

**SUBSTITUTE FOR
HOUSE BILL NO. 4965**

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 11h, 12, 14, and 15 (MCL 247.661h, 247.662, 247.664, and 247.665), section 11h as amended by 2018 PA 471, sections 12 and 14 as amended by 2015 PA 175, and section 15 as amended by 1999 PA 50.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11h. (1) The local agency wetland mitigation board fund
 2 is established in the state treasury as a separate fund. The state
 3 treasurer may receive money or other assets from any source for
 4 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.



1 (2) The money appropriated to the local agency wetland
 2 mitigation board fund and the interest accruing to that fund ~~shall~~
 3 **must** be expended for the local agency wetland mitigation board
 4 program. The balance of the fund ~~shall~~**must** not exceed
 5 \$8,000,000.00 at the beginning of a fiscal year, less the amount of
 6 funds that have been obligated but not yet expended. The money in
 7 the local agency wetland mitigation board fund is not subject to
 8 section 12(15).

9 (3) The local agency wetland mitigation bank advisory board is
 10 created and shall consist of the following 9 members:

11 (a) One voting member appointed by the County Road Association
 12 of Michigan from a county with a population greater than 400,000.

13 (b) One voting member appointed by the County Road Association
 14 of Michigan from a county with a population greater than 65,000 but
 15 no more than 400,000.

16 (c) One voting member appointed by the County Road Association
 17 of Michigan from a county with a population of less than 65,000.

18 (d) One voting member who shall be an engineer appointed
 19 jointly by the County Road Association of Michigan and the Michigan
 20 Municipal League.

21 (e) One voting member appointed by the Michigan Municipal
 22 League from a city with a population of more than 70,000.

23 (f) One voting member appointed by the Michigan Municipal
 24 League from a city with a population of 70,000 or less.

25 (g) One voting member appointed by the Michigan Municipal
 26 League from a village.

27 (h) Two nonvoting members appointed by the department and the
 28 department of ~~environmental quality~~**environment, Great Lakes, and**
 29 **energy**.



1 (4) Beginning on ~~the effective date of the amendatory act that~~
2 ~~added this subsection,~~ **March 27, 2019**, the local agency wetland
3 mitigation advisory board is created and shall consist of the
4 following 7 members:

5 (a) Four voting members from road agencies appointed jointly
6 by the County Road Association of Michigan and the Michigan
7 Municipal League.

8 (b) One voting member who shall be an engineer appointed
9 jointly by the County Road Association of Michigan and the Michigan
10 Municipal League.

11 (c) Two nonvoting members appointed by the department and the
12 department of ~~environmental quality.~~ **environment, Great Lakes, and**
13 **energy.**

14 (5) The members first appointed to the local agency wetland
15 mitigation bank advisory board under subsection (3) shall be
16 appointed no later than October 1, 2015. The members first
17 appointed to the local agency wetland mitigation advisory board
18 under subsection (4) shall be appointed no later than April 1,
19 2019.

20 (6) Members of the board shall serve for terms of 2 years or
21 until a successor is appointed, whichever is later.

22 (7) If a vacancy occurs on the board, the person that
23 appointed the vacating member shall make an appointment for the
24 unexpired term in the same manner as the original appointment.

25 (8) A member of the board may be removed for incompetence,
26 dereliction of duty, malfeasance, misfeasance, or nonfeasance in
27 office, or any other good cause.

28 (9) The first meeting of the board ~~shall~~ **must** be called by the
29 member appointed by the department under subsection (4)(c). At the



1 first meeting, the board shall elect from among its voting members
 2 a chairperson and other officers as it considers necessary or
 3 appropriate. After the first meeting, the board shall meet at least
 4 quarterly.

5 (10) A majority of the voting members of the board constitute
 6 a quorum for the transaction of business at a meeting of the board.
 7 A majority of the members present and serving are required for
 8 official action of the board.

9 (11) A board member shall serve without compensation, but may
 10 receive reimbursement for necessary travel and expenses consistent
 11 with applicable law and rules and procedures of the civil service
 12 commission and department of technology, management, and budget or
 13 local road agency policies, subject to available funding. The board
 14 may employ a part-time or full-time manager or engineer or contract
 15 with a person or firm to perform professional, technical, or
 16 administrative assistance or legal counsel. The board shall
 17 determine the duties of a person or firm employed under this
 18 subsection, and shall require the manager and the board to retain
 19 insurances.

