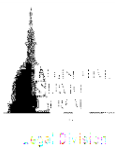


HOUSE BILL NO. 4965

September 12, 2019, Introduced by Reps. Wakeman, Bellino, Mueller, Miller, O'Malley, Meerman, Howell, Eisen and Sheppard and referred to the Committee on Transportation.

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



JLB



03336'19

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



1 deposit into the fund. The state treasurer shall direct the
2 investment of the fund. The state treasurer shall credit to the
3 fund interest and earnings from fund investments.

4 (2) The money appropriated to the local agency wetland
5 mitigation board fund and the interest accruing to that fund ~~shall~~
6 **must** be expended for the local agency wetland mitigation board
7 program. The balance of the fund ~~shall~~**must** not exceed
8 \$8,000,000.00 at the beginning of a fiscal year, less the amount of
9 funds that have been obligated but not yet expended. The money in
10 the local agency wetland mitigation board fund is not subject to
11 section ~~12(15)~~**12(14)**.

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

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

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

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

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

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

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

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



1 (h) Two nonvoting members appointed by the department and the
2 department of ~~environmental quality~~**environment, Great Lakes, and**
3 **energy**.

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

8 (a) Four voting members from road agencies appointed jointly
9 by the County Road Association of Michigan and the Michigan
10 Municipal League.

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

14 (c) Two nonvoting members appointed by the department and the
15 department of ~~environmental quality~~**environment, Great Lakes, and**
16 **energy**.

17 (5) The members first appointed to the local agency wetland
18 mitigation bank advisory board under subsection (3) shall be
19 appointed no later than October 1, 2015. The members first
20 appointed to the local agency wetland mitigation advisory board
21 under subsection (4) shall be appointed no later than April 1,
22 2019.

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

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

28 (8) A member of the board may be removed for incompetence,
29 dereliction of duty, malfeasance, misfeasance, or nonfeasance in



1 office, or any other good cause.

2 (9) The first meeting of the board ~~shall~~**must** be called by the
3 member appointed by the department under subsection (4)(c). At the
4 first meeting, the board shall elect from among its voting members
5 a chairperson and other officers as it considers necessary or
6 appropriate. After the first meeting, the board shall meet at least
7 quarterly.

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

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

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

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



1 (14) The 2 nonvoting members of the board, the department, and
2 the department of ~~environmental quality~~ **environment, Great Lakes,**
3 **and energy** shall provide qualified administrative staff and
4 qualified technical assistance to the board as necessary.

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

8 (a) Complete engineering and design for a wetland mitigation
9 site.

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

11 (c) Construction of a wetland mitigation site.

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

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

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

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

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

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



1 a demonstrated need by a local road agency.

2 (18) An application for funds from the local agency wetland
3 mitigation program ~~shall~~**must** be made on a form approved by the
4 board and ~~shall~~**must** contain the information required by the board.
5 An application for funds under this section may be made at any time
6 determined by the board.

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

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

25 (a) The number of funding applications received under this
26 section.

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

29 (c) The amount of local match for each award under this



1 section.

2 (d) The individual and annual cumulative amount of funds
3 awarded, including an identification of the purpose of all funds
4 awarded.

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

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

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

22 (3) An amount equal to 1% of the total amount returned to the
23 county road commissions from the Michigan transportation fund
24 during the prior calendar year ~~shall~~**must** be withheld annually from
25 the counties' November monthly distribution provided for in section
26 17, and the amount ~~shall~~**must** be returned to the county road
27 commissions for snow removal purposes as provided in section 12a.

28 (4) An amount equal to 10% of the total amount returned to the
29 county road commissions from the Michigan transportation fund ~~shall~~



1 **must** be returned to each county road commission having county
 2 primary, or county local road, or both, mileage in the urban areas
 3 as determined ~~pursuant to~~ **under** section 12b. This sum shall be
 4 distributed ~~pursuant to~~ **as provided in** section 12b. The return
 5 ~~shall~~ **must** be in addition to the amounts provided in subsections
 6 (6) and (7) and for the purposes stated in those subsections.

