

HOUSE BILL No. 6014

May 16, 2018, Introduced by Reps. Sheppard, Hernandez, Wentworth, Noble, Webber, Bizon, Runestad and Reilly 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 sections 10 and 11 (MCL 247.660 and 247.661), section 10 as amended by 2016 PA 246 and section 11 as amended by 2015 PA 175, and by adding section 10r.

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

1 sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL
2 257.801 to 257.810. Money appropriated for necessary expenses shall
3 be based upon established cost allocation methodology that reflects
4 actual costs. Appropriations for the necessary expenses incurred by
5 the department of state in administration and enforcement of
6 sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL
7 257.801 to 257.810, shall be made from the Michigan transportation
8 fund and from money in the transportation administration collection
9 fund created in section 810b of the Michigan vehicle code, 1949 PA
10 300, MCL 257.810b. Appropriations from the Michigan transportation
11 fund for the necessary expenses incurred by the department of state
12 in administration and enforcement of sections 801 to 810 of the
13 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, shall
14 not exceed \$20,000,000.00 per state fiscal year. Except as provided
15 in section 51d of the income tax act of 1967, 1967 PA 281, MCL
16 206.51d, all money in the Michigan transportation fund is
17 apportioned and appropriated in the following manner:

18 **(A) \$5,000,000.00 TO THE INNOVATIVE TRANSPORTATION GRANT FUND**
19 **CREATED IN SECTION 10S.**

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

23 **(C)** ~~(b)~~—Not more than \$3,000,000.00 as may be annually
24 appropriated each fiscal year to the state trunk line fund for
25 subsequent deposit in the grade crossing surface account.

26 **(D)** ~~(c)~~—Not more than \$3,000,000.00 each year to the local
27 bridge fund established in subsection (4) for the purpose of

1 payment of the principal, interest, and redemption premium on any
2 notes or bonds issued by the state transportation commission under
3 former section 11b or subsection (9).

4 (E) ~~(d)~~—Except as otherwise provided in this subdivision and
5 subject to section 11h, \$2,000,000.00 each year of the revenue from
6 3 cents of the tax levied under section 8(1)(a) of the motor fuel
7 tax act, 2000 PA 403, MCL 207.1008, to the local agency wetland
8 mitigation bank fund created in section 11h.

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

19 (G) ~~(f)~~—One-half of the revenue from 1 cent of the tax levied
20 under section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL
21 207.1008, to the state trunk line fund for the repair of state
22 bridges under section 11, and 1/2 of the revenue from 1 cent of the
23 tax levied under section 8(1)(a) of the motor fuel tax act, 2000 PA
24 403, MCL 207.1008, to the local bridge fund created in subsection
25 (4) for distribution only to cities, villages, and county road
26 commissions.

27 (H) ~~(g)~~—\$50,000,000.00 to the state trunk line fund for debt

1 service costs on state of Michigan projects.

2 (I) ~~(h)~~—Ten percent to the comprehensive transportation fund
3 for the purposes described in section 10e.

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

8 (K) ~~(j)~~—\$36,775,000.00 to the state trunk line fund for
9 subsequent deposit in the transportation economic development fund,
10 with first priority for allocation to debt service on bonds issued
11 to fund transportation economic development fund projects. In
12 addition, \$3,500,000.00 is appropriated from the Michigan
13 transportation fund to the state trunk line fund for subsequent
14 deposit in the transportation economic development fund to be used
15 for economic development road projects in any of the targeted
16 industries described in section 9(1)(a) of 1987 PA 231, MCL
17 247.909.

18 (L) ~~(k)~~—Not less than \$33,000,000.00 as may be annually
19 appropriated each fiscal year to the local program fund created in
20 section 11e.

