

# HOUSE BILL No. 4492

April 19, 2017, Introduced by Rep. Schor and referred to the Committee on Transportation and Infrastructure.

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 2016 PA 246.

**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 in the state treasury as a separate fund. The  
3 state treasurer may receive money or other assets from any source  
4 for deposit into the fund. The state treasurer shall direct the  
5 investment of the fund. The state treasurer shall credit to the  
6 fund interest and earnings from fund investments. Except as  
7 provided in this act, no other money, whether appropriated from the  
8 general fund of this state or any other source, shall be deposited  
9 in the Michigan transportation fund. Except as otherwise provided  
10 in this section, the legislature shall appropriate money for the  
11 necessary expenses incurred in the administration and enforcement  
12 of the motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170,  
13 the motor carrier act, 1933 PA 254, MCL 475.1 to 479.42, and  
14 sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL  
15 257.801 to 257.810. Money appropriated for necessary expenses shall  
16 be based upon established cost allocation methodology that reflects

1 actual costs. Appropriations for the necessary expenses incurred by  
2 the department of state in administration and enforcement of  
3 sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL  
4 257.801 to 257.810, shall be made from the Michigan transportation  
5 fund and from money in the transportation administration collection  
6 fund created in section 810b of the Michigan vehicle code, 1949 PA  
7 300, MCL 257.810b. Appropriations from the Michigan transportation  
8 fund for the necessary expenses incurred by the department of state  
9 in administration and enforcement of sections 801 to 810 of the  
10 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, shall  
11 not exceed \$20,000,000.00 per state fiscal year. Except as provided  
12 in section 51d of the income tax act of 1967, 1967 PA 281, MCL  
13 206.51d, all money in the Michigan transportation fund is  
14 apportioned and appropriated in the following manner:

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

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

21 (c) Not more than \$3,000,000.00 each year to the local bridge  
22 fund established in subsection (4) for the purpose of payment of  
23 the principal, interest, and redemption premium on any notes or  
24 bonds issued by the state transportation commission under former  
25 section 11b or subsection (9).

26 (d) Except as otherwise provided in this subdivision and  
27 subject to section 11h, \$2,000,000.00 each year of the revenue from

1 3 cents of the tax levied under section 8(1)(a) of the motor fuel  
2 tax act, 2000 PA 403, MCL 207.1008, to the local agency wetland  
3 mitigation bank fund created in section 11h.

4 (e) Except as otherwise provided in this subdivision,  
5 \$5,000,000.00 each year of the revenue from 3 cents of the tax  
6 levied under section 8(1)(a) of the motor fuel tax act, 2000 PA  
7 403, MCL 207.1008, to the movable bridge fund created in section  
8 11g, with the remainder to the state trunk line fund, county road  
9 commissions, and cities and villages in the percentages provided in  
10 subdivision (l). The department shall annually adjust the amount  
11 allocated under this subdivision by an amount equal to the annual  
12 increase in the Detroit consumer price index for the preceding  
13 year.

14 (f) One-half of the revenue from 1 cent of the tax levied  
15 under section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL  
16 207.1008, to the state trunk line fund for the repair of state  
17 bridges under section 11, and 1/2 of the revenue from 1 cent of the  
18 tax levied under section 8(1)(a) of the motor fuel tax act, 2000 PA  
19 403, MCL 207.1008, to the local bridge fund created in subsection  
20 (4) for distribution only to cities, villages, and county road  
21 commissions.

22 (g) \$50,000,000.00 to the state trunk line fund for debt  
23 service costs on state of Michigan projects.

24 (h) Ten percent to the comprehensive transportation fund for  
25 the purposes described in section 10e.

26 (i) \$5,000,000.00 to the local bridge fund established in  
27 subsection (4) for distribution only to the local bridge advisory

1 board, the regional bridge councils, cities, villages, and county  
2 road commissions.

3 (j) \$36,775,000.00 to the state trunk line fund for subsequent  
4 deposit in the transportation economic development fund, with first  
5 priority for allocation to debt service on bonds issued to fund  
6 transportation economic development fund projects. In addition,  
7 \$3,500,000.00 is appropriated from the Michigan transportation fund  
8 to the state trunk line fund for subsequent deposit in the  
9 transportation economic development fund to be used for economic  
10 development road projects in any of the targeted industries  
11 described in section 9(1)(a) of 1987 PA 231, MCL 247.909.

12 (k) Not less than \$33,000,000.00 as may be annually  
13 appropriated each fiscal year to the local program fund created in  
14 section 11e.

15 ~~(l) The balance of the Michigan transportation fund~~ **AN AMOUNT**  
16 **EQUAL TO THE AMOUNT DISTRIBUTED UNDER THIS SUBDIVISION DURING THE**  
17 **FISCAL YEAR ENDING SEPTEMBER 30, 2017, WHICH SHALL BE ANNUALLY**  
18 **ADJUSTED FOR INFLATION**, as follows, after deduction of the amounts  
19 appropriated in subdivisions (a) to (k):

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

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

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

24 **(M) THE BALANCE OF THE MICHIGAN TRANSPORTATION FUND AS**  
25 **FOLLOWS, AFTER DEDUCTION OF THE AMOUNTS APPROPRIATED IN**  
26 **SUBDIVISIONS (A) TO (l):**

27 **(i) 21.8% TO THE STATE TRUNK LINE FUND FOR THE PURPOSES**

1 DESCRIBED IN SECTION 11.

2 (ii) 39.1% TO THE COUNTY ROAD COMMISSIONS OF THIS STATE.