7 (5) An amount equal to 4% of the total amount returned to the
 8 county road commissions from the Michigan transportation fund ~~shall~~
 9 **must** be returned to the county road commissions in the same
 10 percentages ~~as provided in~~ **under** subsection (7). All money returned
 11 to the county road commissions as provided in this subsection ~~shall~~
 12 **must** be expended by the county road commissions for the
 13 preservation, construction, acquisition, and extension of county
 14 local road systems and ~~shall be~~ **is** in addition to the amounts
 15 provided in ~~subsection (7)~~ **subsections (7) and (23)**.

16 (6) ~~Seventy-five percent~~ **Except as otherwise provided in**
 17 **subsection (22), 75%** of the remainder of the total amount to be
 18 returned to the counties ~~shall~~ **must** be expended by each county road
 19 commission for the preservation, construction, acquisition, and
 20 extension of the county primary road system, including the
 21 acquisition of a necessary right of way for the system, work
 22 incidental to the system, and a roadside park or motor parkway
 23 appurtenant to the system, and ~~shall~~ **must** be returned to the
 24 counties as follows:

25 (a) Three-fourths of the amount in proportion to the amount
 26 received within the respective county during the 12 months next
 27 preceding the date of each monthly distribution, as specific taxes
 28 upon registered motor vehicles under the Michigan vehicle code,
 29 1949 PA 300, MCL 257.1 to 257.923.



1 (b) One-tenth of the amount in the same proportion that the
 2 total mileage in the county primary road system of each county
 3 bears to the total mileage in all of the county primary road
 4 systems of this state.

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

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

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

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

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



1 payment of bonds, for debt service requirements for the payment of
 2 contractual contributions pledged for the payment of bonds, and for
 3 debt service requirements for the payment of notes and loans in the
 4 following order of priority:

5 (a) For the payment of contributions required to be made by a
 6 board of county road commissioners under a contract entered into
 7 under 1941 PA 205, MCL 252.51 to 252.64, that have been pledged for
 8 the payment of the principal and interest on bonds issued under
 9 that act, or for the payment of total debt service requirements
 10 upon notes issued by a board of county road commissioners under
 11 1943 PA 143, MCL 141.251 to 141.254.

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

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

22 ~~(9) Beginning November 1, 2008, no more than 50% per year of~~
 23 ~~the amount returned to a county for use on the county primary road~~
 24 ~~system may be expended, with or without matching, on the county~~
 25 ~~local road system of that county. Except as otherwise provided in~~
 26 ~~this subsection, beginning September 30, 2010, no more than 30% per~~
 27 ~~year of the amount returned to a county for use on the county~~
 28 ~~primary road system may be expended, with or without matching, on~~
 29 ~~the county local road system of that county. An additional amount,~~



~~1 not to exceed 20% per year of the amount returned to a county for~~
~~2 use on the county primary road system, may be expended on the~~
~~3 county local road system of that county if there is an emergency or~~
~~4 if the county road commission determines that an additional 20% may~~
~~5 be expended on the county local road system. The county road~~
~~6 commission may attach any conditions to its determination if the~~
~~7 determination is for nonemergency purposes, including, but not~~
~~8 limited to, a requirement that the additional 20% expended on the~~
~~9 county local road system only be used to supplement money from~~
~~10 other sources. No more than 15% per year of the amount returned to~~
~~11 a county for expenditure on the county local road system may be~~
~~12 used, with or without matching, on the county primary road system~~
~~13 of that county, and not to exceed an additional 15% per year of the~~
~~14 amount returned to a county for expenditure on the county local~~
~~15 road system, may, in case of an emergency or with the approval of~~
~~16 the county road commission, be expended, with or without matching,~~
~~17 on the county primary road system of that county. An amount~~
~~18 returned to a county for and on account of county local roads under~~
~~19 this section that is in excess of the total amount paid into the~~
~~20 county treasury each year by all of the townships of that county~~
~~21 for and on account of the county local roads pursuant to section~~
~~22 14(6) may be transferred to and expended on the county primary road~~
~~23 system of that county.~~

24 (9) ~~(10)~~ Not less than 20% per year of the money returned to a
 25 county by this section shall ~~shall~~ **must** be expended for snow and ice
 26 removal, the construction or reconstruction of a new highway or ~~an~~
 27 existing highway **if not in conflict with its asset management plan**
 28 **as provided in section 9a**, and the acquisition of a necessary right
 29 of way for those highways, and work incidental to those highways,



1 or for the servicing of bonds issued by the county for these
 2 purposes. A county may expend surplus money for the development,
 3 construction, or repair of an off-street parking facility.

