

# SENATE BILL No. 544

June 30, 2011, Introduced by Senators MOOLENAAR, GREEN, ROBERTSON, BRANDENBURG, GLEASON, CASPERSON, HILDENBRAND and KOWALL 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 sections 10, 11, and 11f (MCL 247.660, 247.661, and 247.661f), section 10 as amended by 2007 PA 210, section 11 as amended by 2002 PA 639, and section 11f as amended by 2008 PA 73.

**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

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

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

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

9 **(B) NOT MORE THAN \$3,000,000.00 AS MAY BE ANNUALLY**  
10 **APPROPRIATED EACH FISCAL YEAR TO THE STATE TRUNK LINE FUND FOR**  
11 **SUBSEQUENT DEPOSIT IN THE GRADE CROSSING SURFACE ACCOUNT.**

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

17 (D) ~~(e)~~ Revenue from 3 cents of the tax levied under section  
18 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, to  
19 the state trunk line fund, county road commissions, and cities and  
20 villages in the percentages provided in subdivision ~~(i)~~ **(K)**.

21 (E) ~~(d)~~ ~~Until September 30, 2004, all of the revenue from 1~~  
22 ~~cent of the tax levied under section 8(1)(a) of the motor fuel tax~~  
23 ~~act, 2000 PA 403, MCL 207.1008, to the state trunk line fund for~~  
24 ~~repair of state bridges under section 11. Beginning October 1, 2004~~  
25 ~~and continuing through September 30, 2005, 3/4 of the revenue from~~  
26 ~~1 cent of the tax levied under section 8(1)(a) of the motor fuel~~  
27 ~~tax act, 2000 PA 403, MCL 207.1008, shall be appropriated to the~~

1 ~~state trunk line fund for the repair of state bridges under section~~  
2 ~~11, and 1/4 of the revenue from 1 cent of the tax levied under~~  
3 ~~section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL~~  
4 ~~207.1008, shall be appropriated to the local bridge fund created in~~  
5 ~~subsection (5) for distribution only to cities, villages, and~~  
6 ~~county road commissions. Beginning October 1, 2005, 1/2 **ONE-HALF** of~~  
7 ~~the revenue from 1 cent of the tax levied under section 8(1)(a) of~~  
8 ~~the motor fuel tax act, 2000 PA 403, MCL 207.1008, shall be~~  
9 ~~appropriated to the state trunk line fund for the repair of state~~  
10 ~~bridges under section 11, and 1/2 of the revenue from 1 cent of the~~  
11 ~~tax levied under section 8(1)(a) of the motor fuel tax act, 2000 PA~~  
12 ~~403, MCL 207.1008, shall be appropriated to the local bridge fund~~  
13 ~~created in subsection (5) **(4)** for distribution only to cities,~~  
14 ~~villages, and county road commissions.~~

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

17 (G) ~~(f)~~ ~~Except as provided in subsection (4), 10% **TEN PERCENT**~~  
18 to the comprehensive transportation fund for the purposes described  
19 in section 10e.

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

24 (I) ~~(h)~~ \$36,775,000.00 to the state trunk line fund for  
25 subsequent deposit in the transportation economic development fund,  
26 and, ~~as of September 30, 1997,~~ with first priority for allocation  
27 to debt service on bonds issued to fund transportation economic

1 development fund projects. In addition, ~~beginning October 1, 1997,~~  
2 \$3,500,000.00 is appropriated from the Michigan transportation fund  
3 to the state trunk line fund for subsequent deposit in the  
4 transportation economic development fund to be used for economic  
5 development road projects in any of the targeted industries  
6 described in section 9(1)(a) of 1987 PA 231, MCL 247.909.

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

10 (K) ~~(j)~~ The balance of the Michigan transportation fund as  
11 follows, after deduction of the amounts appropriated in  
12 subdivisions (a) ~~through (i) and section 11b:~~ **TO (J):**

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

15 (ii) 39.1% to the county road commissions of ~~the~~ **THIS** state.