21 (M) ~~(l)~~—The balance of the Michigan transportation fund as
22 follows, after deduction of the amounts appropriated in
23 subdivisions (a) to ~~(k)~~ **(l)** :

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

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

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

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

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

21 (4) A fund to be known as the local bridge fund is established
22 in the state treasury as a separate fund. The money appropriated to
23 the local bridge fund and the interest accruing to that fund shall
24 be expended for the local bridge program. The purpose of the fund
25 is to provide financial assistance to highway authorities for the
26 preservation, improvement, or reconstruction of existing bridges or
27 for the construction of bridges to replace existing bridges in

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

23 (5) No less than 5% and no more than 15% of the money received
24 in the local bridge fund may be used for critical repair of large
25 bridges and emergencies as determined by the local bridge advisory
26 board. Money remaining after the money allocated for critical large
27 bridge repair and emergencies is deducted shall be distributed by

1 the board to the regional bridge councils created under this
2 section. One regional council shall be formed for each department
3 of transportation region as those regions exist on October 1, 2004.
4 The regional councils shall consist of 2 members of the County Road
5 Association of Michigan from counties in the region, 2 members of
6 the Michigan Municipal League from cities and villages in the
7 region, and 1 member of the department in each region. The members
8 of the department are nonvoting members and shall provide qualified
9 administrative staff and qualified technical assistance to the
10 regional councils.

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

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

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

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

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

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

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

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

16 (c) The actual weights used in the calculation required under
17 subsection (6).

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

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

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

1 resolution of the state transportation commission consistent with
2 the requirements of section 18b.

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

14 (11) The revenue appropriated to the local bridge fund under
15 subsection ~~(1)(e)~~ **(1)(D)** shall be distributed only to the local
16 bridge advisory board, the regional bridge councils, cities,
17 villages, and county road commissions.

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

24 (13) A county road commission, city, or village may implement
25 a bridge project if the bridge project has been selected for
26 funding and is included in the appropriate regional bridge
27 council's current multiyear bridge plan for the local bridge

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

15 **SEC. 10R. (1) THE INNOVATIVE TRANSPORTATION FUND IS CREATED**
16 **WITHIN THE STATE TRUNK LINE FUND FOR THE PURPOSE OF INCREASING THE**
17 **QUALITY OF ROADS IN THIS STATE USING INNOVATIVE MATERIALS AND**
18 **CONSTRUCTION METHODS. THE STATE TREASURER MAY RECEIVE MONEY OR**
19 **OTHER ASSETS FROM ANY SOURCE FOR DEPOSIT INTO THE FUND. THE STATE**
20 **TREASURER SHALL DIRECT THE INVESTMENT OF THE FUND. THE STATE**
21 **TREASURER SHALL CREDIT TO THE FUND INTEREST AND EARNINGS FROM FUND**
22 **INVESTMENTS. MONEY IN THE FUND AT THE CLOSE OF THE FISCAL YEAR**
23 **SHALL BE DEPOSITED IN THE STATE TRUNK LINE FUND.**

24 **(2) THE DEPARTMENT SHALL BE THE ADMINISTRATOR OF THE**
25 **INNOVATIVE TRANSPORTATION FUND CREATED IN SUBSECTION (1) FOR**
26 **AUDITING PURPOSES.**

27 **(3) THE DEPARTMENT SHALL ALLOW MEMBERS OF THE PUBLIC TO SUBMIT**

1 IDEAS FOR IMPLEMENTING EXISTING MATERIALS OR CONSTRUCTION METHODS
2 THAT THEY BELIEVE WOULD BE BENEFICIAL TO THE ROADS OF THIS STATE
3 USING THE DEPARTMENT'S WEBSITE. THE DEPARTMENT SHALL ENCOURAGE A
4 PERSON SUBMITTING AN IDEA TO DO ALL OF THE FOLLOWING:

5 (A) PROVIDE TECHNICAL DATA AND SPECIFICATIONS.

6 (B) GIVE EXAMPLES OF COMPLETED PROJECTS WHERE THE MATERIALS OR
7 METHODS WERE SUCCESSFULLY USED.

8 (C) GIVE COST PROJECTIONS PER LANE MILE FOR THE USE OF THE
9 MATERIALS OR METHODS AND HOW THE USE OF THOSE MATERIALS OR METHODS
10 WOULD BE BENEFICIAL TO THIS STATE.

11 (4) THE BOARD SHALL REVIEW IDEAS SUBMITTED UNDER SUBSECTION
12 (3) AT LEAST 4 TIMES PER YEAR BASED ON A SCHEDULE DETERMINED BY THE
13 CHAIRPERSON OF THE BOARD AND SHALL DETERMINE WHETHER EACH IDEA
14 SUBMITTED IS A VALID SUBMISSION.

