

Act No. 473
Public Acts of 2018
Approved by the Governor
December 26, 2018
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EFFECTIVE DATE: March 29, 2019

**STATE OF MICHIGAN
99TH LEGISLATURE
REGULAR SESSION OF 2018**

Introduced by Senators Hansen and Knollenberg

ENROLLED SENATE BILL No. 1116

AN ACT to amend 1987 PA 231, entitled “An act to create a transportation economic development fund in the state treasury; to prescribe the uses of and distributions from this fund; to create the office of economic development and to prescribe its powers and duties; to prescribe the powers and duties of the state transportation department, state transportation commission, and certain other bodies; and to permit the issuance of certain bonds,” by amending sections 3, 9, 10, 11, and 13 (MCL 247.903, 247.909, 247.910, 247.911, and 247.913), sections 3, 11, and 13 as amended by 2016 PA 501, section 9 as amended by 2016 PA 500, and section 10 as amended by 1993 PA 149.

The People of the State of Michigan enact:

Sec. 3. (1) Money from the fund shall be allocated for projects to be funded under section 11(3)(a) in accordance with the adopted policies of the commission. No funds shall be committed to any project, nor shall any project be authorized for any funds under this act, until the commission notifies the senate committee on transportation and the house committee on transportation and the subcommittees on transportation of the senate and house appropriations committees of the proposed projects as provided in section 18k of 1951 PA 51, MCL 247.668k. Hearings may be conducted to afford interested parties the opportunity to address aspects of the selection process, the final project list, proposed funding, and related issues. If hearings are not conducted by the senate committee on transportation and the house committee on transportation and the subcommittees on transportation of the senate and house appropriations committees within 30 days, if both the senate and house are in session, or 60 days, if either the senate or the house or both are not in session of project notification by the commission, the department may proceed with project authorization for funding.

(2) The commission shall not commit funds to any project in a new category for funding under section 7(3) or section 9(1)(a) before the commission notifies the legislative committees of the criteria for approval of projects under these categories in the same manner described in this section.

(3) Projects in section 11(3)(a) shall be coordinated with projects in section 11(3)(c) through the designated representatives on the urban task forces and regional rural task forces.

(4) The department may be the contracting agent for all projects to be funded by this act. Contracts shall be awarded consistent with the policies of the commission.

(5) The administrator or the person acting in that capacity shall assist the commission in reviewing recommendations for funding projects under this act.

(6) Of the money appropriated to the fund, not more than 1% as annually appropriated by the legislature shall be appropriated for administration of the fund. Not more than \$100,000.00 of the money allocated under section 11(3)(a) for projects described in section 9(1)(b) may be expended for administration of those projects.

(7) The commission shall do the following:

(a) Establish criteria for the awarding of projects.

(b) Exercise oversight to facilitate its development of policy for administration of the fund.

(c) Review all projects recommended for funding to assure that they satisfy commission policies and criteria. Funds shall not be allocated to projects unless they are in accord with commission policy and criteria.

(8) The office of economic development shall review each project application and recommend the award of funding to selected projects in accordance with the adopted policies of the commission.

Sec. 9. (1) A project shall relate to 1 or more of the following categories:

(a) Economic development road projects in any of the following targeted industries:

(i) Agriculture or food processing.

(ii) Tourism.

(iii) Forestry.

(iv) High technology research.

(v) Manufacturing.

(vi) Mining.

(vii) Office centers of not less than 50,000 square feet.

(viii) Medical research or medical tourism facilities of not less than 50,000 square feet.

(b) Projects for construction or preservation of streets in cities and villages with a population of 10,000 or less, including, but not limited to, reconstruction, replacement, rehabilitation, and capital preventive maintenance.

(c) Projects for reducing congestion on county primary and city major streets within urban counties including advanced traffic management systems.

(d) Projects for improvements within rural counties on rural primary roads and major streets in cities and villages with a population of 5,000 or less.

(e) Projects for improvements within rural counties on county rural primary roads or major streets within incorporated villages and cities with a population of more than 5,000.

(2) The minimum requirements specified in section 7 for projects identified in subsection (1)(a) shall ensure that those projects satisfy the following requirements:

(a) Meet a particular transportation need that is shown to exist.

(b) Have an immediate positive impact on local employment and the economy.

(c) Exclude speculative projects with little or no return on investment. Projects that contribute to the economic development and redevelopment of areas having experienced or having significant potential to experience job loss that meet the criteria for funding under section 7(3)(b)(ii) are not speculative for the purposes of this subdivision.

(d) Provide cooperation and support between developers and state and local government.

(e) Were evaluated on the basis of impact on the local community.

(3) A project that is within 1 or more of the categories in subsection (1) shall meet the criteria developed for each category.

Sec. 10. (1) The costs of a project that are eligible to be funded under section 11(3)(a) and (c) shall be developed by the administrator in accordance with the adopted policies of the commission and shall include at a minimum those costs normally associated with highway construction projects such as project planning, design, right-of-way acquisition, and construction, but excluding routine maintenance.