4 (10) ~~(11)~~ Not more than 5% per year of the money returned to a
 5 county for the county ~~primary~~ road system ~~and the county local road~~
 6 ~~system shall~~ **must** be expended for the maintenance, improvement, or
 7 acquisition of appurtenant roadside parks and motor parkways.

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

16 (12) ~~(13)~~ In a county to which money is returned under this
 17 section, the function of the county road commission is limited to
 18 the formation of policy and the performance of the official duties
 19 imposed by law and delegated by the county board of commissioners.
 20 A member of the county road commission shall not be employed
 21 individually in any other capacity for other duties with the county
 22 road commission.

23 (13) ~~(14)~~ A county road commission may enter into an agreement
 24 with a county road commission of an adjacent county and with a city
 25 or village to perform work on a highway, road, or street, and with
 26 the department with respect to a state trunk line highway and
 27 connecting links of the state trunk line highway within the limits
 28 of the county or adjacent to the county. The agreement may provide
 29 for the performance by each contracting party of the work



1 contemplated by the contract including engineering services and the
2 acquisition of rights of way in connection with the work
3 contemplated, by purchase or condemnation, by any of the
4 contracting parties in its own name and the agreement may provide
5 for joint participation in the costs.

6 (14) ~~(15)~~ Money distributed from the Michigan transportation
7 fund may be expended for construction purposes on county local
8 roads only to the extent matched by money from other sources.
9 However, Michigan transportation funds may be expended for the
10 construction of bridges on the county local roads in an amount not
11 to exceed 75% of the cost of the construction of local road
12 bridges. **The match may exceed 75% of the cost of construction in**
13 **the case of a public emergency.**

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



1 pledged for the payment of bonds, for debt service requirements for
 2 the payment of bonds, and for debt service requirements for the
 3 payment of notes or loans, whenever issued or received, as
 4 specified under subsection (8). The amounts that are deducted from
 5 the state revenue returned to a county road commission from the
 6 Michigan transportation fund, for the purpose of the calculation
 7 required by this subsection are as follows:

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

11 (b) Amounts expended for the administrative costs of the
 12 county road commission.

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

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

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



1 (16) ~~(17)~~—As used in this subsection, "urban routes" means
2 those portions of 2-lane county primary roads within an urban area
3 that have average daily traffic in excess of 15,000.
4 Notwithstanding any other provision of this act, except as provided
5 in this subsection, a county road commission shall annually expend
6 at least 90% of the federal revenue distributed to the county road
7 commission for highways, roads, streets, and bridges, less the
8 amount expended on urban routes for purposes other than
9 preservation and the amount expended for hard-surfacing of gravel
10 roads on the federal-aid system, on the preservation of highways,
11 roads, streets, and bridges. A county road commission may expend in
12 1 year less than 90% of the federal revenue distributed to the
13 county road commission for highways, roads, streets, and bridges,
14 less the amount expended on urban routes for purposes other than
15 preservation and the amount expended for hard-surfacing of gravel
16 roads on the federal-aid system, on the preservation of highways,
17 roads, streets, and bridges, if that year is part of a 3-year
18 period in which at least 90% of the total federal revenue
19 distributed in the 3-year period to the county road commission for
20 highways, roads, streets, and bridges, less the amount expended on
21 urban routes for purposes other than preservation purposes and the
22 amount expended for hard-surfacing of gravel roads on the federal-
23 aid system, is expended on the preservation of highways, roads,
24 streets, and bridges. If a county road commission expends in 1 year
25 less than 90% of the federal revenue distributed to the county road
26 commission for highways, roads, streets, and bridges, less the
27 amount expended on urban routes for purposes other than
28 preservation and the amount expended for hard-surfacing of gravel
29 roads on the federal-aid system, on the preservation of highways,