20 (12) The business that the board may perform ~~shall~~**must** be
 21 conducted at a public meeting of the board held in compliance with
 22 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

23 (13) A writing prepared, owned, used, in the possession of, or
 24 retained by the board in the performance of an official function is
 25 subject to the freedom of information act, 1976 PA 442, MCL 15.231
 26 to 15.246.

27 (14) The 2 nonvoting members of the board, the department, and
 28 the department of ~~environmental quality~~**environment, Great Lakes,**
 29 **and energy** shall provide qualified administrative staff and



1 qualified technical assistance to the board as necessary.

2 (15) The local agency wetland mitigation program ~~shall~~**must**
3 provide funds to local road agencies for 1 or more of the
4 following:

5 (a) Complete engineering and design for a wetland mitigation
6 site.

7 (b) Purchase of land for a wetland mitigation site.

8 (c) Construction of a wetland mitigation site.

9 (d) Monitoring and maintenance necessary to ensure that the
10 performance standards are or will be met.

11 (e) Obtaining conservation easements in perpetuity and
12 maintenance of endowment funds to manage wetland mitigation sites.

13 (f) Funding for a wetland mitigation site established before
14 September 22, 2016.

15 (g) Purchasing wetland mitigation bank credits from an
16 established wetland mitigation bank approved by the department of
17 ~~environmental quality~~**environment, Great Lakes, and energy** to meet
18 a local agency's wetland mitigation permit requirements.

19 (16) Not more than 20% of a wetland mitigation site may be
20 sold to the private sector, and any revenues generated from that
21 sale ~~shall~~**must** be deposited into the local agency wetland program
22 fund.

23 (17) The board may approve the use of local agency wetland
24 mitigation funds for other activities needed to establish a wetland
25 mitigation site, a pre-mitigation wetland area or wetland
26 preservation site, or other mitigation as permitted by law ~~upon~~**on**
27 a demonstrated need by a local road agency.

28 (18) An application for funds from the local agency wetland
29 mitigation program ~~shall~~**must** be made on a form approved by the



1 board and ~~shall~~**must** contain the information required by the board.
2 An application for funds under this section may be made at any time
3 determined by the board.

4 (19) The board shall establish a review process for
5 considering funding applications under this section. No later than
6 180 days after receiving a funding application under this section,
7 the board shall notify the applicant in writing whether the
8 application is approved or rejected. If the board fails to notify
9 an applicant in writing whether an application is approved or
10 rejected within 180 days after receiving the funding application,
11 the application ~~shall be considered~~**is** approved. Prior to releasing
12 local agency wetland mitigation program funds, the board shall
13 enter into an agreement with the funding recipient.

14 (20) For each year in which the board receives funding
15 applications, the board shall report by October 1 to the standing
16 committees of the senate and the house of representatives with
17 primary jurisdiction over issues pertaining to transportation and
18 natural resources and the environment and to the senate and house
19 of representatives appropriations committees on the utilization of
20 funds from the local agency wetland mitigation board fund. The
21 report ~~shall~~**must** include, at a minimum, all of the following:

22 (a) The number of funding applications received under this
23 section.

24 (b) The name of each local road agency applying for funding,
25 and whether each application was approved or denied.

26 (c) The amount of local match for each award under this
27 section.

28 (d) The individual and annual cumulative amount of funds
29 awarded, including an identification of the purpose of all funds



1 awarded.

2 (21) Beginning on April 2, 2019, the local agency wetland
3 mitigation bank advisory board created in subsection (3) is
4 dissolved.

5 Sec. 12. (1) The amount distributed to the county road
6 commissions ~~shall~~**must** be returned to the county treasurers in the
7 manner, for the purposes, and under the terms and conditions
8 specified in this section. The department and the ~~county road~~
9 ~~association~~**Country Road Association** of Michigan shall jointly
10 develop incentives for counties to establish statewide purchasing
11 pools for the more efficient use of Michigan transportation funds.

