SENATE BILL No. 921

January 26, 2012, Introduced by Senator JANSEN 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

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certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to provide for submission of annual legislative requests and reports; to provide for the establishment and functions of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and repayment by local units and agencies of those loans from certain specified sources; and to repeal acts and parts of acts,"

by amending sections 1c, 10a, 10p, and 13 (MCL 247.651c, 247.660a, 247.660p, and 247.663), section 1c as amended by 2010 PA 28, section 10a as amended by 1992 PA 137, section 10p as added by 2010 PA 135, and section 13 as amended by 2010 PA 261; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 1c. **(1)** The ~~state transportation~~ department shall bear the cost of opening, widening, and improving, including construction and reconstruction, **OF ALL STATE TRUNK LINE HIGHWAYS,** in accordance with standards and specifications of the department**.** ~~, all state trunk line highways, subject to all of the following provisions:~~

~~(a) Incorporated cities and villages shall participate with the department in the cost of opening, widening, and improving, including construction and reconstruction of state trunk line highways within cities and villages to which may be added, subject to the approval of the state transportation commission, streets that are connecting links of trunk line highways or streets that~~

~~are made connecting links of trunk line highways, according to the following schedule subject to the definition of population as provided in section 13:~~

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

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

~~(*iii*) In cities and villages having a population of 25,000 or more and less than 40,000, 8.75% of the cost shall be borne by the city or village, and 91.25% by the state transportation department except in the case of projects related to international border crossing, in which case the department shall bear the entire project cost.~~

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

~~(b) As used in this act, "opening, widening, and improving, including construction and reconstruction, of state trunk line highways" includes, but is not limited to, the cost of right of way; the cost of removal and replacement of sidewalks, street lighting, curbing, where removal and replacement is made necessary by construction or reconstruction of a trunk line highway; and the cost of bridges and structures, including that part of the cost of grade separation structures not paid by the railroad companies.~~

(2) ~~(c)~~ In a city or village, the width of a state trunk line highway shall be the width required to serve anticipated future traffic needs for a 20-year period as determined by a department transportation survey, ~~which width, except as prescribed by this subdivision,~~ **BUT** shall not be less than the currently accepted standards prescribed for a 4-lane highway; the width as may be built on the same trunk line route immediately beyond and adjacent to either legal boundary of the city or village; or on trunk lines eligible for federal highway funds, a width as may be prescribed by the federal government, whichever width is greater. However, the department and the governing body of a city or village by mutual agreement may determine that the width of a state trunk line highway shall be less than the width otherwise prescribed by this ~~subdivision.~~**SUBSECTION.**

(3) ~~(d)~~ If a city or village ~~shall desire~~ **CHOOSES** to widen a state trunk line highway for local purposes beyond the width prescribed in ~~subdivision (c),~~ **SUBSECTION (2),** the entire cost of the extra width, less the federal highway funds ~~which~~ **THAT** may be allocated to the portion of the project by the department, shall be borne by the city or village.

(4) ~~(e)~~ The state transportation commission and the boards of county road commissioners may enter into agreements with townships or private persons for the improvement or widening of state trunk line highways or county roads. The state transportation commission and the boards of county road commissioners may require full or partial participation in the cost of the improvement or widening by the requesting party as considered appropriate.

(5) AS USED IN THIS SECTION, "OPENING, WIDENING, AND

IMPROVING, INCLUDING CONSTRUCTION AND RECONSTRUCTION, OF ALL STATE TRUNK LINE HIGHWAYS" INCLUDES, BUT IS NOT LIMITED TO, THE COST OF RIGHT OF WAY; THE COST OF REMOVAL AND REPLACEMENT OF SIDEWALKS, STREET LIGHTING, AND CURBING, WHERE REMOVAL AND REPLACEMENT ARE MADE NECESSARY BY CONSTRUCTION OR RECONSTRUCTION OF A TRUNK LINE HIGHWAY; AND THE COST OF BRIDGES AND STRUCTURES, INCLUDING THAT PART OF THE COST OF GRADE SEPARATION STRUCTURES NOT PAID BY THE RAILROAD COMPANIES.