16 (iii) 21.8% to the cities and villages of ~~the~~ **THIS** state.

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

26 (3) Thirty-one and one-half percent of the ~~funds~~ **MONEY**  
27 appropriated to this state from the federal government pursuant to

1 23 USC 157, commonly known as minimum guarantee funds, shall be  
2 allocated to the transportation economic development fund, if such  
3 an allocation is consistent with federal law. ~~These funds~~ **THIS**  
4 **MONEY** shall be distributed 16-1/2% for development projects for  
5 rural counties as defined by law and 15% for capacity improvement  
6 or advanced traffic management systems in urban counties as defined  
7 by law. Federal ~~funds~~ **MONEY** allocated for distribution under this  
8 section shall be eligible for obligation and use by all recipients  
9 as defined by the transportation equity act for the 21st century,  
10 Public Law 105-178.

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

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

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

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

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

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

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

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

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

1 local bridge deck area in this state.

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

7       (8) ~~(9) Beginning January 1, 2007 and each~~ **EACH** January, after  
8 ~~2007,~~ the department shall submit a report to the chair and the  
9 minority vice-chair of the appropriations committees of the senate  
10 and the house of representatives, and to the standing committees on  
11 transportation of the senate and the house of representatives, on  
12 all of the following activities for the 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~~ **MONEY** may be used under

1 this section. The bonds or notes authorized by this subsection  
2 shall be issued by resolution of the state transportation  
3 commission 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 (1) (E) shall be distributed only to the local bridge advisory  
18 board, the regional bridge councils, cities, villages, and county  
19 road 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~~ ~~MONEY~~.

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~~**MONEY** to the bridge project for the fiscal year  
6 that the bridge project is on the current multiyear bridge plan. A  
7 county road commission, city, or village may borrow ~~funds~~**MONEY** 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~~**MONEY** by the  
11 regional bridge council. Based on available local bridge ~~funds~~  
12 **MONEY**, when a bridge project that was implemented with borrowed  
13 ~~funds~~**MONEY** is allocated funding in a subsequent fiscal year, the  
14 funding shall only be used to repay the amount approved by the  
15 multiyear bridge plan when the ~~funds were~~**MONEY WAS** borrowed. To be  
16 eligible for repayment of the amount borrowed, a bridge project  
17 that has been implemented with borrowed ~~funds~~**MONEY** shall be  
18 administered through the department's local bridge program.

19       Sec. 11. (1) A fund to be known as the state trunk line fund  
20 is established and shall be set up and maintained in the state  
21 treasury as a separate fund. The money deposited in the state trunk  
22 line fund is appropriated to the state transportation department  
23 for the following purposes in the following order of priority:

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

1           (i) For the payment of contributions required to be made by the  
2 state highway commission or the state transportation commission  
3 under contracts entered into before July 18, 1979, under 1941 PA  
4 205, MCL 252.51 to 252.64, which contributions have been pledged  
5 before July 18, 1979, for the payment of the principal and interest  
6 on bonds issued under 1941 PA 205, MCL 252.51 to 252.64, for the  
7 payment of which a sufficient sum is irrevocably appropriated.

8           (ii) For the payment of the principal and interest upon bonds  
9 designated "State of Michigan, State Highway Commissioner, Highway  
10 Construction Bonds, Series I", dated September 1, 1956, in the  
11 aggregate principal amount of \$25,000,000.00, issued pursuant to  
12 former 1955 PA 87 and the resolution of the state administrative  
13 board adopted August 6, 1956, for the payment of which a sufficient  
14 sum is irrevocably appropriated.