12 (2) Each county road commission shall be reimbursed in an
13 amount up to \$10,000.00 per year for the sum paid to a licensed
14 professional engineer employed or retained by the county road
15 commission in the previous year. The sum ~~shall~~**must** be returned to
16 each county road commission certified by the department as
17 complying with this subsection regarding the employment of an
18 engineer.

19 (3) An amount equal to 1% of the total amount returned to the
20 county road commissions from the Michigan transportation fund
21 during the prior calendar year ~~shall~~**must** be withheld annually from
22 the counties' November monthly distribution provided for in section
23 17, and the amount ~~shall~~**must** be returned to the county road
24 commissions for snow removal purposes as provided in section 12a.

25 (4) An amount equal to 10% of the total amount returned to the
26 county road commissions from the Michigan transportation fund ~~shall~~
27 **must** be returned to each county road commission having county
28 primary, or county local road, or both, mileage in the urban areas
29 as determined ~~pursuant to~~**under** section 12b. This sum shall be



1 distributed ~~pursuant to~~ **as provided in** section 12b. The return
 2 ~~shall~~ **must** be in addition to the amounts provided in subsections
 3 (6) and (7) and for the purposes stated in those subsections.

4 (5) An amount equal to 4% of the total amount returned to the
 5 county road commissions from the Michigan transportation fund ~~shall~~
 6 **must** be returned to the county road commissions in the same
 7 percentages ~~as provided in~~ **under** subsection (7). All money returned
 8 to the county road commissions as provided in this subsection ~~shall~~
 9 **must** be expended by the county road commissions for the
 10 preservation, construction, acquisition, and extension of county
 11 local road systems and ~~shall be~~ **is** in addition to the amounts
 12 provided in subsection (7).

13 (6) ~~Seventy-five percent~~ **Except as otherwise provided in**
 14 **subsection (23), 75%** of the remainder of the total amount to be
 15 returned to the counties ~~shall~~ **must** be expended by each county road
 16 commission for the preservation, construction, acquisition, and
 17 extension of the county primary road system, including the
 18 acquisition of a necessary right of way for the system, work
 19 incidental to the system, and a roadside park or motor parkway
 20 appurtenant to the system, and ~~shall~~ **must** be returned to the
 21 counties as follows:

22 (a) Three-fourths of the amount in proportion to the amount
 23 received within the respective county during the 12 months next
 24 preceding the date of each monthly distribution, as specific taxes
 25 upon registered motor vehicles under the Michigan vehicle code,
 26 1949 PA 300, MCL 257.1 to 257.923.

27 (b) One-tenth of the amount in the same proportion that the
 28 total mileage in the county primary road system of each county
 29 bears to the total mileage in all of the county primary road



1 systems of this state.

2 (c) One eighty-third of the remaining 15% of the amount to
3 each county.

4 (7) ~~The~~ **Except as otherwise provided in subsection (23), the**
5 balance of the remainder of the total amount to be returned to
6 counties ~~shall~~ **must** be expended by each county road commission for
7 the preservation, construction, acquisition, and extension of the
8 county local road system as defined by this act, including the
9 acquisition of a necessary right of way for the system, work
10 incidental to the system, and a roadside park or motor parkway
11 appurtenant to the system, and ~~shall~~ **must** be returned to the
12 counties as follows:

13 (a) Sixty-five percent of the amount in the same proportion
14 that the total mileage in the county local road system of each
15 county bears to the total mileage in all of the county local road
16 systems of ~~the~~ **this** state.

17 (b) Thirty-five percent of the amount in the same proportion
18 that the total population outside of incorporated municipalities in
19 each county bears to the total population outside of incorporated
20 municipalities in all of the counties of ~~the~~ **this** state, according
21 to the most recent statewide federal census as certified at the
22 beginning of the state fiscal year.

23 (8) Money deposited in, or becoming a part of the county road
24 funds of a board of county road commissioners ~~shall~~ **must** be
25 expended first for the payment of principal and interest on the
26 bonds, for the payment of contractual contributions pledged for the
27 payment of bonds, for debt service requirements for the payment of
28 contractual contributions pledged for the payment of bonds, and for
29 debt service requirements for the payment of notes and loans in the



1 following order of priority:

2 (a) For the payment of contributions required to be made by a
3 board of county road commissioners under a contract entered into
4 under 1941 PA 205, MCL 252.51 to 252.64, that have been pledged for
5 the payment of the principal and interest on bonds issued under
6 that act, or for the payment of total debt service requirements
7 upon notes issued by a board of county road commissioners under
8 1943 PA 143, MCL 141.251 to 141.254.