Sec. 10a. (1) ~~Annually the state transportation~~ **THE** department shall **ANNUALLY** determine the miles of state trunk line highways, county primary and local roads, and city and village major and local streets transferred to and from state, county, city, or village jurisdiction during the preceding period of July 1 to June 30. In each year after that determination, the transferred mileage shall be accumulated and added to the mileage transferred in each subsequent July 1 to June 30 period.

(2) The current average revenue worth per mile of a county primary road and a county local road shall be determined annually by dividing the total county primary and local road mileages respectively as of the first day of the preceding July 1 to June 30 period into the total amount of Michigan transportation funds returned to counties pursuant to this act for use on county primary and local roads respectively during that period, except money returned to counties pursuant to section 12(2) and (3).

(3) The total amount of money to be transferred from and to the state trunk line fund, ~~the~~ counties, cities, and villages shall be determined annually by multiplying the current revenue worth per

mile of a county primary road and a county local road respectively by the number of accumulated miles in each category transferred from and to state, county, city, or village jurisdiction. If the transferred ~~facility~~ **ROAD** becomes classified as part of the local road or street system of the receiving jurisdiction, the transfer of money shall be calculated on the basis of the revenue worth per mile of a county local road. In any other category of jurisdictional transfer, the transfer of money shall be calculated on the basis of the revenue worth per mile of a county primary road.

(4) For jurisdictional transfers made from the state to a county, city, or village after July 1, 1992, the amount in the state trunk line fund to be transferred shall be transferred to the county, city, or village receiving jurisdiction. If the transferred highway is then classified as part of the local road or street system of the receiving jurisdiction, the transfer of money to the receiving jurisdiction shall be calculated on the basis of the revenue worth per mile of a county local road as determined in subsection (2). If the transferred highway is then classified as part of the primary road or major street system of the receiving jurisdiction, the transfer of money to the receiving jurisdiction shall be calculated on the basis of the revenue worth per mile of a county primary road as determined in subsection (2). This subsection and subsection (5) ~~shall~~ **DO** not ~~be construed to effect~~ **AFFECT** contracts entered into before or after ~~the effective date of this subsection~~ **JULY 15, 1992** pursuant to ~~Act No. 166 of the Public Acts of 1965, being sections 408.551 to 408.558 of the Michigan~~

~~Compiled Laws,~~ **1965 PA 166, MCL 408.551 TO 408.558,** for the maintenance of a transferred highway.

(5) In cities and villages with a population of 25,000 or more, trunk line mileage that is transferred to local jurisdiction after July 1, 1992 and is then classified as a major street shall be certified at twice its measured length.

(6) The transfer of funds under this section shall be included each year in the October appropriation of the Michigan transportation fund.

(7) THIS SECTION IS REPEALED EFFECTIVE SEPTEMBER 30, 2019.

Sec. 10p. (1) As used in this section:

(a) "Complete streets" means roadways planned, designed, and constructed to provide appropriate access to all legal users in a manner that promotes safe and efficient movement of people and goods whether by car, truck, transit, assistive device, foot, or bicycle.

(b) "Complete streets policy" means a document that provides guidance for the planning, design, and construction of roadways or an interconnected network of transportation facilities being constructed or reconstructed and designated for a transportation purpose that promotes complete streets and meets all of the following requirements:

(*i*) Is sensitive to the local context and recognizes that needs vary according to urban, suburban, and rural settings.

(*ii*) Considers the functional class of the roadway and project costs and allows for appropriate exemptions.

(*iii*) Considers the varying mobility needs of all legal users of the roadway, of all ages and abilities.

(c) "Department" means the state transportation department.

(d) "Local road agency" means that term as defined in section 9a.

(e) "Municipality" means a city, village, or township.

(2) The state transportation commission shall do both of the following ~~by~~ not later than ~~2 years after the effective date of the amendatory act that added this section:~~**AUGUST 2, 2012:**

(a) Adopt a complete streets policy for the department.

(b) Develop a model complete streets policy or policies to be made available for use by municipalities and counties.