15           (iii) For the payment of the principal and interest on bonds  
16 issued under section 18b for transportation purposes other than  
17 comprehensive transportation purposes as defined by law and the  
18 payment of contributions of the state highway commission or state  
19 transportation commission to be made pursuant to contracts entered  
20 into under section 18d, which contributions are pledged to the  
21 payment of principal and interest on bonds issued under the  
22 authorization of section 18d and contracts executed pursuant to  
23 that section. A sufficient portion of the fund is irrevocably  
24 appropriated to pay, when due, the principal and interest on bonds  
25 or notes issued under section 18b for purposes other than  
26 comprehensive transportation purposes as defined by law, and to pay  
27 the annual contributions of the state highway commission and the

1 state transportation commission as are pledged for the payment of  
2 bonds issued pursuant to contracts authorized by section 18d.

3 (b) For the transfer of ~~funds~~**MONEY** appropriated pursuant to  
4 section ~~10(1)(g)~~**10(1)(I)** to the transportation economic  
5 development fund, but the transfer shall be reduced each fiscal  
6 year by the amount of debt service to be paid in that year from the  
7 state trunk line fund for bonds, notes, or other obligations issued  
8 to fund projects of the transportation economic development fund,  
9 which amount shall be certified by the department.

10 (c) For the transfer of ~~funds~~**MONEY** appropriated pursuant to  
11 section 10(1)(a) to the railroad grade crossing account in the  
12 state trunk line fund for expenditure for rail grade crossing  
13 improvement purposes at rail grade crossings on public roads and  
14 streets under the jurisdiction of ~~the~~**THIS** state, counties, cities,  
15 or villages. Projects shall be selected for funding in accordance  
16 with the following:

17 (i) Not more than 50% or less than 30% of ~~these funds~~**THIS**  
18 **MONEY** and matched federal ~~funds~~**MONEY** shall be expended for state  
19 trunk line projects.

20 (ii) In prioritizing projects for ~~these funds~~**THIS MONEY**, in  
21 whole or in part, the department shall consider train and vehicular  
22 traffic volumes, accident history, traffic control device  
23 improvement needs, and the availability of funding.

24 (iii) Consistent with the other requirements for ~~these funds~~  
25 **THIS MONEY**, the first priority for ~~funds~~**MONEY** deposited pursuant  
26 to this subdivision for rail grade crossing improvements and  
27 retirement shall be to match federal ~~funds~~**MONEY** from the railroad-

1 highway grade crossing improvement program or other comparable  
2 federal programs if a match is required under federal law.

3 (iv) If the department and the road authority with jurisdiction  
4 over the crossing formally agree that the grade crossing should be  
5 eliminated by permanent closing of the public road or street, the  
6 physical removal of the crossing, roadway within railroad rights of  
7 way and street termination treatment will be negotiated between the  
8 road authority and railroad company. The ~~funds~~ **MONEY** provided to  
9 the road authority as a result of the crossing closure will be  
10 credited to its account representing the same road or street system  
11 on which the crossing is located and shall be used for any  
12 transportation purpose within that road authority's jurisdiction.

13 (D) FOR THE TRANSFER OF MONEY APPROPRIATED PURSUANT TO SECTION  
14 10(1)(B) TO THE GRADE CROSSING SURFACE ACCOUNT IN THE STATE TRUNK  
15 LINE FUND FOR EXPENDITURE FOR RAIL GRADE CROSSING SURFACE  
16 IMPROVEMENT PURPOSES AT RAIL GRADE CROSSINGS ON PUBLIC ROADS AND  
17 STREETS UNDER THE JURISDICTION OF COUNTIES, CITIES, OR VILLAGES.  
18 PROJECTS SHALL BE SELECTED FOR FUNDING IN ACCORDANCE WITH THE  
19 FOLLOWING:

20 (i) IN PRIORITIZING PROJECTS, THE DEPARTMENT SHALL CONSIDER  
21 VEHICULAR TRAFFIC VOLUMES, RELATIVE CROSSING SURFACE CONDITION, THE  
22 ABILITY OF THE RAILROAD AND LOCAL ROAD AUTHORITY TO MAKE  
23 COORDINATED IMPROVEMENTS, AND THE AVAILABILITY OF FUNDING.