15 (5) THE DEPARTMENT SHALL POST ON ITS WEBSITE A LIST OF VALID
16 SUBMISSIONS. THE DEPARTMENT SHALL INCLUDE THE NAME OF THE PERSON
17 THAT SUBMITTED THE IDEA, A BRIEF DESCRIPTION OF THE PRODUCT OR
18 METHOD SUGGESTED, AND ANY COST PROJECTIONS PROVIDED BY THE PERSON
19 THAT SUBMITTED THE IDEA. THE DEPARTMENT SHALL NOT POST TECHNICAL
20 SPECIFICATIONS THAT ARE PROPRIETARY.

21 (6) THE BOARD SHALL ANNUALLY SELECT NO MORE THAN 3 VALID
22 SUBMISSIONS FOR TESTING IN A LOCATION DETERMINED BY THE BOARD. THE
23 DEPARTMENT SHALL ASSIST THE BOARD IN IMPLEMENTING THE TESTING
24 REQUIRED BY THIS SUBSECTION IF NECESSARY. THE BOARD SHALL EXPEND NO
25 LESS THAN \$3,000,000.00 ON THE TESTING REQUIRED BY THIS SUBSECTION,
26 AND SHALL NOT EXPEND MORE THAN \$10,000,000.00 ON THE TESTING
27 REQUIRED BY THIS SUBSECTION UNLESS APPROVED BY THE DIRECTOR OF THE

1 DEPARTMENT.

2 (7) THE DEPARTMENT SHALL REVIEW FOR EFFECTIVENESS EACH TESTING
3 PROJECT DESCRIBED IN SUBSECTION (6) UPON COMPLETION AND SHALL, NO
4 LATER THAN ONCE EVERY 3 YEARS, PROVIDE A REPORT TO THE BOARD. THE
5 DEPARTMENT SHALL POST A REPORT PREPARED UNDER THIS SUBSECTION ON
6 ITS WEBSITE.

7 (8) AS USED IN THIS SECTION, "BOARD" MEANS THE MICHIGAN
8 INNOVATIVE TRANSPORTATION BOARD CREATED IN SECTION 10Q.

9 Sec. 11. (1) A fund to be known as the state trunk line fund
10 is established in the state treasury as a separate fund. The money
11 deposited in the state trunk line fund is appropriated to the
12 department for the following purposes in the following order of
13 priority:

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

18 (i) For the payment of contributions pledged before July 18,
19 1979 and required to be made by the state highway commission or the
20 state transportation commission under contracts entered into before
21 July 18, 1979, under 1941 PA 205, MCL 252.51 to 252.64, for the
22 payment of the principal and interest on bonds issued under 1941 PA
23 205, MCL 252.51 to 252.64, for the payment of which a sufficient
24 sum is irrevocably appropriated.

25 (ii) For the payment of the principal and interest upon bonds
26 designated "State of Michigan, State Highway Commissioner, Highway
27 Construction Bonds, Series I", dated September 1, 1956, in the

1 aggregate principal amount of \$25,000,000.00, issued ~~pursuant to~~
2 **UNDER** former 1955 PA 87 and the resolution of the state
3 administrative board adopted August 6, 1956, for the payment of
4 which a sufficient sum is irrevocably appropriated.

5 (iii) For the payment of the principal and interest on bonds
6 issued under section 18b for transportation purposes other than
7 comprehensive transportation purposes as defined by law and the
8 payment of contributions pledged to the payment of principal and
9 interest on bonds issued under section 18d and contracts entered
10 into under section 18d by the state highway commission or state
11 transportation commission to be made ~~pursuant to~~**UNDER** contracts
12 entered into under section 18d. A sufficient portion of the fund is
13 irrevocably appropriated to pay, when due, the principal and
14 interest on bonds or notes issued under section 18b for purposes
15 other than comprehensive transportation purposes as defined by law,
16 and to pay the annual contributions of the state highway commission
17 and the state transportation commission as are pledged for the
18 payment of bonds issued under contracts authorized by section 18d.