9 (b) For the payment of principal and interest ~~upon~~**on** bonds
10 issued under section 18c, and the payment of contributions of a
11 board of county road commissioners made ~~pursuant to~~**under** contracts
12 entered into under section 18d that are pledged to the payment of
13 principal and interest on bonds issued after June 30, 1957, under
14 the authorization of section 18c and contracts executed ~~pursuant to~~
15 **under** section 18c.

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

19 (9) Beginning November 1, 2008, no more than 50% per year of
20 the amount returned to a county for use on the county primary road
21 system may be expended, with or without matching, on the county
22 local road system of that county. Except as otherwise provided in
23 this subsection, beginning September 30, 2010, no more than 30% per
24 year of the amount returned to a county for use on the county
25 primary road system may be expended, with or without matching, on
26 the county local road system of that county. An additional amount,
27 not to exceed 20% per year of the amount returned to a county for
28 use on the county primary road system, may be expended on the
29 county local road system of that county if there is an emergency or



1 if the county road commission determines that an additional 20% may
 2 be expended on the county local road system. The county road
 3 commission may attach any conditions to its determination if the
 4 determination is for nonemergency purposes, including, but not
 5 limited to, a requirement that the additional 20% expended on the
 6 county local road system only be used to supplement money from
 7 other sources. No more than 15% per year of the amount returned to
 8 a county for expenditure on the county local road system may be
 9 used, with or without matching, on the county primary road system
 10 of that county, and not to exceed an additional 15% per year of the
 11 amount returned to a county for expenditure on the county local
 12 road system, may, in case of an emergency or with the approval of
 13 the county road commission, be expended, with or without matching,
 14 on the county primary road system of that county. An amount
 15 returned to a county for and on account of county local roads under
 16 this section that is in excess of the total amount paid into the
 17 county treasury each year by all of the townships of that county
 18 for and on account of the county local roads pursuant to section
 19 14(6) may be transferred to and expended on the county primary road
 20 system of that county.

21 (10) Not less than 20% per year of the money returned to a
 22 county by this section ~~shall~~**must** be expended for snow and ice
 23 removal, the ~~construction or reconstruction of a new highway or an~~
 24 existing highway **if not in conflict with its asset management plan**
 25 **as provided in section 9a**, and the acquisition of a necessary right
 26 of way for those highways, and work incidental to those highways,
 27 or for the servicing of bonds issued by the county for these
 28 purposes. A county may expend surplus money for the development,
 29 construction, or repair of an off-street parking facility.



1 (11) Not more than 5% per year of the money returned to a
 2 county for the county ~~primary~~ road system ~~and the county local road~~
 3 ~~system shall~~ **must** be expended for the maintenance, improvement, or
 4 acquisition of appurtenant roadside parks and motor parkways.

5 (12) Money returned to a county ~~shall~~ **must** be expended by the
 6 county road commission for the purposes provided in this section
 7 and ~~shall~~ **must** be deposited by the county treasurer in a designated
 8 county depository, in a separate account to the credit of the
 9 county road fund, and ~~shall~~ **must** be paid out only ~~upon~~ **on** the order
 10 of the county road commission, and interest accruing on the money
 11 ~~shall~~ **must** become a part of, and be deposited with the county road
 12 fund.

13 (13) In a county to which money is returned under this
 14 section, the function of the county road commission is limited to
 15 the formation of policy and the performance of the official duties
 16 imposed by law and delegated by the county board of commissioners.
 17 A member of the county road commission shall not be employed
 18 individually in any other capacity for other duties with the county
 19 road commission.

20 (14) A county road commission may enter into an agreement with
 21 a county road commission of an adjacent county and with a city or
 22 village to perform work on a highway, road, or street, and with the
 23 department with respect to a state trunk line highway and
 24 connecting links of the state trunk line highway within the limits
 25 of the county or adjacent to the county. The agreement may provide
 26 for the performance by each contracting party of the work
 27 contemplated by the contract including engineering services and the
 28 acquisition of rights of way in connection with the work
 29 contemplated, by purchase or condemnation, by any of the



1 contracting parties in its own name and the agreement may provide
2 for joint participation in the costs.