(3) Before a municipality approves any project in its multiyear capital program that affects a roadway or transportation facility under the jurisdiction of the ~~state transportation~~ department or ~~within or~~ under the jurisdiction of a county or another municipality, it shall consult with the affected agency and agree on how to address the respective complete streets policies, subject to each agency's powers and duties. Before the department submits its multiyear capital plan to the **STATE TRANSPORTATION** commission or a county road agency approves its multiyear capital plan, for any project that affects a roadway or transportation facility ~~within or~~ under the jurisdiction of a municipality, the department or county road agency shall consult with the municipality and agree on how to address the respective complete streets policies, subject to each agency's powers and duties. Failure to come to an agreement shall not prevent the department from submitting its multiyear capital plan to the **STATE**

TRANSPORTATION commission. This subsection does not apply under any of the following circumstances:

(a) If neither the agency proposing the project nor the affected agency has a complete streets policy.

(b) If the project was included in a municipality's multiyear capital program or the department's or a county's multiyear capital plan on July 1, 2010.

(4) The department may provide assistance to and coordinate with local agencies in developing and implementing complete streets policies. The department shall share expertise in nonmotorized and multimodal transportation planning in the development of trunk line projects within municipal boundaries.

(5) The department, local road agencies, and municipalities may enter into agreements with each other providing for maintenance of transportation facilities constructed to implement a complete streets policy.

(6) A complete streets advisory council is created within the department. The advisory council shall consist of the following members appointed by the governor:

(a) The director of the ~~state transportation~~ department or his or her designee.

(b) The director of the department of community health or his or her designee.

(c) The director of the department of state police or his or her designee.

(d) One individual representing the state transportation commission.

(e) One individual representing environmental organizations.

(f) One individual representing planning organizations.

(g) One individual representing organizations of disabled persons.

(h) One individual representing road commission organizations.

(i) One individual representing public transit users organizations.

(j) One licensed professional engineer or traffic engineer.

(k) One individual representing the Michigan municipal league.

(*l*) One individual representing the AARP.

(m) One individual representing the league of Michigan bicyclists.

(n) One individual representing a pedestrian organization.

(o) One individual representing the Michigan public transit association.

(p) One individual representing the Michigan townships association.

(q) As nonvoting members, the director of the department of natural resources ~~and environment~~ or his or her designee, the executive director of the Michigan state housing development authority or his or her designee, and the heads of such other state departments and agencies, as the governor considers appropriate, or their designees.

(7) The members first appointed to the advisory council shall be appointed within 60 days after ~~the effective date of this section.~~ **AUGUST 2, 2010.** Members of the advisory council shall serve for terms of 3 years or until a successor is appointed,

whichever is later, except that of the members first appointed 3 shall serve for 1 year, 3 shall serve for 2 years, and 3 shall serve for 3 years. If a vacancy occurs on the advisory council, the governor shall make an appointment for the unexpired term in the same manner as the original appointment. The governor may remove a member of the advisory council for incompetency, dereliction of duty, malfeasance, misfeasance, or nonfeasance in office, or any other good cause.

(8) The first meeting of the advisory council shall be called by the director of the ~~state transportation~~ department. At the first meeting, the advisory council shall elect from among its members a chairperson, vice-chairperson, secretary, and other officers as it considers necessary or appropriate. After the first meeting and ~~before 2018,~~ **THROUGH DECEMBER 31, 2017,** the advisory council shall meet at least quarterly, or more frequently at the call of the chairperson or if requested by 3 or more members. A majority of the members of the advisory council constitute a quorum for the transaction of business at a meeting of the advisory council. The affirmative vote of a majority of the members are required for official action of the advisory council.

(9) The business that the advisory council may perform shall be conducted at a public meeting ~~of the advisory council~~ held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. A writing prepared, owned, used, in the possession of, or retained by the advisory council in the performance of an official function is subject to the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(10) Members of the advisory council shall serve without compensation. However, members of the advisory council may be reimbursed for their actual and necessary expenses incurred in the performance of their official duties. ~~as members of the advisory council.~~

(11) The advisory council shall do all of the following:

(a) Provide education and advice to the state transportation commission, county road commissions, municipalities, interest groups, and the public on the development, implementation, and coordination of complete streets policies.