19 (b) For the transfer of money appropriated under section
20 ~~10(1)(i)~~**10(1)(K)** to the transportation economic development fund,
21 but the transfer shall be reduced each fiscal year by the amount of
22 debt service to be paid in that year from the state trunk line fund
23 for bonds, notes, or other obligations issued to fund projects of
24 the transportation economic development fund, which amount shall be
25 certified by the department.

26 (c) For the transfer of money appropriated under section
27 ~~10(1)(a)~~**10(1)(B)** to the rail grade crossing account in the state

1 trunk line fund for expenditure for rail grade crossing improvement
2 purposes at rail grade crossings on public roads and streets under
3 the jurisdiction of this state, counties, cities, or villages. The
4 department shall select projects for funding in accordance with the
5 following:

6 (i) Not more than 50% or less than 30% of this money and
7 matched federal money shall be expended for state trunk line
8 projects.

9 (ii) In prioritizing projects for this money, in whole or in
10 part, the department shall consider train and vehicular traffic
11 volumes, accident history, traffic control device improvement
12 needs, and the availability of funding.

13 (iii) Consistent with the other requirements for this money,
14 the first priority for money deposited under this subdivision for
15 rail grade crossing improvements and retirement shall be to match
16 federal money from the railroad-highway grade crossing improvement
17 program or other comparable federal programs if a match is required
18 under federal law.

19 (iv) If the department and a road authority with jurisdiction
20 over the crossing formally agree that the grade crossing should be
21 eliminated by permanent closing of the public road or street, the
22 physical removal of the crossing, roadway within railroad rights of
23 way and street termination treatment shall be negotiated between
24 the road authority and railroad company. The money provided to the
25 road authority as a result of the crossing closure shall be
26 credited to its account representing the same road or street system
27 on which the crossing is located and shall be used for any

1 transportation purpose within that road authority's jurisdiction.

2 (d) For the transfer of money appropriated under section
3 ~~10(1)(b)~~**10(1)(C)** to the grade crossing surface account in the
4 state trunk line fund for expenditure for rail grade crossing
5 surface improvement purposes at rail grade crossings on public
6 roads and streets under the jurisdiction of counties, cities, or
7 villages. Projects shall be selected for funding in accordance with
8 the following:

9 (i) In prioritizing projects, the department shall consider
10 vehicular traffic volumes, relative crossing surface condition, the
11 ability of the railroad and local road authority to make
12 coordinated improvements, and the availability of funding.

13 (ii) The grade crossing surface account shall fund 60% of the
14 project cost, with the remaining 40% funded by the railroad
15 company.

16 (iii) Funding under the grade crossing surface account shall
17 be limited to items of work that are normally the responsibility of
18 the railroad under section 309 of the railroad code of 1993, 1993
19 PA 354, MCL 462.309. Maintenance of the roadway approaches to the
20 crossing will continue to be the responsibility of the party with
21 jurisdiction over that roadway.

22 (e) For the total operating expenses of the state trunk line
23 fund for each fiscal year as appropriated by the legislature.

24 (f) For the preservation of state trunk line highways and
25 bridges.

26 (g) For the opening, widening, improving, construction, and
27 reconstruction of state trunk line highways and bridges, including

1 the acquisition of necessary rights of way and the work incidental
2 to that opening, widening, improving, construction, or
3 reconstruction. Those sums in the state trunk line fund not
4 otherwise appropriated, distributed, determined, or set aside by
5 law shall be used for the construction or reconstruction of the
6 national system of interstate and defense highways, referred to in
7 this act as "the interstate highway system" to the extent necessary
8 to match federal aid money as the federal aid money becomes
9 available for that purpose; and, for the construction and
10 reconstruction of the state trunk line system.