3 (15) Money distributed from the Michigan transportation fund
4 may be expended for construction purposes on county local roads
5 only to the extent matched by money from other sources. However,
6 Michigan transportation funds may be expended for the construction
7 of bridges on the county local roads in an amount not to exceed 75%
8 of the cost of the construction of local road bridges. **The match**
9 **may exceed 75% of the cost of construction in the case of a public**
10 **emergency.**

11 (16) Notwithstanding any other provision of this act, at least
12 90% of the state revenue returned annually to the county road
13 commission from the Michigan transportation fund less the amounts
14 described in subdivisions (a) to (e) ~~shall~~**must** be expended
15 annually by the county road commission for the preservation of
16 highways, roads, streets, and bridges, and for the payment of
17 contractual contributions pledged for the payment of bonds or
18 portions of bonds, debt service requirements for the payment of
19 bonds or portions of bonds, and debt service requirements for the
20 payment of notes and loans or portions of notes and loans issued or
21 received after July 1, 1983, for the purpose of providing money for
22 the preservation of highways, roads, streets, and bridges. If an
23 appropriate certificate is filed under subsection (18) but only to
24 the extent necessary, this subsection does not prohibit the use of
25 any amount of state revenue returned annually to the county road
26 commissions for the payment of contractual contributions pledged
27 for the payment of bonds, for debt service requirements for the
28 payment of bonds, and for debt service requirements for the payment
29 of notes or loans, whenever issued or received, as specified under



1 subsection (8). The amounts that are deducted from the state
 2 revenue returned to a county road commission from the Michigan
 3 transportation fund, for the purpose of the calculation required by
 4 this subsection are as follows:

5 (a) Amounts expended for the purposes described in subsection
 6 (8) for bonds, notes, loans, or other obligations issued or
 7 received before July 2, 1983.

8 (b) Amounts expended for the administrative costs of the
 9 county road commission.

10 (c) Amounts expended for capital outlay projects for equipment
 11 and buildings, and for the payment of contractual contributions
 12 pledged for the payment of bonds, for debt service requirements for
 13 the payment of bonds, and for debt service requirements for the
 14 payment of notes and loans issued or received after July 1, 1983,
 15 for the purpose of providing funds for capital outlay projects for
 16 equipment and buildings.

17 (d) Amounts expended for projects vital to the economy of the
 18 local area or the safety of the public in the local area. Before
 19 these amounts can be deducted, the governing body over the county
 20 road commission or the county road commission, as applicable, shall
 21 pass a resolution approving these projects. This resolution ~~shall~~
 22 **must** state ~~which the~~ projects **that** will be funded and the cost of
 23 each project. A copy of each approved resolution ~~shall~~**must** be
 24 forwarded immediately to the department.

25 (e) Amounts expended in urban areas as determined ~~pursuant to~~
 26 **under** section 12b.

27 (17) As used in this subsection, "urban routes" means those
 28 portions of 2-lane county primary roads within an urban area that
 29 have average daily traffic in excess of 15,000. Notwithstanding any



1 other provision of this act, except as provided in this subsection,
2 a county road commission shall annually expend at least 90% of the
3 federal revenue distributed to the county road commission for
4 highways, roads, streets, and bridges, less the amount expended on
5 urban routes for purposes other than preservation and the amount
6 expended for hard-surfacing of gravel roads on the federal-aid
7 system, on the preservation of highways, roads, streets, and
8 bridges. A county road commission may expend in 1 year less than
9 90% of the federal revenue distributed to the county road
10 commission for highways, roads, streets, and bridges, less the
11 amount expended on urban routes for purposes other than
12 preservation and the amount expended for hard-surfacing of gravel
13 roads on the federal-aid system, on the preservation of highways,
14 roads, streets, and bridges, if that year is part of a 3-year
15 period in which at least 90% of the total federal revenue
16 distributed in the 3-year period to the county road commission for
17 highways, roads, streets, and bridges, less the amount expended on
18 urban routes for purposes other than preservation purposes and the
19 amount expended for hard-surfacing of gravel roads on the federal-
20 aid system, is expended on the preservation of highways, roads,
21 streets, and bridges. If a county road commission expends in 1 year
22 less than 90% of the federal revenue distributed to the county road
23 commission for highways, roads, streets, and bridges, less the
24 amount expended on urban routes for purposes other than
25 preservation and the amount expended for hard-surfacing of gravel
26 roads on the federal-aid system, on the preservation of highways,
27 roads, streets, and bridges and that year is not a part of a 3-year
28 period in which at least 90% of the total federal revenue
29 distributed in the 3-year period to the county road commission for