24 (ii) THE GRADE CROSSING SURFACE ACCOUNT SHALL FUND 60% OF THE  
25 PROJECT COST, WITH THE REMAINING 40% FUNDED BY THE RAILROAD  
26 COMPANY.

27 (iii) FUNDING UNDER THE GRADE CROSSING SURFACE ACCOUNT WILL BE

1 LIMITED TO THOSE ITEMS OF WORK THAT ARE NORMALLY THE RESPONSIBILITY  
2 OF THE RAILROAD UNDER SECTION 309 OF THE RAILROAD CODE OF 1993,  
3 1993 PA 354, MCL 462.309. MAINTENANCE OF THE ROADWAY APPROACHES TO  
4 THE CROSSING WILL CONTINUE TO BE THE RESPONSIBILITY OF THE PARTY  
5 WITH JURISDICTION OVER THAT ROADWAY.

6 (E) ~~(d)~~—For the total operating expenses of the state trunk  
7 line fund for each fiscal year as appropriated by the legislature.

8 (F) ~~(e)~~—For the preservation of state trunk line highways and  
9 bridges.

10 (G) ~~(f)~~—For the opening, widening, improving, construction,  
11 and reconstruction of state trunk line highways and bridges,  
12 including the acquisition of necessary rights of way and the work  
13 incidental to that opening, widening, improving, construction, or  
14 reconstruction. ~~These sums~~ **MONEY** in the state trunk line fund not  
15 otherwise appropriated, distributed, determined, or set aside by  
16 law shall be used for the construction or reconstruction of the  
17 national system of interstate and defense highways, referred to in  
18 this act as "the interstate highway system" to the extent necessary  
19 to match federal aid ~~funds~~ **MONEY** as the federal aid ~~funds~~ **become**  
20 **MONEY BECOMES** available for that purpose; and, for the construction  
21 and reconstruction of the state trunk line system.

22 (H) ~~(g)~~—The state transportation department may enter into  
23 agreements with county road commissions and with cities and  
24 villages to perform work on a highway, road, or street. The  
25 agreements may provide for the performance by any of the  
26 contracting parties of any of the work contemplated by the contract  
27 including engineering services and the acquisition of rights of way

1 in connection with the work, by purchase or condemnation by any of  
2 the contracting parties in its own name, and for joint  
3 participation in the costs, but only to the extent that the  
4 contracting parties are otherwise authorized by law to expend money  
5 on the highways, roads, or streets. The state transportation  
6 department also may contract with a county road commission, city,  
7 ~~and OR~~ village to advance money to a ~~THE~~ county road commission,  
8 city, ~~and OR~~ village to pay their costs of improving railroad grade  
9 crossings on the terms and conditions agreed to in the contract. A  
10 contract may be executed before or after the state transportation  
11 commission borrows money for the purpose of advancing money to a  
12 county road commission, city, or village, but the contract shall be  
13 executed before the advancement of any money to a ~~THE~~ county road  
14 commission, city, or village by the state transportation  
15 commission, and shall provide for the full reimbursement of any  
16 advancement by a ~~THE~~ county road commission, city, or village to  
17 the state transportation department, with interest, within 15 years  
18 after advancement, from any available revenue sources of the county  
19 road commission, city, or village or, if provided in the contract,  
20 by deduction from the periodic disbursements of any money returned  
21 by the state to the county road commission, city, or village.

22 (I) ~~(h)~~ For providing inventories of supplies and materials  
23 required for the activities of the state transportation department.  
24 The state transportation department may purchase supplies and  
25 materials for these purposes, with payment to be made out of the  
26 state trunk line fund to be charged on the basis of issues from  
27 inventory in accordance with the accounting and purchasing laws of

1 this state.