(b) By December 30, 2011, and each calendar year thereafter, report to the governor, the state transportation commission, and the legislature on the status of complete streets policies in this state. The report shall contain a summary of the advisory council's proceedings, a statement of instances in which the department and a municipality were unable to agree under subsection (3) on a department project affecting a roadway or transportation facility ~~within or~~ under the jurisdiction of the municipality, and any other necessary or useful information and any additional information that may be requested by the governor.

(c) Advise the state transportation commission on the adoption of model policies under subsection (2).

(12) IF THE STATE TRANSPORTATION COMMISSION ADOPTS A COMPLETE STREETS POLICY AS REQUIRED UNDER SUBSECTION (2), THE ADVISORY COUNCIL SHALL CONCLUDE ITS DUTIES UNDER SUBSECTION (11) NOT LATER THAN DECEMBER 31, 2012.

Sec. 13. (1) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION**

(13), THE amount distributed to cities and villages shall be returned to the treasurers of the cities and villages in the manner, for the purposes, and under the terms and conditions specified in this section. As used in this section, "population" means the population according to the most recent statewide federal census as certified at the beginning of the state fiscal year, except that, if a municipality has been newly incorporated since completion of the census, the population of the municipality for purposes of the distribution of funds before completion of the next census shall be the population as determined by special federal census, if there is a special federal census, and if not, by the population as determined by the official census in connection with the incorporation, if there is such a census and, if not, by a special state census to be taken at the expense of the municipality by the secretary of state pursuant to section 6 of the home rule city act, 1909 PA 279, MCL 117.6. The amount received by the newly incorporated municipality shall be in place of any other direct distribution of funds from the Michigan transportation fund. The population of the newly incorporated municipality as determined under this section shall be added to the total population of all incorporated cities and villages in the state in computing the amounts to be returned under this section to each municipality in the state. Major street mileage, local street mileage, and equivalent major mileage, if applicable, shall be determined by the ~~state transportation~~ department before the next month for which distribution is made following the effective date of incorporation of a newly incorporated municipality.

(2) ~~From~~ **UNTIL SEPTEMBER 30, 2013, FROM** the amount available for distribution to cities and villages during each December, an amount equal to 0.7% of the total amount returned to all cities and villages under subsections (3) and (4) during the previous calendar year shall be withheld. The amount withheld shall be used to partially reimburse ~~those~~ cities and villages located in ~~those~~ counties that are eligible for snow removal funds pursuant to section 12a and that have costs for winter maintenance on major and local streets that are greater than the statewide average. The distributions **UNDER THIS SUBSECTION** shall be made annually during February and shall be calculated separately for the major and local street systems but may be paid in a combined warrant. The distribution **UNDER THIS SUBSECTION** to a city or village shall be equal to 1/2 of its winter maintenance expenditures after deducting the product of its total earnings under subsections (3) and (4) multiplied by 2 times the average municipal winter maintenance factor. Winter maintenance expenditures shall be determined from the street financial reports for the most current fiscal years ending before July 1. A city or village that does not submit a street financial report for the fiscal year ending before July 1 by the subsequent December 31 shall be ineligible for the winter maintenance payment that is to be based on that street financial report. The average municipal winter maintenance factor shall be determined annually by the ~~state transportation~~ department by dividing the total expenditures of all cities and villages on winter maintenance of streets and highways by the total amount earned by all cities and villages under subsections (3) and (4)

during the 12 months. If the sum of the distributions to be made under this subsection exceeds the amount withheld, the distributions to each eligible city and village shall be reduced proportionately. If the sum is less than the amount withheld, the balance shall be added to the amount available for distribution under subsections (3) and (4) during the next month. The distributions **UNDER THIS SUBSECTION** shall be for use on the major and local street systems respectively and shall be subject to the same provisions as funds returned under subsections (3) and (4).