1 highways, roads, streets, and bridges, less the amount expended on
 2 urban routes for purposes other than preservation and the amount
 3 expended for hard-surfacing of gravel roads on the federal-aid
 4 system, is expended on the preservation of highways, roads,
 5 streets, and bridges, the county road commission shall expend in
 6 each year subsequent to the 3-year period 100%, or less in 1 year
 7 if sufficient for the purposes of this subsection, of the federal
 8 revenue distributed to the county road commission for highways,
 9 roads, streets, and bridges, less the amount expended on urban
 10 routes for purposes other than preservation and the amount expended
 11 for hard-surfacing of gravel roads on the federal-aid system, on
 12 the preservation of highways, roads, streets, and bridges until the
 13 average percentage spent on the preservation of highways, roads,
 14 streets, and bridges in the 3-year period and the subsequent years,
 15 less the amount expended on urban routes for purposes other than
 16 preservation and the amount expended for hard-surfacing of gravel
 17 roads on the federal-aid system, is at least 90%. A year may be
 18 included in only one 3-year period for the purposes of this
 19 subsection. The requirements of this subsection ~~shall be~~ **are** waived
 20 if compliance would cause the county road commission to be
 21 ineligible for federal revenue under federal law, but only to the
 22 extent necessary to make the county road commission eligible for
 23 that revenue under federal law. For the purpose of the calculations
 24 required by this subsection, the amount expended on urban routes by
 25 a county road commission for purposes other than preservation and
 26 the amount expended for hard-surfacing of gravel roads on the
 27 federal-aid system ~~shall~~ **must** be deducted from the total federal
 28 revenue distributed to the use of the county road commission.

29 (18) A county road commission shall certify to the department



1 on or before the issuance of any bonds or notes issued after July
 2 1, 1983, ~~pursuant to~~**under** 1943 PA 143, MCL 141.251 to 141.254,
 3 1941 PA 205, MCL 252.51 to 252.64, or section 18c or 18d, for
 4 purposes other than the preservation of highways, roads, streets,
 5 and bridges and purposes other than the purposes specified in
 6 subsection (16)(c) that its average annual debt service
 7 requirements for all bonds and notes or portions of bonds and notes
 8 issued after July 1, 1983, for purposes other than the preservation
 9 of highways, roads, streets, and bridges and other than for the
 10 purposes specified in subsection (16)(c), including the bond or
 11 note to be issued does not exceed 10% of the money returned to the
 12 county road commission ~~pursuant to~~**under** this act, less the amounts
 13 specified in subsection (16)(a), (b), and (c) during the last
 14 completed fiscal year of the county road commission. If the purpose
 15 for which the bonds or notes are issued is changed after the
 16 issuance of the notes or bonds, the change ~~shall~~**must** be made in a
 17 manner that maintains compliance with the certification required by
 18 this subsection, as of the date the certificate was originally
 19 issued, but ~~no such~~**the** change ~~shall~~**does not** invalidate or
 20 otherwise affect the bonds or notes with respect to which the
 21 certificate was issued or the obligation to pay debt service on the
 22 bonds or notes. A certification under this subsection is conclusive
 23 as to the matters stated in the certification for purposes of the
 24 validity of bonds and notes.

25 (19) In each charter county to which funds are returned under
 26 this section, the responsibility for road improvement,
 27 preservation, and traffic operation work, and the development,
 28 construction, or repair of off-road parking facilities and
 29 construction or repair of road lighting ~~shall~~**must** be coordinated



1 by a single administrator designated by the county executive who
 2 shall be responsible for and shall represent the charter county in
 3 transactions with the department ~~pursuant to~~ **under** this act.