2 (2) Notwithstanding any other provision of this act, at least  
3 90% of state revenue appropriated annually to the state trunk line  
4 fund less the amounts described in subdivisions (a) to (i) shall be  
5 expended annually by the state transportation department for the  
6 preservation of highways, roads, streets, and bridges and for the  
7 payment of debt service on bonds, notes, or other obligations  
8 described in subsection (1) (a) issued after July 1, 1983, for the  
9 purpose of providing ~~funds~~**MONEY** for the preservation of highways,  
10 roads, streets, and bridges. Of the amounts appropriated for state  
11 trunk line projects, the department shall, where possible, secure  
12 warranties of not less than 5-year full replacement guarantee for  
13 contracted construction work. If an appropriate certificate is  
14 filed under section 18e but only to the extent necessary, this  
15 subsection ~~shall~~**DOES** not prohibit the use of any amount of money  
16 restricted as to use by section 9 of article IX of the state  
17 constitution of 1963 and deposited in the state trunk line fund for  
18 the payment of debt service on bonds, notes, or other obligations  
19 pledging for the payment thereof money restricted as to use by  
20 section 9 of article IX of the state constitution of 1963 and  
21 deposited in the state trunk line fund, whenever issued, as  
22 specified under subsection (1) (a). The amounts ~~which~~**THAT** are  
23 deducted from the state trunk line fund for the purpose of the  
24 calculation required by this subsection are as follows:

25 (a) Amounts expended for the purposes described in subsection  
26 (1) (a) for the payment of debt service on bonds, notes, or other  
27 obligations issued before July 2, 1983.

1 (b) Amounts expended to provide the state matching requirement  
2 for projects on the national highway system and for the payment of  
3 debt service on bonds, notes, or other obligations issued after  
4 July 1, 1983, for the purpose of providing ~~funds~~**MONEY** for the  
5 state matching requirements for projects on the national highway  
6 system.

7 (c) Amounts expended for the construction of a highway,  
8 street, road, or bridge to 1 or more of the following or for the  
9 payment of debt service on bonds, notes, or other obligations  
10 issued after July 1, 1983, for the purpose of providing ~~funds~~**MONEY**  
11 for the construction of a highway, street, road, or bridge to 1 or  
12 more of the following:

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

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

18 (d) Amounts expended for capital outlay other than for  
19 highways, roads, streets, and bridges or to pay debt service on  
20 bonds, notes, or other obligations issued after July 1, 1983, for  
21 the purpose of providing ~~funds~~**MONEY** for capital outlay other than  
22 for highways, roads, streets, and bridges.

23 (e) Amounts expended for the operating expenses of the state  
24 transportation department other than the units of the department  
25 performing the functions assigned on January 1, 1983 to the bureau  
26 of highways.

27 (f) Amounts expended pursuant to contracts entered into before

1 January 1, 1983.

2 (g) Amounts expended for the purposes described in subsection  
3 (5).

4 (h) Amounts appropriated for deposit in the transportation  
5 economic development fund and the rail grade crossing account  
6 pursuant to section ~~10(1)(g)~~ **10(1)(I)** and 10(1)(a).

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

13 (3) Notwithstanding any other provision of this act, the state  
14 transportation department shall expend annually at least 90% of the  
15 federal revenue distributed to the credit of the state trunk line  
16 fund in that year, except for federal revenue expended for the  
17 purposes described in subsection (2)(b), (c), (f), and (i) and for  
18 the payment of notes issued under section 18b(9) on the  
19 preservation of highways, roads, streets, and bridges. The  
20 requirement of this subsection shall be waived if compliance would  
21 cause this state to be ineligible according to federal law for  
22 federal revenue, but only to the extent necessary to make this  
23 state eligible according to federal law for that revenue.

24 (4) Notwithstanding any other provision of this section, the  
25 state transportation department may loan money to county road  
26 commissions, cities, and villages for paying capital costs of  
27 transportation purposes described in the second paragraph of

1 section 9 of article IX of the state constitution of 1963 from the  
2 proceeds of bonds or notes issued pursuant to section 18b or from  
3 the state trunk line fund. Loans made directly from the state trunk  
4 line fund shall be made only after provision of ~~funds~~**MONEY** for the  
5 purposes specified in subsection (1)(a) to ~~(f)~~**(G)**. Loans described  
6 in this subsection are not subject to the revised municipal finance  
7 act, 2001 PA 34, MCL 141.2101 to 141.2821.