(3) Seventy-five percent of the remaining amount to be returned to the cities and villages **FROM THE MICHIGAN TRANSPORTATION FUND**, after deducting the amounts withheld pursuant to subsection (2), shall be returned 60% in the same proportion that the population of each bears to the total population of all cities and villages, and 40% in the same proportion that the equivalent major mileage in each bears to the total equivalent major mileage in all cities and villages. As used in this section, "equivalent major mileage" means the sum of 2 times the state trunk line mileage certified by the ~~state transportation~~ department as of March 31 of each year, as being within the boundaries of each city and village having a population of 25,000 or more, plus the major street mileage in each city and village, multiplied by the following factor:

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

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

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

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

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

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

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

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

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

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

2.0 for cities and villages from 160,001 to 320,000 population;

and for cities over 320,000 population, by a factor of 2.1 increased successively by 0.1 for each 160,000 population increment over 320,000. The amount returned under this subsection shall be used by each city and village for the following purposes in the following order of priority:

(a) For the payment of contributions required to be made by a city or village under the provisions of contracts previously entered into under 1941 PA 205, MCL 252.51 to 252.64, ~~which~~ **IF THOSE** contributions have ~~been~~ previously **BEEN** pledged for the payment of the principal and interest on bonds issued under that act; or for the payment of the principal and interest upon bonds issued by a city or village ~~pursuant to~~ **UNDER** 1952 PA 175, MCL 247.701 to 247.707.

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

(c) For the payment of principal and interest upon loans received ~~pursuant to~~ **UNDER** section 11(5), to the extent other funds have not been made available for ~~that~~ payment.

(d) For the preservation, construction, acquisition, and extension of the major street system as ~~defined by~~ **DESCRIBED IN** this act including the acquisition of a necessary right of way for the system, work incidental to the system, and an appurtenant roadside park or motor parkway, of the city or village and for the payment of the principal and interest on that portion of the city's or village's general obligation bonds which are attributable to the construction or reconstruction of the city's or village's major street system. Not more than 5% per year of the funds returned to a city or village by this subsection shall be expended for the preservation or acquisition of appurtenant roadside parks and motor parkways. Surplus funds may be expended for the development, construction, or repair of off-street parking facilities, and the construction or repair of street lighting, and transfer to the local street system under subsection (6).

(e) For capital outlay projects for equipment and buildings, contributions pledged for the payment of loans and for the payment of contractual debt service requirements for the payment of bonds for the purpose of providing funds for capital outlay projects for equipment and buildings necessary to the development and maintenance of the road system so long as amounts allocated under this subsection are used for transportation purposes.

(4) The remaining amount to be returned to incorporated cities and villages **FROM THE MICHIGAN TRANSPORTATION FUND** shall be expended in each city or village for the preservation, construction, acquisition, and extension of the local street system of the city or village, as ~~defined by~~ **DESCRIBED IN** this act,

including the acquisition of a necessary right of way for the system, work incidental to the system, and subject to subsection (5), for the payment of the principal and interest on that portion of the city's or village's general obligation bonds ~~which~~ **THAT** are attributable to the construction or reconstruction of the city's or village's local street system. The amount returned under this subsection shall be returned to the cities and villages 60% in the same proportion that the population of each bears to the total population of all incorporated cities and villages in the state, and 40% in the same proportion that the total mileage of the local street system of each bears to the total mileage in the local street systems of all cities and villages of the state. The payment of the principal and interest upon bonds issued by a city or village pursuant to 1952 PA 175, MCL 247.701 to 247.707, and after that payment, the payment of debt service on loans received under section 11(5), shall have priority in the expenditure of money returned under this subsection.

(5) Money distributed to each city and village for the maintenance and preservation of its local street system under this act represents the total responsibility of the state for local street system support. Funds distributed from the Michigan transportation fund shall not be expended for construction purposes on city and village local streets except to the extent matched from local revenues including other money returned to a city or village by the state under the state constitution of 1963 and statutes of the state, from funds that can be raised by taxation in cities and villages for street purposes within the limitations of the state

constitution of 1963 and statutes of the state, from special assessments, or from any other source.