4 (20) Not more than 10% per year of all of the money received
 5 by and returned to a county from any source for the purposes of
 6 this section may be expended for administrative expenses. A county
 7 that expends more than 10% for administrative expenses in a year is
 8 subject to section 14(5) unless a waiver is granted by the
 9 department of treasury. As used in this subsection, "administrative
 10 expenses" means ~~these~~ expenses that are not assigned including, but
 11 not limited to, specific road construction or preservation projects
 12 and are often referred to as general or supportive services.
 13 Administrative expenses do not include net equipment expense, net
 14 capital outlay, debt service principal and interest, and payments
 15 to other state or local offices that are assigned, but not limited
 16 to, specific road construction projects or preservation activities.

17 (21) In addition to the financial compliance audits required
 18 by law, the department may conduct performance audits and make
 19 investigations of the disposition of all state money received by
 20 county road commissions, county boards of commissioners, or any
 21 other county governmental agency acting as the county road
 22 authority, for transportation purposes to determine compliance with
 23 the terms and conditions of this act. Performance audits ~~shall~~ **must**
 24 be conducted according to government auditing standards issued by
 25 the United States General Accounting Office. The department shall
 26 develop performance audit procedures and reporting requirements
 27 sufficient to determine whether money expended under this section
 28 was expended in compliance with this act by September 1, 2012 and
 29 shall report to the transportation committees of the senate and



1 house of representatives no later than October 1, 2012 on the
 2 additional audit procedures and reporting requirements. The
 3 department shall provide notice to the county road commission,
 4 county board of commissioners, or any other county governmental
 5 agency acting as the county road authority, as applicable, of the
 6 standards to be used for audits performed under this subsection.
 7 The notice ~~shall~~**must** be provided 6 months prior to the fiscal year
 8 in which the audit is conducted. The department shall notify the
 9 county road commission, county board of commissioners, or any other
 10 county governmental agency acting as the county road authority of
 11 any subsequent changes to the standards. County road commissions,
 12 county boards of commissioners, or any other county governmental
 13 agencies acting as county road authorities, as applicable, shall
 14 make available to the department the pertinent records for the
 15 audit. Performance audits may be performed at the discretion of the
 16 department or ~~upon~~**on** receiving a request from the speaker of the
 17 house of representatives or the senate majority leader.

18 (22) Of the amounts appropriated for a county primary or local
 19 road system under this section, where possible, a county road
 20 commission shall secure pavement warranties for full replacement or
 21 appropriate repair for contracted construction work on pavement
 22 projects whose cost exceeds \$2,000,000.00 and projects for new
 23 construction or reconstruction undertaken after ~~the effective date~~
 24 ~~of the amendatory act that added this subsection,~~ **April 1, 2016**, if
 25 allowed by the ~~federal highway administration~~ **Federal Highway**
 26 **Administration** and the department. A county road commission shall
 27 submit a proposed warranty program to the department for approval
 28 no later than April 1, 2016. If a proposed warranty program
 29 submitted under this subsection is approved by the department, the



1 county road commission shall implement the program no later than 1
 2 year after the approval. A county road commission shall include a
 3 list of all warranties that were secured under this subsection and
 4 indicate whether any of those warranties were redeemed with the
 5 report required under section 14(3), and shall also list all
 6 pavement projects whose cost exceeds \$2,000,000.00 for which a
 7 warranty was not secured. The list ~~shall~~**must** include, but is not
 8 limited to, all of the following information:

9 (a) The type of project.

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

11 (c) The expected lifespan of the project.

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

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

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

19 **(23) Once the asset management plan for a county as described**
 20 **in section 9a has been approved, amounts distributed to a county**
 21 **under this section shall be expended toward attainment of the**
 22 **condition goals in the asset management plan and as otherwise**
 23 **required by this act.**

24 **(24) A county road commission may use a portion of the amount**
 25 **returned to the county under this section for the payment of debt**
 26 **service on bonds, notes, or other obligations.**

27 Sec. 14. (1) Each county road commission and city and village
 28 of the state shall prepare biennial primary road and major street
 29 programs, based on long-range plans, and shall make the programs



1 available for review by the public.

