless that plan
17 provides the following:

18 (a) That demand actuated service will be provided to persons
19 65 years of age or older and persons with disabilities residing in
20 the entire service area subject to the plan.

21 (b) That as a minimum, demand actuated service will be
22 provided to persons 65 years of age or older and persons with
23 disabilities during the same hours as service is provided to all
24 other persons in the service area subject to the plan.

25 (c) That the average time period required for demand actuated
26 service to persons 65 years of age or older and persons with
27 disabilities from the initiation of a service request to arrival at

1 the destination is equal to the average time period required for
2 demand actuated service provided to all other persons in the
3 service area subject to the plan.

4 (d) That the eligible authority or eligible governmental
5 agency submitting the plan has established a local advisory council
6 with not less than 50% of its membership representing persons 65
7 years of age or older and persons with disabilities within the
8 service area subject to the plan and that the local advisory
9 council has had an opportunity to review and comment upon the plan
10 before its submission to the department. Each eligible authority or
11 eligible governmental agency jointly with the area agency on aging
12 shall approve at least 1 or the equivalent of 12% of the membership
13 of the local advisory council. Each advisory council comment shall
14 be included in the plan when submitted to the department.

15 (19) Notwithstanding subsection (18), a plan required by
16 subsection (18) which is not approved or rejected by the state
17 transportation department within 60 days after submission shall be
18 considered approved as submitted.

19 (20) Subsections (17), (18), and (19) shall not apply to
20 vehicles or facilities used to transport persons by rail, air, or
21 water or to vehicles of common carriers licensed by the state
22 transportation department.

23 (21) After January 1, 1979, the department shall submit an
24 annual report to the legislature detailing the service provided in
25 the prior year for persons 65 years of age or older and persons
26 with disabilities by fixed route service and demand actuated
27 service. This report shall include a record of passenger usage and

1 shall be submitted by April 1 of each year.

2 (22) Notwithstanding any other provision of this section, for
3 each fiscal year that begins after September 30, 2009, the governor
4 and the state budget director shall include in the annual budget
5 submitted to the legislature for the ensuing fiscal period under
6 section 18 of article V of the state constitution of 1963 an
7 appropriation from a fund or funds other than the comprehensive
8 transportation fund to a street railway organized under the
9 nonprofit street railway act, 1867 PA 35, MCL 472.1 to 472.27, of a
10 sum equal to the difference between the annual operating expenses
11 of the street railway and revenue received by the street railway
12 during the same annual period, including, but not limited to, tax
13 increment revenues received by the street railway under section 23
14 of the nonprofit street railway act, 1867 PA 35, MCL 472.23. The
15 appropriation submitted in the budget under this section shall not
16 exceed 8% of the total private investment in the street railway as
17 determined by the department. A street railway is not an eligible
18 authority or eligible governmental agency for purposes of
19 subdivision (4)(a).