8 (5) County road commissions, cities, and villages may borrow  
9 money from the proceeds of bonds or notes issued under section 18b  
10 or the state trunk line fund for the purposes set forth in  
11 subsection (4) 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 1943 PA 143,  
19 MCL 141.251 to 141.254, or has been or may in the future be pledged  
20 for the payment of principal and interest upon bonds issued under  
21 section 18c or 18d, or has been or may in the future be pledged for  
22 the payment of the principal and interest upon bonds issued  
23 pursuant to 1952 PA 175, MCL 247.701 to 247.707.

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

26 (6) Loans made pursuant to subsection (4) if required by the  
27 state transportation department may be payable by deduction by the

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

19 (7) The amount borrowed by a county road commission, city, or  
20 village pursuant to subsection (5) shall not be included in, or  
21 charged against, any constitutional, statutory, or charter debt  
22 limitation of the county, city, or village and shall not be  
23 included in the determination of the maximum annual principal and  
24 interest requirements of, or the limitations upon, the maximum  
25 annual principal and interest incurred under 1941 PA 205, MCL  
26 252.51 to 252.64, 1943 PA 143, MCL 141.251 to 141.254, 1952 PA 175,  
27 MCL 247.701 to 247.707, or section 18c or 18d.

1           (8) The county road commission, city, or village is not  
2 required to seek or obtain the approval of the electors, the  
3 municipal finance commission or its successor agency, or, except as  
4 provided in this subsection, the department of treasury to borrow  
5 money pursuant to subsection (5). The borrowing is not subject to  
6 the revised municipal finance act, 2001 PA 34, MCL 141.2101 to  
7 141.2821, or to section 5(g) of the home rule city act, 1909 PA  
8 279, MCL 117.5. The state transportation department shall give at  
9 least 10 days' notice to the state treasurer of its intention to  
10 make a loan under subsection (4). If the state treasurer gives  
11 notice to the director of the state transportation department  
12 within 10 days of receiving the notice from the state  
13 transportation department, that, based upon the then existing  
14 financial or credit situation of the county road commission, city,  
15 or village, it would not be in the best interests of the state to  
16 make a loan under subsection (4) to the county road commission,  
17 city, or village, the loan shall not be made unless the state  
18 treasurer, after a hearing, if requested by the affected county  
19 road commission, city, or village, subsequently gives notice to the  
20 director of the state transportation department that the loan may  
21 be made on the conditions that the state treasurer specifies.

22           (9) The state transportation commission may borrow money and  
23 issue bonds and notes under, and pursuant to the requirements of,  
24 section 18b to make loans to county road commissions, cities, and  
25 villages for the purposes described in the second paragraph of  
26 section 9 of article IX of the state constitution of 1963, as  
27 provided in subsection (4). A single issue of bonds or notes may be

1 issued for the purposes specified in subsection (4) and for the  
2 other purposes specified in section 18b. The house and senate  
3 transportation appropriations subcommittees shall be notified by  
4 the department if there are extras and overruns sufficient to  
5 require approval of either the state administrative board or the  
6 commission, or both, on any contract between the department and a  
7 local road agency or a private business.

8 (10) The director of the state transportation department,  
9 after consultation with representatives of the interests of county  
10 road commissions, cities, and villages, shall establish, by  
11 intergovernmental communication, procedures for the implementation  
12 and administration of the loan program established under  
13 subsections (4) to (9).

14 (11) Not more than 10% per year of all of the funds received  
15 by and returned to the state transportation department from any  
16 source for the purposes of this section may be expended for  
17 administrative expenses. The department shall be subject to section  
18 14(5) if more than 10% per year is expended for administrative  
19 expenses. As used in this subsection, "administrative expenses"  
20 means those expenses that are not assigned including, but not  
21 limited to, specific road construction or preservation projects and  
22 are often referred to as general or supportive services.  
23 Administrative expenses ~~shall~~**DO** not include net equipment expense,  
24 net capital outlay, debt service principal and interest, ~~and~~**OR**  
25 payments to other state or local offices ~~which~~**THAT** are assigned,  
26 but not limited to, specific road construction projects or  
27 preservation activities.

