

SENATE BILL NO. 28

January 16, 2019, Introduced by Senator LUCIDO and referred to the Committee on Transportation and Infrastructure.

A bill to amend 1951 PA 51, entitled

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

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

by amending section 10 (MCL 247.660), as amended by 2018 PA 471, and by adding section 10i.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 10. (1) A fund to be known as the Michigan transportation
 2 fund is established in the state treasury as a separate fund. The
 3 state treasurer may receive money or other assets from any source
 4 for deposit into the fund. The state treasurer shall direct the

1 investment of the fund. The state treasurer shall credit to the
2 fund interest and earnings from fund investments. Except as
3 provided in this act, no other money, whether appropriated from the
4 general fund of this state or any other source, shall be deposited
5 in the Michigan transportation fund. Except as otherwise provided
6 in this section, the legislature shall appropriate money for the
7 necessary expenses incurred in the administration and enforcement
8 of the motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170,
9 the motor carrier act, 1933 PA 254, MCL 475.1 to 479.42, and
10 sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL
11 257.801 to 257.810. Money appropriated for necessary expenses shall
12 be based upon established cost allocation methodology that reflects
13 actual costs. Appropriations for the necessary expenses incurred by
14 the department of state in administration and enforcement of
15 sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL
16 257.801 to 257.810, shall be made from the Michigan transportation
17 fund and from money in the transportation administration collection
18 fund created in section 810b of the Michigan vehicle code, 1949 PA
19 300, MCL 257.810b. Appropriations from the Michigan transportation
20 fund for the necessary expenses incurred by the department of state
21 in administration and enforcement of sections 801 to 810 of the
22 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, shall
23 not exceed \$20,000,000.00 per state fiscal year. Except as provided
24 in section 51d of the income tax act of 1967, 1967 PA 281, MCL
25 206.51d, **and section 10i**, all money in the Michigan transportation
26 fund is apportioned and appropriated in the following manner:
27 (a) Not more than \$3,000,000.00 as may be annually
28 appropriated each fiscal year to the state trunk line fund for
29 subsequent deposit in the rail grade crossing account.

1 (b) Not more than \$3,000,000.00 as may be annually
2 appropriated each fiscal year to the state trunk line fund for
3 subsequent deposit in the grade crossing surface account.

4 (c) Not more than \$3,000,000.00 each year to the local bridge
5 fund established in subsection (4) for the purpose of payment of
6 the principal, interest, and redemption premium on any notes or
7 bonds issued by the state transportation commission under former
8 section 11b or subsection (9).

9 (d) Except as otherwise provided in this subdivision and
10 subject to section 11h, \$2,000,000.00 each year of the revenue from
11 3 cents of the tax levied under section 8(1)(a) of the motor fuel
12 tax act, 2000 PA 403, MCL 207.1008, to the local agency wetland
13 mitigation board fund created in section 11h.

14 (e) Except as otherwise provided in this subdivision,
15 \$5,000,000.00 each year of the revenue from 3 cents of the tax
16 levied under section 8(1)(a) of the motor fuel tax act, 2000 PA
17 403, MCL 207.1008, to the movable bridge fund created in section
18 11g, with the remainder to the state trunk line fund, county road
19 commissions, and cities and villages in the percentages provided in
20 subdivision (l). The department shall annually adjust the amount
21 allocated under this subdivision by an amount equal to the annual
22 increase in the Detroit Consumer Price Index for the preceding
23 year.

24 (f) One-half of the revenue from 1 cent of the tax levied
25 under section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL
26 207.1008, to the state trunk line fund for the repair of state
27 bridges under section 11, and 1/2 of the revenue from 1 cent of the
28 tax levied under section 8(1)(a) of the motor fuel tax act, 2000 PA
29 403, MCL 207.1008, to the local bridge fund created in subsection

1 (4) for distribution only to cities, villages, and county road
2 commissions.

3 (g) \$50,000,000.00 to the state trunk line fund for debt
4 service costs on state of Michigan projects.

5 (h) Ten percent to the comprehensive transportation fund for
6 the purposes described in section 10e.

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

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

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

23 (l) ~~The~~ **Subject to section 10i, the** balance of the Michigan
24 transportation fund as follows, after deduction of the amounts
25 appropriated in subdivisions (a) to (k):

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

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

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

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

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

20 (4) A fund to be known as the local bridge fund is established
21 in the state treasury as a separate fund. The money appropriated to
22 the local bridge fund and the interest accruing to that fund shall
23 be expended for the local bridge program. The purpose of the fund
24 is to provide financial assistance to highway authorities for the
25 preservation, improvement, or reconstruction of existing bridges or
26 for the construction of bridges to replace existing bridges in
27 whole or part. The money in the local bridge fund is not subject to
28 section 12(15) or 13(5). The local bridge advisory board is created
29 and shall consist of 6 voting members appointed by the state

1 transportation commission and 2 nonvoting members appointed by the
2 department. The board shall include 3 members from the County Road
3 Association of Michigan, 1 member who represents counties with
4 populations 65,000 or greater, 1 member who represents counties
5 with populations greater than 30,000 and less than 65,000, and 1
6 member who represents counties with populations of 30,000 or less.
7 Three members shall be appointed from the Michigan Municipal
8 League, 1 member who represents cities with a population 75,000 or
9 greater, 1 member who represents cities with a population less than
10 75,000, and 1 member who represents villages. Each organization
11 with voting rights shall submit a list of nominees in each
12 population category to the state transportation commission. The
13 state transportation commission shall make the appointments from
14 the lists submitted under this subsection. Voting members shall be
15 appointed for 2 years. The chairperson of the board shall be
16 selected from among the voting members of the board. In addition to
17 the 2 nonvoting members, the department shall provide qualified
18 administrative staff and qualified technical assistance to the
19 board.