11 (h) The department may enter into agreements with a local road
12 agency or a private sector company to perform work on a highway,
13 road, or street. The agreements may provide for the performance by
14 any of the contracting parties of any of the work contemplated by
15 the contract including maintenance, engineering services, and the
16 acquisition of rights of way in connection with the work, by
17 purchase or condemnation by any of the contracting parties in its
18 own name, and for joint participation in the costs, but only to the
19 extent that the contracting parties are otherwise authorized by law
20 to expend money on the highways, roads, or streets. The department
21 also may contract with a local road agency to advance money to a
22 local road agency to pay the costs of improving railroad grade
23 crossings on the terms and conditions agreed to in the contract. A
24 contract may be executed before or after the state transportation
25 commission borrows money for the purpose of advancing money to a
26 local road agency, but the contract shall be executed before the
27 advancement of any money to a local road agency by the state

1 transportation commission, and shall provide for the full
2 reimbursement of any advancement by a local road agency to the
3 department, with interest, within 15 years after advancement, from
4 any available revenue sources of the local road agency or, if
5 provided in the contract, by deduction from the periodic
6 disbursements of any money returned by the state to the local road
7 agency.

8 (i) For providing inventories of supplies and materials
9 required for the activities of the department. The department may
10 purchase supplies and materials for these purposes, with payment to
11 be made out of the state trunk line fund to be charged on the basis
12 of issues from inventory in accordance with the accounting and
13 purchasing laws of this state.

14 **(J) \$10,000,000.00 TO THE INNOVATIVE TRANSPORTATION FUND**
15 **CREATED IN SECTION 10R.**

16 (2) Notwithstanding any other provision of this act, the
17 department shall annually expend at least 90% of state revenue
18 appropriated annually to the state trunk line fund less the amounts
19 described in subdivisions (a) to ~~(i)~~ **(J)** for the preservation of
20 highways, roads, streets, and bridges and for the payment of debt
21 service on bonds, notes, or other obligations described in
22 subsection (1)(a) issued after July 1, 1983, for the purpose of
23 providing money for the preservation of highways, roads, streets,
24 and bridges. Of the amounts appropriated for state trunk line
25 projects, the department shall, where possible, secure pavement
26 warranties for full replacement or appropriate repair for
27 contracted construction work on pavement projects whose cost

1 exceeds \$2,000,000.00 and projects for new construction or
2 reconstruction undertaken after ~~the effective date of the 2015~~
3 ~~amendatory act that amended this subsection.~~ **APRIL 1, 2016.** The
4 department shall compile and make available to the public an annual
5 report of all warranties that were secured under this subsection
6 and all pavement projects whose costs exceed \$2,000,000.00 where a
7 warranty was not secured as provided in subsection (14). If an
8 appropriate certificate is filed under section 18e but only to the
9 extent necessary, this subsection does not prohibit the use of any
10 amount of money restricted as to use by section 9 of article IX of
11 the state constitution of 1963 and deposited in the state trunk
12 line fund for the payment of debt service on bonds, notes, or other
13 obligations pledging for the payment thereof money restricted as to
14 use by section 9 of article IX of the state constitution of 1963
15 and deposited in the state trunk line fund, whenever issued, as
16 specified under subsection (1) (a). The amounts that are deducted
17 from the state trunk line fund for the purpose of the calculation
18 required by this subsection are as follows:

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

22 (b) Amounts expended to provide the state matching requirement
23 for projects on the national highway system and for the payment of
24 debt service on bonds, notes, or other obligations issued after
25 July 1, 1983, for the purpose of providing money for the state
26 matching requirements for projects on the national highway system.

27 (c) Amounts expended for the construction of a highway,

1 street, road, or bridge to 1 or more of the following or for the
2 payment of debt service on bonds, notes, or other obligations
3 issued after July 1, 1983, for the purpose of providing money for
4 the construction of a highway, street, road, or bridge to 1 or more
5 of the following:

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

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

11 (d) Amounts expended for capital outlay other than for
12 highways, roads, streets, and bridges or to pay debt service on
13 bonds, notes, or other obligations issued after July 1, 1983, for
14 the purpose of providing money for capital outlay other than for
15 highways, roads, streets, and bridges.

16 (e) Amounts expended for the operating expenses of the
17 department other than the units of the department performing the
18 functions assigned on January 1, 1983 to the bureau of highways.

19 (f) Amounts expended ~~pursuant to~~ **UNDER** contracts entered into
20 before January 1, 1983.

21 (g) Amounts expended for the purposes described in subsection
22 (5).

23 (h) Amounts appropriated for deposit in the transportation
24 economic development fund and the rail grade crossing account
25 ~~pursuant to~~ **UNDER** section ~~10(1)(a)~~ **10(1)(B)** and ~~(h)~~ **(K)**.