(2) The costs of a project that are eligible to be funded under section 11(3)(d) shall be developed by the administrator in accordance with the adopted policies of the commission and shall exclude right-of-way acquisition, design, engineering, and routine maintenance.

(3) Matching funds of not less than 20% of the total eligible costs of a project shall be required for those projects described in section 9(1)(a), (d), and (e). This requirement may be set aside in the case of extreme economic hardship for projects described in section 9(1)(a) in the local unit in which the project is located. Evaluation criteria for projects described in section 9(1)(a) shall include whether there is a contribution of more than the required 20% matching funds as part of the determination of which projects are to be funded.

(4) An individual grant for a project described in section 9(1)(b) shall not exceed \$250,000.00, and matching funds of not less than 50% of the total eligible costs of the project shall be required.

Sec. 11. (1) Bonds may be issued as authorized by the commission for the purpose of funding projects under this act in the manner provided in sections 18b and 18k of 1951 PA 51, MCL 247.668b and 247.668k, and in accordance with the adopted policies of the commission. Bonds shall not be committed for any project under this act until the requirements under section 3(1) have been satisfied.

(2) After the payment of interest and principal on bonds issued under this act and the appropriation for costs of administration of the fund as provided under this act, fund revenue shall be annually appropriated as follows:

(a) The first \$5,000,000.00 for a forest roads program. Forest roads program funds shall be distributed each fiscal year to each qualified county in a percentage amount equal to the same percentage amount that the number of acres of commercial forest, national park, and national lakeshore land in each qualified county bears to the total number of acres of commercial forest, national park, and national lakeshore land in all qualified counties in this state. Revenue distributed under this subdivision shall be used for the construction or reconstruction of roads.

(b) The next \$2,500,000.00 of the fund shall be distributed each fiscal year for improvements within rural counties to roads and streets that are eligible for federal aid and are located inside the boundaries of an urban area or an urbanized area as determined by the most recent federal decennial census and as adjusted by the department.

(3) Of the balance remaining after funding projects under subsection (2), projects shall be funded in the categories described in section 9 based on the following percentages:

(a) 50% for economic development road projects in any of the targeted industries. For the fiscal years ending September 30, 2019 through September 30, 2023 only, the allocation made under this subdivision shall be reduced by \$3,000,000.00 and allocated to projects described in section 9(1)(b). The office of economic development shall use geographic distribution as a grant selection criterion for projects described in section 9(1)(b). An eligible city or village may apply for a grant for a project described in section 9(1)(b) in consecutive fiscal years.

(b) 25% for projects to reduce congestion on county primary and city major streets within urban counties including advanced traffic management systems. The funds shall be distributed to counties with populations in excess of 400,000 in accordance with the following formula:

<u>Population</u>	<u>Percentage of Funds</u>
1,750,000 or more	16%
1,000,000 to 1,749,999	40%
650,001 to 999,999	20%
400,000 to 650,000	24%

When 2 or more counties occupy the same category, the funds shall be divided equally.

Projects funded under this category shall be used for the widening of county primary roads or city major streets or for advanced traffic management systems in eligible counties.

(c) 25% for projects within rural counties. These revenues shall be distributed for the improvement of rural primary roads in rural counties and major streets in cities and villages with a population of 5,000 or less that are located outside the boundaries of an urban area or an urbanized area as determined by the most recent federal decennial census and as adjusted by the department. Funds distributed under this subdivision shall be allocated by the commission to the regional rural task force areas described in section 12a in the same proportion that the rural primary mileage of the regional rural task force area bears to the total rural primary mileage of all counties. Each rural county shall be credited with an allocation in the proportion that the county's rural primary mileage is to the total rural primary mileage of those rural counties within the same regional rural task force area. Projects funded under this subdivision shall be limited to upgrading rural primary roads and major streets to create an all-season road network.

Sec. 13. By December 31 each year the commission shall report to the governor, the house and senate appropriations committees, and the house and senate fiscal agencies the following information regarding this act:

(a) The projects funded during the previous fiscal year.

(b) The status of projects funded in the immediately preceding fiscal year.

(c) The number of jobs created and retained and any other economic benefits of the projects funded and listed under section 9(1)(a).

(d) For each project described in section 9(1)(b) that received funds under this act, both of the following:

(i) A general description of the project.

(ii) The estimated total cost of the project.

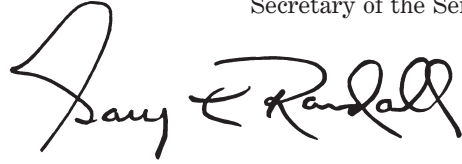
(e) The degree to which the projects funded have achieved the objectives of this act.

(f) Any other information considered necessary by the commission for the legislature to evaluate the effectiveness of this act.

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



Secretary of the Senate



Clerk of the House of Representatives

Approved

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Governor