2 (2) Separate accounts ~~shall~~**must** be kept by cities, villages,
3 and county road commissions of all money returned from the Michigan
4 transportation fund. This subsection does not prevent the combining
5 of accounts on which separate bookkeeping records are kept into a
6 single deposit account.

7 (3) All county road commissions and cities and villages shall
8 keep accurate and uniform records on all road and street work and
9 funds, and shall annually report to the department at the time, in
10 the manner, and on forms prescribed by the department the mileage
11 of each road system under their jurisdiction and the receipts and
12 disbursements of road and street funds. In the annual report, each
13 county road commission shall report on its compliance in the
14 preceding year with the requirements of section 12(16) and (17).
15 The report ~~shall~~**must** also specify, with respect to section 12(17),
16 the total dollar amount expended for other than maintenance
17 purposes which would not have been permissible without the
18 deduction of certain urban route expenditures as permitted under
19 section 12(17). The report ~~shall~~**must** also specify the
20 justification for a waiver of the requirement of section 12(17), if
21 that requirement was waived. A county road commission, city, or
22 village shall post the report required by this subsection on its
23 website, if the county road commission, city, or village has a
24 website.

25 (4) The county road commissions and the cities and villages
26 are authorized to expend adequate amounts from funds returned by
27 this act to cover the cost of administration, engineering, and
28 record keeping, and expenditures for those purposes ~~shall~~**must** be
29 reported separately by each county road commission, city, and



1 village to the department.

2 (5) All distributions and returns of funds provided for in
 3 this act ~~shall~~**must** be withheld from the department, eligible
 4 authorities, county road commissions, cities, villages, or other
 5 eligible governmental agencies for failure to comply with any of
 6 the requirements of this act, and the withholding ~~shall~~**must**
 7 continue for the period of noncompliance.

8 (6) Money distributed to county road commissions for the
 9 maintenance and improvement of county local road systems pursuant
 10 to section 12 represents the total responsibility of this state for
 11 local county road support. Additional funds required for the
 12 support of county local road systems may be supplied from other
 13 money returned to the township governments by this state under the
 14 state constitution of 1963 and statutes of this state, or from
 15 funds that can be raised by taxation in the townships or counties
 16 for road purposes within the limitations of the state constitution
 17 of 1963 and statutes of this state.

18 Sec. 15. (1) Before May 2 of each year, each county road
 19 commission or the county executive or other agency acting as the
 20 county road commission shall file with the director of the state
 21 transportation department, each township in the county, and the
 22 clerk of the county, on forms to be provided by the director, a
 23 report showing the disposition of funds appropriated, apportioned,
 24 or allocated under this act to the county road commission or the
 25 county executive or other agency acting as the county road
 26 commission including the funds expended for road construction and
 27 heavy maintenance in each township in the county on the form
 28 provided by the department in the annual county financial report
 29 instruction and forms booklet prepared by the department, except



1 funds appropriated under section 10b.

2 (2) In addition to the general information required under
3 subsection (1), the report filed by the county road commission or
4 the county executive or other agency acting as the county road
5 commission under subsection (1) ~~shall~~**must** also include the
6 following specific information:

7 (a) The number of miles of local roads outside of incorporated
8 municipalities in each township in the county and the amount of
9 funds received for each of those miles by the county under the
10 formula described in section 12(7)(a).

11 (b) The number of miles of primary roads outside of
12 incorporated municipalities in each township in the county and the
13 amount of funds received for each of those miles by the county
14 under the formula described in section 12(4) and (6)(b).

15 (c) The total population outside of incorporated
16 municipalities in each township in the county and the per capita
17 amount of funds received for each person on the basis of population
18 according to the formula described in section 12(7)(b).

19 (d) The amount of funds received by the county road commission
20 or the county executive or other agency acting as the county road
21 commission directly from each township in the county for the
22 purposes of this act.

23 (3) Beginning with municipal fiscal years ending after April
24 15, 1976, each city and village shall file with the director of the
25 state transportation department, not more than 120 days after the
26 end of its fiscal year, on forms provided by the director, a report
27 showing the disposition of funds appropriated, apportioned, or
28 allocated under this act to the city or village, except funds
29 appropriated under section 10b.