1 (12) Any performance audits of the department shall be  
2 conducted according to government auditing standards issued by the  
3 United States general accounting office.

4 (13) Contracts entered into to advance money to a county road  
5 commission, city, or village under subsection ~~(1)(g)~~ **(1)(H)** are not  
6 subject to the revised municipal finance act, 2001 PA 34, MCL  
7 141.2101 to 141.2821.

8 (14) As used in this section, "rail grade crossing improvement  
9 purposes" means 1 or more of the following:

10 (a) The installation and modernization of active and passive  
11 warning devices at railroad grade crossings.

12 (b) The installation or improvement of grade crossing  
13 surfaces.

14 (c) Modification, relocation, or modernization of railroad  
15 grade crossing active and passive warning devices necessitated by  
16 roadway improvement projects.

17 (d) Test installations of innovative warning devices or other  
18 innovative applications.

19 (e) Construction of new grade separations.

20 (f) A cash incentive payment made pursuant to subsection  
21 (1)(c)(iv) for any public road or street crossing, in an amount no  
22 greater than the cost of installing flashing light signals and half  
23 roadway gates at the crossing.

24 (g) Any other work that would be eligible for funding under  
25 the federal railroad-highway grade crossing improvement program or  
26 other comparable programs.

27 Sec. 11f. (1) ~~Funds~~ **MONEY** received under the local federal

1 match program created in section 11e shall be granted to local  
2 municipalities and other local road agencies to match federal aid  
3 projects as provided in this subsection. Projects shall be  
4 submitted to the state transportation department by the local  
5 municipality or other local road agency. The department shall  
6 review the submittals and apply criteria that take into account the  
7 needs of highway, road, and street systems and an equitable  
8 allocation of available ~~funds~~-**MONEY** considering the geographic  
9 location of the proposed project. If the projects meet the  
10 criteria, the state transportation department shall award grants to  
11 the extent of available ~~funds~~-**MONEY**. An individual grant shall not  
12 exceed 25% of the amount of federal ~~funds~~-**MONEY** available for the  
13 project. Projects selected for funding shall meet all of the  
14 following criteria:

15 (a) Except for projects described in subdivision (d) (iv), the  
16 project shall be under construction or let for bid no later than  
17 September 5, 2008.

18 (b) The applicant shall have identified all of the necessary  
19 funding to complete the project.

20 (c) The project shall be for the opening, widening, improving,  
21 construction, or reconstruction of a federal aid eligible road or  
22 street, including the work incidental to that opening, widening,  
23 improving, construction, or reconstruction.

24 (d) The project shall be 1 or more of the following:

25 (i) Projects that are the subject of a federal appropriation in  
26 the safe, accountable, flexible, efficient transportation equity  
27 act, a legacy for users (SAFETEA-LU), Public Law 109-59, or the

1 transportation equity act for the 21st century, Public Law 105-178,  
2 ~~and THAT~~ have been designated as high priority road and bridge  
3 projects, and that can be let for bid no later than April 4, 2008.

4 (ii) Projects that are not the subject of a federal  
5 appropriation in the safe, accountable, flexible, efficient  
6 transportation equity act, a legacy for users (SAFETEA-LU), Public  
7 Law 109-59, or the transportation equity act for the 21st century,  
8 Public Law 105-178, that have received earmarks in the federal  
9 budget, and that can be let for bid no later than April 4, 2008.

10 (iii) Projects that are for federal aid eligible roads and ~~that~~  
11 are scheduled to be under construction or let for bid during the  
12 fiscal year that begins October 1, 2008 or a later fiscal year, ~~and~~  
13 that can be advanced to the fiscal year that begins October 1,  
14 2007, and **THAT** can be let for bid no later than September 5, 2008.