26 (i) Upon the affirmative recommendation of the director of the
27 department and the approval by resolution of the state

1 transportation commission, those amounts expended for projects
2 vital to the economy of this state, a region, or local area or the
3 safety of the public. The resolution shall state the cost of the
4 project exempted from this subsection.

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

16 (4) Notwithstanding any other provision of this section, the
17 department may loan money to a local road agency for paying capital
18 costs of transportation purposes described in the second paragraph
19 of section 9 of article IX of the state constitution of 1963 from
20 the proceeds of bonds or notes issued pursuant to section 18b or
21 from the state trunk line fund. Loans made directly from the state
22 trunk line fund shall be made only after provision of money for the
23 purposes specified in subsection (1)(a) to (f). Loans described in
24 this subsection are not subject to the revised municipal finance
25 act, 2001 PA 34, MCL 141.2101 to 141.2821.

26 (5) A local road agency may borrow money from the proceeds of
27 bonds or notes issued under section 18b or the state trunk line

1 fund for the purposes set forth in subsection (4) that shall be
2 repayable, with interest, from 1 or more of the following:

3 (a) The money to be received by the local road agency from the
4 Michigan transportation fund, except to the extent the money has
5 been or may in the future be pledged by contract in accordance with
6 1941 PA 205, MCL 252.51 to 252.64, or has been or may in the future
7 be pledged for the payment of the principal and interest upon notes
8 issued under 1943 PA 143, MCL 141.251 to 141.254, or has been or
9 may in the future be pledged for the payment of principal and
10 interest upon bonds issued under section 18c or 18d, or has been or
11 may in the future be pledged for the payment of the principal and
12 interest upon bonds issued under 1952 PA 175, MCL 247.701 to
13 247.707.

14 (b) Any other legally available money of the local road
15 agency, other than the general funds of the county.

16 (6) If required by the department, loans made under subsection
17 (4) are payable by deduction by the state treasurer, upon direction
18 of the department, from the periodic disbursements of any money
19 returned by this state under this act to the local road agency, but
20 only after sufficient money has been returned to the local road
21 agency to provide for the payment of contractual obligations
22 incurred or to be incurred and principal and interest on notes and
23 bonds issued or to be issued under 1941 PA 205, MCL 252.51 to
24 252.64, 1943 PA 143, MCL 141.251 to 141.254, 1952 PA 175, MCL
25 247.701 to 247.707, or section 18c or 18d. The interest rates and
26 payment schedules of any loans made from the proceeds of bonds or
27 notes issued ~~pursuant to~~ **UNDER** section 18b shall be established by

1 the department to conform as closely as practicable to the interest
2 rate and repayment schedules on the bonds or notes issued to make
3 the loans. However, the department may allow for the deferral of
4 the first payment of interest or principal on the loans for a
5 period of not to exceed 1 year after the respective first payment
6 of interest or principal on the bonds or notes issued to make the
7 loans.

8 (7) The amount borrowed by a local road agency under
9 subsection (5) shall not be included in, or charged against, any
10 constitutional, statutory, or charter debt limitation of the
11 county, city, or village and shall not be included in the
12 determination of the maximum annual principal and interest
13 requirements of, or the limitations upon, the maximum annual
14 principal and interest incurred under 1941 PA 205, MCL 252.51 to
15 252.64, 1943 PA 143, MCL 141.251 to 141.254, 1952 PA 175, MCL
16 247.701 to 247.707, or section 18c or 18d.

17 (8) The local road agency is not required to seek or obtain
18 the approval of the electors, the municipal finance commission or
19 its successor agency, or, except as provided in this subsection,
20 the department of treasury to borrow money under subsection (5).
21 The borrowing is not subject to the revised municipal finance act,
22 2001 PA 34, MCL 141.2101 to 141.2821, or to section 5(g) of the
23 home rule city act, 1909 PA 279, MCL 117.5. The department shall
24 give at least 10 days' notice to the state treasurer of its
25 intention to make a loan under subsection (4). If the state
26 treasurer gives notice to the director of the department within 10
27 days of receiving the notice from the department, that, based upon

1 the then existing financial or credit situation of the local road
2 agency, it would not be in the best interests of this state to make
3 a loan under subsection (4) to the local road agency, the loan
4 shall not be made unless the state treasurer, after a hearing, if
5 requested by the affected local road agency, subsequently gives
6 notice to the director of the department that the loan may be made
7 on the conditions that the state treasurer specifies.

