

**SUBSTITUTE FOR  
SENATE BILL NO. 518**

A bill to amend 1951 PA 51, entitled

"An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to promote safe and efficient travel for motor vehicle drivers, bicyclists, pedestrians, and other legal users of roads, streets, and highways; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety commission; to establish certain standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state



transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, local bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to provide for submission of annual legislative requests and reports; to provide for the establishment and functions of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and repayment by local units and agencies of those loans from certain specified sources; and to repeal acts and parts of acts,"

by amending section 10o (MCL 247.660o), as amended by 2000 PA 188.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 10o. (1) Twenty-three to twenty-seven percent of the DOT-  
2 FHWA highway research, planning, and construction federal funds  
3 appropriated to this state from the federal government for road and  
4 bridge construction shall be allocated to programs administered by  
5 local jurisdictions after deduction of the following:

6           (a) Funds that are specifically allocated at the federal level  
7 to the state or local jurisdictions.

8           (b) Funds allocated by the department to the state and to  
9 local jurisdictions through a competitive process.



1           **(c) Funds used by this state to purchase local federal funds**  
2 **that were available to be purchased by the department as part of**  
3 **the local federal aid buyout program described in subsection (5).**

4           (2) Federal aid excluded from the calculation of funding  
5 allocated to programs administered by local jurisdictions in  
6 subsection (1) includes, but is not limited to, congestion  
7 mitigation and air quality funds, federal bridge funds,  
8 transportation enhancement funds, funds distributed at the  
9 discretion of the United States ~~secretary~~**Secretary** of  
10 ~~transportation~~**Transportation**, and congressionally designated  
11 funds.

12           (3) The funds shall be distributed to eligible local agencies  
13 for transportation purposes in a manner consistent with state and  
14 federal law.

15           (4) It is the intent of the legislature that federal aid to  
16 highways allocated to local jurisdictions in subsection (1) be  
17 distributed in a manner that produces a 25% average allocation of  
18 applicable funds to programs for local jurisdictions in each fiscal  
19 year through the fiscal year ending September 30, 2000. Beginning  
20 in the fiscal year ending September 30, 1999, the average  
21 allocation of applicable federal aid to highway funds to programs  
22 for local jurisdictions shall be the average of the amount  
23 distributed to local jurisdictions under subsection (1) and  
24 similarly calculated distributions in each succeeding fiscal year.  
25 The average allocation percentage described in this subsection  
26 shall be adjusted to reflect any ~~voluntary~~ agreements made by the  
27 department with local jurisdictions regarding the state buyout of  
28 local federal aid.

29           **(5) As part of the local federal aid buyout program operated**



1 by the department, the department shall pay local agencies the  
2 amounts identified in their 3- or 5-year local transportation  
3 improvement plan for each year in which they plan to participate in  
4 the local federal aid buyout program with the department. The  
5 department's local federal aid buyout program shall also meet the  
6 following requirements:

7 (a) As part of the local federal aid buyout program operated  
8 by the department, the department shall make available to local  
9 agencies up to 80% of the eligible local federal funds allocated to  
10 local agencies for the Surface Transportation Block Grant funding.  
11 The department shall pay local agencies the amount of federal  
12 funds, identified in the approved state transportation improvement  
13 plan, as determined by the local agency, not to exceed 100% of the  
14 total local agency eligible funds.

15 (b) The local agency shall notify the department, their local  
16 planning group or regional planning organization, and their  
17 metropolitan planning organization prior to the fiscal year which  
18 projects the local agency has determined will be included in the  
19 local federal aid buyout program for the next fiscal year. The  
20 local agency shall complete the identified projects with the buyout  
21 funds. The local agency shall spend any remaining buyout funds on  
22 federal aid eligible roads for activities and improvements, not  
23 including routine maintenance, or use the remaining funds as  
24 additional funds for any federal aid project undertaken on roads  
25 under its jurisdiction. Local agencies shall complete an eligible  
26 activity or improvement with the federal buyout funds within 3  
27 years as required by this act.

28 (c) The completed road projects accomplished with the buyout  
29 funds shall be documented with the transportation asset management



1 council investment reporting tool and reported in the fiscal year  
2 that the project is completed.

3 (d) If the identified projects cannot be completed within the  
4 3-year time frame, the local agency shall notify the department and  
5 the appropriate metropolitan planning organization, regional  
6 planning organization, or rural task force of the limitation and  
7 identify an alternate federal aid eligible road project where a  
8 similar improvement will be accomplished within the original 3-year  
9 time frame.

10 (6) If the department is unable to fulfill its federal aid  
11 matching obligation to obtain all available federal funds for a  
12 fiscal year, the department may reduce the local federal aid buyout  
13 program described in this section for that fiscal year. However,  
14 the department may only reduce the amount of the local federal aid  
15 buyout funds if that reduction is necessary to ensure that the  
16 department can perform routine maintenance, operate safety  
17 programs, and carry out other administrative functions. The  
18 department shall make this determination before the beginning of  
19 the fiscal year and shall notify all local road agencies that have  
20 submitted applications for the local federal aid buyout program for  
21 that fiscal year before the beginning of the fiscal year. If the  
22 department reduces the local federal aid buyout program under this  
23 subsection, the department shall also submit a detailed letter of  
24 explanation to the chairs of the senate and house of  
25 representatives transportation committees, chairs of the senate and  
26 house transportation appropriations subcommittees, the senate  
27 majority leader, and the speaker of the house of representatives  
28 explaining why the department is unable to fully fund its federal  
29 aid matching obligation.



1           Enacting section 1. This amendatory act does not take effect  
2 unless Senate Bill No. 519 of the 100th Legislature is enacted into  
3 law.