15 (iv) Projects that are the subject of a federal appropriation  
16 in the safe, accountable, flexible, efficient transportation equity  
17 act, a legacy for users (SAFETEA-LU), Public Law 109-59, or the  
18 transportation equity act for the 21st century, Public Law 105-178,  
19 and have been designated as high priority road and bridge projects  
20 from the following list as determined by the department:

21 (A) Romeo Plank, construction of 5 lane concrete pavement with  
22 curb, gutter, and sewer on Romeo Plank Road from M-59 to 23 Mile  
23 Road in Macomb Township.

24 (B) Finkbeiner Road, construct improvements to Crane &  
25 Finkbeiner Road from Patterson Road to Whitneyville Road in Barry  
26 County, and new bridge over Thornapple River.

27 (C) CR 492, Marquette County, realignment of 3200 feet of

1 County Road 492 from U.S. 41 north to County Road HD.

2 (D) H-58, Alger County, reconstruct, pave, and some  
3 realignment of H-58 from 2600 feet south of Little Beaver Lake Road  
4 to 4600 feet east of Hurricane River.

5 (E) Westland, Ann Arbor Trail between Farmington and Inkster,  
6 Warren/Newburgh intersection, reconstruction.

7 (F) Port Huron, NAFTA corridor congestion mitigation project,  
8 grade separation, integrated highway realignment at Port Huron,  
9 Michigan to eliminate road blockages from NAFTA rail traffic.

10 (G) Muskegon County, City of Muskegon: study and implement  
11 transportation system alternatives in the vicinity of U.S. 31/M 46.  
12 Quarterline Rd, Laketon to McArthur, US-31/M-46 vicinity.  
13 Transportation system improvements on Quarterline Road from Laketon  
14 Avenue to Stebbins Road. Project description; right-of-way  
15 acquisition, road relocation, road reconstruction/resurfacing and  
16 signal improvements.

17 (2) Except for projects described in subsection (1)(d)(iv), all  
18 bond proceeds not used to fund grants awarded by September 5, 2008  
19 are appropriated for the purposes described in section  
20 ~~11(1)(f)~~. **11(1)(G)**.

21 (3) ~~Beginning February 1, 2007, the~~ **THE** department shall  
22 submit a written report to the legislature by each February 1  
23 containing all of the following information:

24 (a) The balance contained in the program.

25 (b) A list of all projects currently funded under the program.

26 (c) A list of all federal high priority projects eligible for  
27 funding under the program.

1 (d) A list of pending requests for funding under the program,  
2 if any.

3 (4) The department shall submit a written report to the  
4 legislature no later than 30 days after the program has expended  
5 \$40,000,000.00. The report shall contain all of the following:

6 (a) A list of all projects currently funded under the program.

7 (b) A list of federal high priority projects eligible to  
8 receive funding from the program.

9 (c) A list of pending requests for funding under the program,  
10 if any.

11 (5) The department shall provide additional criteria if  
12 necessary for selecting the remaining projects to be funded in a  
13 fiscal year no later than 30 days after the report required under  
14 subsection (4) is issued. In determining the additional criteria to  
15 apply to the remaining ~~funds~~**MONEY**, the department shall consult  
16 with interested local road agencies, the Michigan municipal league,  
17 and the county road association of Michigan and shall utilize any  
18 recommendations made on additional criteria by these entities  
19 unless the department determines that the additional criteria are  
20 inequitable or impractical. If the additional criteria are deemed  
21 inequitable or impractical, the department is directed to work with  
22 the interested parties to develop equitable and practical criteria.  
23 The department shall apply those criteria that most equitably  
24 distribute the remaining ~~funds~~**MONEY** considering the geographic  
25 location of the funded projects. In applying criteria, the  
26 department shall take into account the needs of highway, road, and  
27 street systems and an equitable allocation of available ~~funds~~**MONEY**

1 considering the geographic location of the funded project.