8 (9) The state transportation commission may borrow money and
9 issue bonds and notes under section 18b to make loans to a local
10 road agency for the purposes described in the second paragraph of
11 section 9 of article IX of the state constitution of 1963, as
12 provided in subsection (4). A single issue of bonds or notes may be
13 issued for the purposes specified in subsection (4) and for the
14 other purposes specified in section 18b. The house and senate
15 transportation appropriations subcommittees shall be notified by
16 the department if there are extras and overruns sufficient to
17 require approval of either the state administrative board or the
18 commission, or both, on any contract between the department and a
19 local road agency or a private business.

20 (10) The director of the department, after consultation with
21 representatives of the interests of local road agencies, shall
22 establish, by intergovernmental communication, procedures for the
23 implementation and administration of the loan program established
24 under subsections (4) to (9).

25 (11) Not more than 8% per year of all of the money received by
26 and returned to the department from any source for the purposes of
27 this section may be expended for administrative expenses. The

1 department shall be subject to section 14(5) if more than 8% per
2 year is expended for administrative expenses. As used in this
3 subsection, "administrative expenses" means expenses that are not
4 assigned including, but not limited to, specific road construction
5 or preservation projects and are often referred to as general or
6 supportive services. Administrative expenses do not include net
7 equipment expense, net capital outlay, debt service principal and
8 interest, and payments to other state or local offices that are
9 assigned, but not limited to, specific road construction projects
10 or preservation activities.

11 (12) Any performance audits of the department shall be
12 conducted according to government auditing standards issued by the
13 United States General Accounting Office.

14 (13) Contracts entered into to advance money to a local road
15 agency under subsection (1)(g) are not subject to the revised
16 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

17 (14) The department shall prepare on an annual basis a report
18 listing all warranties that were secured under subsection (2) and
19 indicate whether any of those warranties were redeemed and all
20 pavement projects whose costs exceed \$2,000,000.00 for which a
21 warranty was not secured as described in subsection (2). The
22 department shall make the report required by this subsection
23 available to the public upon request and shall also post the report
24 on its website, which shall include, but is not limited to, all of
25 the following information:

26 (a) The type of project.

27 (b) The cost or estimated cost of the project.

1 (c) The expected lifespan of the project.

2 (d) Whether or not the project met or is currently meeting its
3 expected lifespan.

4 (e) If the project failed to meet or is not meeting its
5 expected lifespan, the cause of the failure and the cost to replace
6 or repair the project.

7 (f) The entity responsible for paying the cost of replacing or
8 repairing the project.

9 (15) As used in this section:

10 (a) "Local road agency" means that term as defined in section
11 9a.

12 (b) "Rail grade crossing improvement purposes" means 1 or more
13 of the following:

14 (i) The installation and modernization of active and passive
15 warning devices at railroad grade crossings.

16 (ii) The installation or improvement of grade crossing
17 surfaces.

18 (iii) Modification, relocation, or modernization of railroad
19 grade crossing active and passive warning devices necessitated by
20 roadway improvement projects.

21 (iv) Test installations of innovative warning devices or other
22 innovative applications.

23 (v) Construction of new grade separations.

24 (vi) A cash incentive payment made ~~pursuant to~~ **UNDER**
25 subsection (1)(c)(iv) for any public road or street crossing, in an
26 amount no greater than the cost of installing flashing light
27 signals and half roadway gates at the crossing.

1 (vii) Any other work that would be eligible for funding under
2 the federal railroad-highway grade crossing improvement program or
3 other comparable programs.

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

6 Enacting section 2. This amendatory act does not take effect
7 unless all of the following bills of the 99th Legislature are
8 enacted into law:

9 (a) Senate Bill No. _____ or House Bill No. 6013 (request no.
10 05969'18).

11 (b) Senate Bill No. _____ or House Bill No. 6015 (request no.
12 05971'18).