(6) Money returned under this section to a city or village shall be expended on the major and local street systems of that city or village. However, the first priority shall be the major street system. Money returned for expenditure on the major street system shall be expended in the priority order provided in subsection (3) except that surplus funds may be transferred for preservation of the local street system. Major street funds transferred for use on the local street system shall not be used for construction but may be used for preservation. ~~as defined in section 10c.~~ A city or village shall not transfer more than 50% of its annual major street funding for the local street system unless it has adopted and is following an asset management process for its major and local street systems and adopts a resolution with a copy to the department setting forth all of the following:

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

(b) A statement that the city or village is adequately maintaining its major streets.

(c) The dollar amount of the transfer.

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

(e) A statement that the city or village is following an asset management process for its major and local street systems.

(7) A city or village that has not adopted an asset management plan shall obtain the concurrence of the department to transfer more than 50% of its major street funding to its local street system. The department may provide for pilot projects that would

allow a city or village that has adopted an asset management plan under subsection (6) to combine their local and major street funds into 1 street fund and to submit a single report to the department on the expenditure of funds on the local and major street systems.

(8) Not more than 10% per year of all of the funds returned to a city or village from any source for the purposes of this section may be expended for administrative expenses. As used in this subsection, "administrative expenses" means those expenses that are not assigned including, but not limited to, specific road construction or maintenance projects and are often referred to as general or supportive ~~services.~~ **SERVICE EXPENSES.** Administrative expenses shall not include net equipment expense, net capital outlay, debt service principal and interest, and payments to other state or local offices that are assigned, but not limited to, specific road construction projects or maintenance activities. A city or village ~~which in a year~~ **THAT** expends more than 10% for administrative expenses ~~shall be~~ **IN 1 YEAR IS** subject to section 14(5).

(9) In each city and village to which funds are returned under this section, the responsibility for street preservation and the development, construction, or repair of off-street parking facilities and construction or repair of street lighting shall be coordinated by a single administrator to be designated by the governing body who ~~shall be~~ **IS** responsible for and shall represent the municipality in transactions with the ~~state transportation~~ department pursuant to this act.

(10) Cities and villages may provide for consolidated street

administration. A city or a village may enter into an agreement with other cities or villages, the county road commission, or with the state transportation commission for the performance of street or highway work on a road or street within the limits of the city or village or adjacent to the city or village. The agreement may provide for the performance by any of the contracting parties of the work contemplated by the contracts including services and acquisition of rights of way, by purchase or condemnation by any of the contracting parties in its own name. The agreement may provide for joint participation in the costs if appropriate.

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

(12) In addition to the financial compliance audits required by law, the department of treasury shall conduct performance audits and make investigations of the disposition of all state funds received by cities and villages for transportation purposes to determine compliance with the terms and conditions of this act. Performance audits shall be conducted according to government auditing standards issued by the United States general accounting office. The department of treasury shall provide notice to cities and villages of the standards to be used for audits under this subsection prior to the fiscal year in which the audit is conducted. The department shall notify cities and villages of any subsequent changes to the standards. Cities and villages shall make **THE PERTINENT RECORDS** available to the department of treasury ~~the pertinent records~~ for the audit.

(13) BEGINNING ON JANUARY 1, 2015, THE AMOUNT DISTRIBUTED FROM THE MICHIGAN TRANSPORTATION FUND TO A CITY OR VILLAGE RECEIVING LESS THAN $50,000.00 FROM THE MICHIGAN TRANSPORTATION FUND IN FISCAL YEAR 2012 SHALL BE RETURNED TO THE TREASURER OF THE COUNTY IN WHICH THE CITY OR VILLAGE IS LOCATED, FOR THE PURPOSES SPECIFIED IN THIS SECTION. THIS SUBSECTION DOES NOT APPLY TO A CITY OR VILLAGE DESCRIBED IN SECTION 10C(S)(*iii*) OR (*v*).

Enacting section 1. This amendatory act does not take effect unless House Bill No. 5303 of the 96th Legislature is enacted into law.