1 roads, streets, and bridges and that year is not a part of a 3-year
2 period in which at least 90% of the total federal revenue
3 distributed in the 3-year period 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, is expended on the preservation of highways, roads,
8 streets, and bridges, the county road commission shall expend in
9 each year subsequent to the 3-year period 100%, or less in 1 year
10 if sufficient for the purposes of this subsection, of the federal
11 revenue distributed to the county road commission for highways,
12 roads, streets, and bridges, less the amount expended on urban
13 routes for purposes other than preservation and the amount expended
14 for hard-surfacing of gravel roads on the federal-aid system, on
15 the preservation of highways, roads, streets, and bridges until the
16 average percentage spent on the preservation of highways, roads,
17 streets, and bridges in the 3-year period and the subsequent years,
18 less the amount expended on urban routes for purposes other than
19 preservation and the amount expended for hard-surfacing of gravel
20 roads on the federal-aid system, is at least 90%. A year may be
21 included in only one 3-year period for the purposes of this
22 subsection. The requirements of this subsection ~~shall be~~ **are** waived
23 if compliance would cause the county road commission to be
24 ineligible for federal revenue under federal law, but only to the
25 extent necessary to make the county road commission eligible for
26 that revenue under federal law. For the purpose of the calculations
27 required by this subsection, the amount expended on urban routes by
28 a county road commission for purposes other than preservation and
29 the amount expended for hard-surfacing of gravel roads on the



1 federal-aid system ~~shall~~**must** be deducted from the total federal
2 revenue distributed to the use of the county road commission.

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

28 **(18)** ~~(19)~~ In each charter county to which funds are returned
29 under this section, the responsibility for road improvement,



1 preservation, and traffic operation work, and the development,
 2 construction, or repair of off-road parking facilities and
 3 construction or repair of road lighting ~~shall~~**must** be coordinated
 4 by a single administrator designated by the county executive who
 5 shall be responsible for and shall represent the charter county in
 6 transactions with the department ~~pursuant to~~**under** this act.

7 **(19)** ~~(20)~~—Not more than 10% per year of all of the money
 8 received by and returned to a county from any source for the
 9 purposes of this section may be expended for administrative
 10 expenses. A county that expends more than 10% for administrative
 11 expenses in a year is subject to section 14(5) unless a waiver is
 12 granted by the department of treasury. As used in this subsection,
 13 "administrative expenses" means ~~those~~ expenses that are not
 14 assigned including, but not limited to, specific road construction
 15 or preservation projects and are often referred to as general or
 16 supportive services. Administrative expenses do not include net
 17 equipment expense, net capital outlay, debt service principal and
 18 interest, and payments to other state or local offices that are
 19 assigned, but not limited to, specific road construction projects
 20 or preservation activities.

21 **(20)** ~~(21)~~—In addition to the financial compliance audits
 22 required by law, the department may conduct performance audits and
 23 make investigations of the disposition of all state money received
 24 by county road commissions, county boards of commissioners, or any
 25 other county governmental agency acting as the county road
 26 authority, for transportation purposes to determine compliance with
 27 the terms and conditions of this act. Performance audits ~~shall~~**must**
 28 be conducted according to government auditing standards issued by
 29 the United States General Accounting Office. The department shall



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

22 (21) ~~(22)~~ Of the amounts appropriated for a county primary or
 23 local road system under this section, where possible, a county road
 24 commission shall secure pavement warranties for full replacement or
 25 appropriate repair for contracted construction work on pavement
 26 projects whose cost exceeds \$2,000,000.00 and projects for new
 27 construction or reconstruction undertaken after ~~the effective date~~
 28 ~~of the amendatory act that added this subsection,~~ **April 1, 2016**, if
 29 allowed by the ~~federal highway administration~~ **Federal Highway**



1 **Administration** and the department. A county road commission shall
2 submit a proposed warranty program to the department for approval
3 no later than April 1, 2016. If a proposed warranty program
4 submitted under this subsection is approved by the department, the
5 county road commission shall implement the program no later than 1
6 year after the approval. A county road commission shall include a
7 list of all warranties that were secured under this subsection and
8 indicate whether any of those warranties were redeemed with the
9 report required under section 14(3), and shall also list all
10 pavement projects whose cost exceeds \$2,000,000.00 for which a
11 warranty was not secured. The list ~~shall~~**must** include, but is not
12 limited to, all of the following information:

13 (a) The type of project.

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

15 (c) The expected lifespan of the project.

