

HOUSE BILL No. 4028

January 13, 2011, Introduced by Reps. Agema, Yonker, Hooker and Pscholka and referred to the Committee on Natural Resources, Tourism, and Outdoor Recreation.

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 10 (MCL 247.660), as amended by 2007 PA 210.

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, AS OTHERWISE~~
 10 **PROVIDED IN THOSE SECTIONS**, and money ~~received~~ **COLLECTED** under the
 11 motor carrier act, 1933 PA 254, MCL 475.1 to 479.43, **EXCEPT AS**
 12 **OTHERWISE PROVIDED UNDER THAT ACT**, shall be deposited in the state
 13 treasury to the credit of the Michigan transportation fund. In
 14 addition, income or profit derived from the investment of money in
 15 the Michigan transportation fund shall be deposited in the Michigan
 16 transportation fund. Except as provided in this act **AND SECTION**

1 1902 OF THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT,
2 1994 PA 451, MCL 324.1902, no other money, whether appropriated
3 from the general fund of this state or any other source, shall be
4 deposited in the Michigan transportation fund. Except as otherwise
5 provided in this section, the legislature shall appropriate funds
6 for the necessary expenses incurred in the administration and
7 enforcement of the motor fuel tax act, 2000 PA 403, MCL 207.1001 to
8 207.1170, the motor carrier act, 1933 PA 254, MCL 475.1 to 479.43,
9 and sections 801 to 810 of the Michigan vehicle code, 1949 PA 300,
10 MCL 257.801 to 257.810. Funds appropriated for necessary expenses
11 shall be based upon established cost allocation methodology that
12 reflects actual costs. Appropriations for the necessary expenses
13 incurred by the department of state in administration and
14 enforcement of sections 801 to 810 of the Michigan vehicle code,
15 1949 PA 300, MCL 257.801 to 257.810, shall be made from the
16 Michigan transportation fund and from funds in the transportation
17 administration collection fund created in section 810b of the
18 Michigan vehicle code, 1949 PA 300, MCL 257.810b. Appropriations
19 from the Michigan transportation fund for the necessary expenses
20 incurred by department of state in administration and enforcement
21 of sections 801 to 810 of the Michigan vehicle code, 1949 PA 300,
22 MCL 257.801 to 257.810, shall not exceed \$20,000,000.00 per state
23 fiscal year. ~~except for the fiscal year ending September 30, 2006.~~
24 ~~For the fiscal year ending September 30, 2006, the legislature may~~
25 ~~appropriate funds in excess of \$20,000,000.00 from the Michigan~~
26 ~~transportation fund for all incremental additional expenses~~
27 ~~incurred by the department of state in enforcing sections 801 to~~

~~810 of the Michigan vehicle code, 1949 PA 300, MCL 257.801 to~~
~~257.810, that arise because of the replacement of standard design~~
~~registration license plates as provided in section 224 of the~~
~~Michigan vehicle code, 1949 PA 300, MCL 257.224.~~ All money in the
Michigan transportation fund is apportioned and appropriated in the
following manner:

(a) Not more than \$3,000,000.00 as may be annually
appropriated each fiscal year to the state trunk line fund for
subsequent deposit in the rail grade crossing account.

(b) Not less than \$3,000,000.00 each year to the local bridge
fund established in subsection ~~(5)~~ **(4)** for the purpose of payment
of the principal, interest, and redemption premium on any notes or
bonds issued by the state transportation commission under former
section 11b or subsection ~~(10)~~ **(9)**.

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

~~(d) Until September 30, 2004, all of the revenue from 1 cent~~
~~of the tax levied under section 8(1)(a) of the motor fuel tax act,~~
~~2000 PA 403, MCL 207.1008, to the state trunk line fund for repair~~
~~of state bridges under section 11. Beginning October 1, 2004 and~~
~~continuing through September 30, 2005, 3/4 of the revenue from 1~~
~~cent of the tax levied under section 8(1)(a) of the motor fuel tax~~
~~act, 2000 PA 403, MCL 207.1008, shall be appropriated to the state~~
~~trunk line fund for the repair of state bridges under section 11,~~
~~and 1/4 of the revenue from 1 cent of the tax levied under section~~

~~8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, shall~~
~~be appropriated to the local bridge fund created in subsection (5)~~
~~for distribution only to cities, villages, and county road~~
~~commissions. Beginning October 1, 2005, 1/2~~ **ONE-HALF** ~~of the revenue~~
from 1 cent of the tax levied under section 8(1)(a) of the motor
fuel tax act, 2000 PA 403, MCL 207.1008, shall be appropriated to
the state trunk line fund for the repair of state bridges under
section 11, and 1/2 of the revenue from 1 cent of the tax levied
under section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL
207.1008, shall be appropriated to the local bridge fund ~~created~~
ESTABLISHED in subsection ~~(5)~~ **(4)** for distribution only to cities,
villages, and county road commissions.