3 (iii) 39.1% TO THE CITIES AND VILLAGES OF THIS STATE.

4 (2) The money appropriated pursuant to this section shall be  
5 used for the purposes as provided in this act and any other  
6 applicable act. Subject to the requirements of section 9b, the  
7 department shall develop programs in conjunction with the Michigan  
8 Chamber of Commerce and the Michigan Minority Supplier Development  
9 Council to assist small businesses, including those located in  
10 enterprise zones and those located in empowerment zones as  
11 determined under federal law, as defined by law in becoming  
12 qualified to bid.

13 (3) Thirty-one and one-half percent of the money appropriated  
14 to this state from the federal government under 23 USC 157,  
15 commonly known as minimum guarantee funds, shall be allocated to  
16 the transportation economic development fund, if the allocation is  
17 consistent with federal law. This money shall be distributed 16-  
18 1/2% for development projects for rural counties as defined by law  
19 and 15% for capacity improvement or advanced traffic management  
20 systems in urban counties as defined by law. Federal money  
21 allocated for distribution under this section is eligible for  
22 obligation and use by all recipients as provided in the moving  
23 ahead for progress in the 21st century act, Public Law 112-141.

24 (4) A fund to be known as the local bridge fund is established  
25 in the state treasury as a separate fund. The money appropriated to  
26 the local bridge fund and the interest accruing to that fund shall  
27 be expended for the local bridge program. The purpose of the fund

1 is to provide financial assistance to highway authorities for the  
2 preservation, improvement, or reconstruction of existing bridges or  
3 for the construction of bridges to replace existing bridges in  
4 whole or part. The money in the local bridge fund is not subject to  
5 section 12(15) or 13(5). The local bridge advisory board is created  
6 and shall consist of 6 voting members appointed by the state  
7 transportation commission and 2 nonvoting members appointed by the  
8 department. The board shall include 3 members from the County Road  
9 Association of Michigan, 1 member who represents counties with  
10 populations 65,000 or greater, 1 member who represents counties  
11 with populations greater than 30,000 and less than 65,000, and 1  
12 member who represents counties with populations of 30,000 or less.  
13 Three members shall be appointed from the Michigan Municipal  
14 League, 1 member who represents cities with a population 75,000 or  
15 greater, 1 member who represents cities with a population less than  
16 75,000, and 1 member who represents villages. Each organization  
17 with voting rights shall submit a list of nominees in each  
18 population category to the state transportation commission. The  
19 state transportation commission shall make the appointments from  
20 the lists submitted under this subsection. Voting members shall be  
21 appointed for 2 years. The chairperson of the board shall be  
22 selected from among the voting members of the board. In addition to  
23 the 2 nonvoting members, the department shall provide qualified  
24 administrative staff and qualified technical assistance to the  
25 board.

26 (5) No less than 5% and no more than 15% of the money received  
27 in the local bridge fund may be used for critical repair of large

1 bridges and emergencies as determined by the local bridge advisory  
2 board. Money remaining after the money allocated for critical large  
3 bridge repair and emergencies is deducted shall be distributed by  
4 the board to the regional bridge councils created under this  
5 section. One regional council shall be formed for each department  
6 of transportation region as those regions exist on October 1, 2004.  
7 The regional councils shall consist of 2 members of the County Road  
8 Association of Michigan from counties in the region, 2 members of  
9 the Michigan Municipal League from cities and villages in the  
10 region, and 1 member of the department in each region. The members  
11 of the department are nonvoting members and shall provide qualified  
12 administrative staff and qualified technical assistance to the  
13 regional councils.

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

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

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

27 (c) A ratio with a numerator that is the total amount of



1 structurally deficient local bridge deck area in the region and a  
2 denominator that is the total amount of structurally deficient  
3 local bridge deck area in this state.

4 (7) The regional bridge councils shall allocate the money  
5 received from the board for the preservation, improvement, and  
6 reconstruction of existing bridges or for the construction of  
7 bridges to replace existing bridges in whole or in part in each  
8 region.

9 (8) Each January, the department shall submit a report to the  
10 chair and the minority vice-chair of the appropriations committees  
11 of the senate and the house of representatives, and to the standing  
12 committees on transportation of the senate and the house of  
13 representatives, on all of the following activities for the  
14 previous state fiscal year:

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

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

19 (c) The actual weights used in the calculation required under  
20 subsection (6).

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

22 (e) A listing of the specific projects that were funded under  
23 subsection (7).

24 (9) The state transportation commission shall borrow money and  
25 issue notes or bonds in an amount of not less than \$30,000,000.00  
26 to supplement the funding provided for the local bridge program  
27 under subsection (5). The bonds or notes issued under this

1 subsection may be issued by the commission for any purpose for  
2 which other local bridge money may be used under this section. The  
3 bonds or notes authorized by this subsection shall be issued by  
4 resolution of the state transportation commission consistent with  
5 the requirements of section 18b.

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

17 (11) The revenue appropriated to the local bridge fund under  
18 subsection (1)(e) shall be distributed only to the local bridge  
19 advisory board, the regional bridge councils, cities, villages, and  
20 county road commissions.

21 (12) The regional bridge councils shall determine what bridge  
22 projects are selected for funding from the local bridge fund  
23 created in subsection (4) and shall make a list of selected  
24 projects available to interested parties in the region. A  
25 determination that a bridge project is selected for funding in a  
26 given fiscal year is not approval to disburse the money.

27 (13) A county road commission, city, or village may implement

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

18 Enacting section 1. This amendatory act takes effect 90 days  
19 after the date it is enacted into law.