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

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

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

23 **(22) Once an asset management plan described in section 9a has**
24 **been approved, 75% of the remainder of the total amount to be**
25 **returned to the counties must be expended by each county road**
26 **commission for the preservation, construction, and acquisition of**
27 **the county road system as prescribed by its asset management plan**
28 **as provided in section 9a, including the acquisition of a necessary**
29 **right of way for the system, work incidental to the system, and a**



1 roadside park or motor parkway appurtenant to the system, and must
2 be returned to the counties as follows:

3 (a) Three-fourths of the amount in proportion to the amount
4 received within the respective county during the 12 months next
5 preceding the date of each monthly distribution, as specific taxes
6 upon registered motor vehicles under the Michigan vehicle code,
7 1949 PA 300, MCL 257.1 to 257.923.

8 (b) One-tenth of the amount in the same proportion that the
9 total mileage in the county primary road system of each county
10 bears to the total mileage in all of the county primary road
11 systems of this state.

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

14 (23) Once an asset management plan described in section 9a has
15 been approved, the balance of the remainder of the total amount to
16 be returned to counties must be expended by each county road
17 commission for the preservation, construction, acquisition, and
18 extension of the county road system as prescribed by its asset
19 management plan as provided in section 9a, including the
20 acquisition of a necessary right of way for the system, work
21 incidental to the system, and a roadside park or motor parkway
22 appurtenant to the system, and must be returned to the counties as
23 follows:

24 (a) Sixty-five percent of the amount in the same proportion
25 that the total mileage in the county local road system of each
26 county bears to the total mileage in all of the county local road
27 systems of this state.

28 (b) Thirty-five percent of the amount in the same proportion
29 that the total population outside of incorporated municipalities in



1 each county bears to the total population outside of incorporated
 2 municipalities in all of the counties of this state, according to
 3 the most recent statewide federal census as certified at the
 4 beginning of the state fiscal year.

5 Sec. 14. (1) Each county road commission and city and village
 6 of the state shall prepare biennial primary road and major street
 7 programs, based on long-range plans, and shall make the programs
 8 available for review by the public.

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

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



1 report required by this subsection on its website, if the county
2 road commission, city, or village has a website.

3 (4) The county road commissions and the cities and villages
4 are authorized to expend adequate amounts from funds returned by
5 this act to cover the cost of administration, engineering, and
6 record keeping, and expenditures for those purposes ~~shall~~**must** be
7 reported separately by each county road commission, city, and
8 village to the department.

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

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

25 Sec. 15. (1) Before May 2 of each year, each county road
26 commission or the county executive or other agency acting as the
27 county road commission shall file with the director of the state
28 transportation department, each township in the county, and the
29 clerk of the county, on forms to be provided by the director, a



1 report showing the disposition of funds appropriated, apportioned,
 2 or allocated under this act to the county road commission or the
 3 county executive or other agency acting as the county road
 4 commission including the funds expended for road construction and
 5 heavy maintenance in each township in the county on the form
 6 provided by the department in the annual county financial report
 7 instruction and forms booklet prepared by the department, except
 8 funds appropriated under section 10b.

9 (2) In addition to the general information required under
 10 subsection (1), the report filed by the county road commission or
 11 the county executive or other agency acting as the county road
 12 commission under subsection (1) ~~shall~~**must** also include the
 13 following specific information:

14 (a) The number of miles of local roads outside of incorporated
 15 municipalities in each township in the county and the amount of
 16 funds received for each of those miles by the county under the
 17 formula described in section 12(7)(a) **and (23)(a)** .

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

22 (c) The total population outside of incorporated
 23 municipalities in each township in the county and the per capita
 24 amount of funds received for each person on the basis of population
 25 according to the formula described in section 12(7)(b) **and (23)(b)** .

26 (d) The amount of funds received by the county road commission
 27 or the county executive or other agency acting as the county road
 28 commission directly from each township in the county for the
 29 purposes of this act.



1 (3) Beginning with municipal fiscal years ending after April
2 15, 1976, each city and village shall file with the director of the
3 state transportation department, not more than 120 days after the
4 end of its fiscal year, on forms provided by the director, a report
5 showing the disposition of funds appropriated, apportioned, or
6 allocated under this act to the city or village, except funds
7 appropriated under section 10b.