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

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

(g) \$5,000,000.00 to the local bridge fund established in
subsection ~~(5)~~ **(4)** for distribution only to the local bridge
advisory board, the regional bridge councils, cities, villages, and
county road commissions.

(h) \$36,775,000.00 to the state trunk line fund for subsequent
deposit in the transportation economic development fund, and, as of
September 30, 1997, with first priority for allocation to debt
service on bonds issued to fund transportation economic development
fund projects. In addition, beginning October 1, 1997,
\$3,500,000.00 is appropriated from the Michigan transportation fund

1 to the state trunk line fund for subsequent deposit in the
2 transportation economic development fund to be used for economic
3 development road projects in any of the targeted industries
4 described in section 9(1)(a) of 1987 PA 231, MCL 247.909.

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

8 (j) The balance of the Michigan transportation fund as
9 follows, after deduction of the amounts appropriated in
10 subdivisions (a) through (i). ~~and section 11b.~~

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

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

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

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

24 (3) Thirty-one and one-half percent of the funds appropriated
25 to this state from the federal government pursuant to 23 USC ~~157~~
26 **105**, commonly known as minimum guarantee funds, shall be allocated
27 to the transportation economic development fund, if such an

1 allocation is consistent with federal law. These funds shall be
2 distributed 16-1/2% for development projects for rural counties as
3 defined by law and 15% for capacity improvement or advanced traffic
4 management systems in urban counties as defined by law. Federal
5 funds allocated for distribution under this section shall be
6 eligible for obligation and use by all recipients as defined by the
7 **SAFE, ACCOUNTABLE, FLEXIBLE, EFFICIENT** transportation equity act:
8 ~~for the 21st century, A LEGACY FOR USERS, Public Law 105-178. 109-~~
9 59.

10 ~~—— (4) For the fiscal year beginning October 1, 2003 only, the~~
11 ~~apportionment of 10% of Michigan transportation fund money to the~~
12 ~~comprehensive transportation fund as provided in subsection (1)(f)~~
13 ~~shall be reduced by \$10,000,000.00 and the \$10,000,000.00 shall be~~
14 ~~transferred to the state trunk line fund for capacity improvements~~
15 ~~to state trunk line highways.~~

16 (4) ~~(5)~~ A fund to be known as the local bridge fund is
17 established and ~~is set up and maintained~~ in the state treasury as a
18 separate fund. The money appropriated to the local bridge fund and
19 the interest accruing to that fund shall be expended for the local
20 bridge program. The purpose of the fund is to provide financial
21 assistance to highway authorities for the preservation,
22 improvement, or reconstruction of existing bridges or for the
23 construction of bridges to replace existing bridges in whole or
24 part. The money in the local bridge fund is not subject to section
25 12(15) or 13(5). The local bridge advisory board is created and
26 shall consist of 6 voting members appointed by the state
27 transportation commission and 2 nonvoting members appointed by the

1 state transportation department. The board shall include 3 members
2 from the county road association of Michigan, 1 member who
3 represents counties with populations 65,000 or greater, 1 member
4 who represents counties with populations greater than 30,000 and
5 less than 65,000, and 1 member who represents counties with
6 populations of 30,000 or less. Three members shall be appointed
7 from the Michigan municipal league, 1 member who represents cities
8 with a population 75,000 or greater, 1 member who represents cities
9 with a population less than 75,000, and 1 member who represents
10 villages. Each organization with voting rights shall submit a list
11 of nominees in each population category to the state transportation
12 commission. The state transportation commission shall make the
13 appointments from the lists submitted under this subsection. Names
14 shall be submitted within 45 days after October 1, 2004. The state
15 transportation commission shall make the appointments by January
16 30, 2005. Voting members shall be appointed for 2 years. The
17 chairperson of the board shall be selected from among the voting
18 members of the board. In addition to the 2 nonvoting members, the
19 department shall provide qualified administrative staff and
20 qualified technical assistance to the board.

21 (5) ~~(6) Beginning October 1, 2005, no~~ **NO** less than 5% and no
22 more than 15% of the funds received in the local bridge fund may be
23 used for critical repair of large bridges and emergencies as
24 determined by the local bridge advisory board. ~~Beginning October 1,~~
25 ~~2005, funds~~ **FUNDS** remaining after the funds allocated for critical
26 large bridge repair and emergencies are deducted shall be
27 distributed by the board to the regional bridge councils created

1 under this section. One regional council shall be formed for each
2 department of transportation region as those regions exist on
3 October 1, 2004. The regional councils shall consist of 2 members
4 of the county road association of Michigan from counties in the
5 region, 2 members of the Michigan municipal league from cities and
6 villages in the region, and 1 member of the state transportation
7 department in each region. The members of the state transportation
8 department shall be nonvoting members who shall provide qualified
9 administrative staff and qualified technical assistance to the
10 regional councils.