20 (5) No less than 5% and no more than 15% of the money received
21 in the local bridge fund may be used for critical repair of large
22 bridges and emergencies as determined by the local bridge advisory
23 board. Money remaining after the money allocated for critical large
24 bridge repair and emergencies is deducted shall be distributed by
25 the board to the regional bridge councils created under this
26 section. One regional council shall be formed for each department
27 of transportation region as those regions exist on October 1, 2004.
28 The regional councils shall consist of 2 members of the County Road
29 Association of Michigan from counties in the region, 2 members of

1 the Michigan Municipal League from cities and villages in the
2 region, and 1 member of the department in each region. The members
3 of the department are nonvoting members and shall provide qualified
4 administrative staff and qualified technical assistance to the
5 regional councils.

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

13 (a) A ratio with a numerator that is the total number of local
14 bridges in the region and a denominator that is the total number of
15 local bridges in this state.

16 (b) A ratio with a numerator that is the total local bridge
17 deck area in the region and a denominator that is the total local
18 bridge deck area in this state.

19 (c) A ratio with a numerator that is the total amount of
20 structurally deficient local bridge deck area in the region and a
21 denominator that is the total amount of structurally deficient
22 local bridge deck area in this state.

23 (7) The regional bridge councils shall allocate the money
24 received from the board for the preservation, improvement, and
25 reconstruction of existing bridges or for the construction of
26 bridges to replace existing bridges in whole or in part in each
27 region.

28 (8) Each January, the department shall submit a report to the
29 chair and the minority vice-chair of the appropriations committees

1 of the senate and the house of representatives, and to the standing
2 committees on transportation of the senate and the house of
3 representatives, on all of the following activities for the
4 previous state fiscal year:

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

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

9 (c) The actual weights used in the calculation required under
10 subsection (6).

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

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

14 (9) The state transportation commission shall borrow money and
15 issue notes or bonds in an amount of not less than \$30,000,000.00
16 to supplement the funding provided for the local bridge program
17 under subsection (5). The bonds or notes issued under this
18 subsection may be issued by the commission for any purpose for
19 which other local bridge money may be used under this section. The
20 bonds or notes authorized by this subsection shall be issued by
21 resolution of the state transportation commission consistent with
22 the requirements of section 18b.

23 (10) The department shall promulgate rules under the
24 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
25 24.328, governing the administration of the local bridge program.
26 The rules shall set forth the eligibility criteria for financial
27 assistance under the program and other matters related to the
28 program that the department considers necessary and desirable. The
29 department shall take into consideration the availability of

1 federal aid and other financial resources of the highway authority
2 responsible for the bridge, the importance of the bridge to the
3 highway, road, or street network, and the condition of the existing
4 bridge.

5 (11) The revenue appropriated to the local bridge fund under
6 subsection ~~(1) (e)~~ **(1) (i)** shall be distributed only to the local
7 bridge advisory board, the regional bridge councils, cities,
8 villages, and county road commissions.

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

15 (13) A county road commission, city, or village may implement
16 a bridge project if the bridge project has been selected for
17 funding and is included in the appropriate regional bridge
18 council's current multiyear bridge plan for the local bridge
19 program but the regional bridge council has not allocated money to
20 the bridge project for the fiscal year that the bridge project is
21 on the current multiyear bridge plan. A county road commission,
22 city, or village may borrow money to implement a project that has
23 been selected for funding and is included in the appropriate
24 regional bridge council's current multiyear bridge plan but has not
25 been allocated money by the regional bridge council. Based on
26 available local bridge money, when a bridge project that was
27 implemented with borrowed money is allocated funding in a
28 subsequent fiscal year, the funding shall only be used to repay the
29 amount approved by the multiyear bridge plan when the money was

1 borrowed. To be eligible for repayment of the amount borrowed, a
2 bridge project that has been implemented with borrowed money shall
3 be administered through the department's local bridge program.

4 **Sec. 10i. (1) Except as provided in section 10(1)(d) to (f),**
5 **the revenue from the tax levied under section 8 of the motor fuel**
6 **tax act, 2000 PA 403, MCL 207.1008, shall be returned to the county**
7 **in which the motor fuel upon which the tax was levied was sold.**

8 **(2) Money received by a county under subsection (1) shall be**
9 **used for the preservation and maintenance of county roads within**
10 **that county.**

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