11 (6) ~~(7) Beginning October 1, 2005, funds~~ **FUNDS** in the local
12 bridge fund after deduction of the amounts set aside for critical
13 repair of large bridges and emergency repairs shall be distributed
14 among the regional bridge councils according to all of the
15 following ratios, which shall be assigned a weight expressed as a
16 percentage as determined by the board, with each ratio receiving no
17 greater than a 50% weight and no less than a 25% weight:

18 (a) A ratio with a numerator that is the total number of local
19 bridges in the region and a denominator that is the total number of
20 local bridges in this state.

21 (b) A ratio with a numerator that is the total local bridge
22 deck area in the region and a denominator that is the total local
23 bridge deck area in this state.

24 (c) A ratio with a numerator that is the total amount of
25 structurally deficient local bridge deck area in the region and a
26 denominator that is the total amount of structurally deficient
27 local bridge deck area in this state.

1 (7) ~~(8) Beginning October 1, 2005, the~~ **THE** regional bridge
2 councils shall allocate the funds received from the board for the
3 preservation, improvement, and reconstruction of existing bridges
4 or for the construction of bridges to replace existing bridges in
5 whole or in part in each region.

6 (8) ~~(9) Beginning January 1, 2007 and each January after 2007,~~
7 **EACH JANUARY**, the department shall submit a report to the chair and
8 the minority vice-chair of the appropriations committees of the
9 senate and the house of representatives, and to the standing
10 committees on transportation of the senate and the house of
11 representatives, on all of the following activities for the
12 previous state fiscal year:

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

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

17 (c) The actual weights used in the calculation required under
18 subsection ~~(7)-(6)~~.

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

20 (e) A listing of what specific projects were funded pursuant
21 to subsection ~~(8)-(7)~~.

22 (9) ~~(10)~~The state transportation commission shall borrow
23 money and issue notes or bonds in an amount of not less than
24 \$30,000,000.00 to supplement the funding provided for the local
25 bridge program under subsection ~~(6)-(5)~~. The bonds or notes issued
26 pursuant to this subsection may be issued by the commission for any
27 purpose for which other local bridge funds may be used under this

1 section. The bonds or notes authorized by this subsection shall be
2 issued by resolution of the state transportation commission
3 consistent with the requirements of section 18b.

4 (10) ~~(11)~~—The state transportation department shall promulgate
5 rules pursuant to the administrative procedures act of 1969, 1969
6 PA 306, MCL 24.201 to 24.328, governing the administration of the
7 local bridge program. The rules shall set forth the eligibility
8 criteria for financial assistance under the program and other
9 matters related to the program that the department considers
10 necessary and desirable. The department shall take into
11 consideration the availability of federal aid and other financial
12 resources of the highway authority responsible for the bridge, the
13 importance of the bridge to the highway, road, or street network,
14 and the condition of the existing bridge.

15 (11) ~~(12)~~ Beginning October 1, 2004, the ~~THE~~ revenue
16 appropriated to the local bridge fund pursuant to subsection (1) (d)
17 shall be distributed only to the local bridge advisory board, the
18 regional bridge councils, cities, villages, and county road
19 commissions.

20 (12) ~~(13)~~ Beginning October 1, 2008, the ~~THE~~ regional bridge
21 councils shall determine what bridge projects are selected for
22 funding from the local bridge fund created in subsection ~~(5)~~ (4)
23 and shall make a list of selected projects available to interested
24 parties in the region. A determination that a bridge project is
25 selected for funding in a given fiscal year is not approval to
26 disburse the funds.

27 (13) ~~(14)~~ Beginning October 1, 2008, a ~~A~~ county road

1 commission, city, or village may implement a bridge project if the
2 bridge project has been selected for funding and is included in the
3 appropriate regional bridge council's current multiyear bridge plan
4 for the local bridge program but the regional bridge council has
5 not allocated funds to the bridge project for the fiscal year that
6 the bridge project is on the current multiyear bridge plan. A
7 county road commission, city, or village may borrow funds to
8 implement a project that has been selected for funding and is
9 included in the appropriate regional bridge council's current
10 multiyear bridge plan but has not been allocated funds by the
11 regional bridge council. Based on available local bridge funds,
12 when a bridge project that was implemented with borrowed funds is
13 allocated funding in a subsequent fiscal year, the funding shall
14 only be used to repay the amount approved by the multiyear bridge
15 plan when the funds were borrowed. To be eligible for repayment of
16 the amount borrowed, a bridge project that has been implemented
17 with borrowed funds shall be administered through the department's
18 local bridge program.

19 Enacting section 1. (1) This amendatory act does not take
20 effect unless Senate Joint Resolution _____ or House Joint
21 Resolution B(request no. 00194'11) of the 96th Legislature
22 becomes a part of the state constitution of 1963 as provided in
23 section 1 of article XII of the state constitution of 1963.

24 (2) This amendatory act does not take effect unless Senate
25 Bill No. _____ or House Bill No. 4021(request no. 00194'11 a) of
26 the 96th Legislature is enacted into law.