

SENATE BILL NO. 519

September 12, 2019, Introduced by Senator MACDONALD 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.

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
 5 investment of the fund. The state treasurer shall credit to the

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

26 (a) Not more than \$3,000,000.00 as may be annually
27 appropriated each fiscal year to the state trunk line fund for
28 subsequent deposit in the rail grade crossing account.

29 (b) Not more than \$3,000,000.00 as may be annually

1 appropriated each fiscal year to the state trunk line fund for
2 subsequent deposit in the grade crossing surface account.

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

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

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

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

1 commissions.

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

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

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

10 (j) \$36,775,000.00 to the state trunk line fund for subsequent
11 deposit in the transportation economic development fund **created in**
12 **section 2 of 1987 PA 231, MCL 247.902**, with first priority for
13 allocation to debt service on bonds issued to fund transportation
14 economic development fund projects. In addition, \$3,500,000.00 is
15 appropriated from the Michigan transportation fund to the state
16 trunk line fund for subsequent deposit in the transportation
17 economic development fund **created in section 2 of 1987 PA 231, MCL**
18 **247.902**, to be used for economic development road projects in any
19 of the targeted industries described in section 9(1)(a) of 1987 PA
20 231, MCL 247.909.

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

24 (l) The balance of the Michigan transportation fund as follows,
25 after deduction of the amounts appropriated in subdivisions (a) to
26 (k):

27 (i) **Except as otherwise provided in this subparagraph**, 39.1% to
28 the state trunk line fund for the purposes described in section 11.
29 **Before distribution to the state trunk line fund for purposes**

1 described in section 11, each year an amount equal to 25% of the
2 federal funds described in section 10o received in the immediately
3 preceding fiscal year shall be distributed as follows:

4 (A) 64.2% to the county road commissions of this state as
5 provided in section 12.

6 (B) 35.8% to cities and villages of this state as provided in
7 section 13.

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

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

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

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

29 (4) A fund to be known as the local bridge fund is established

1 in the state treasury as a separate fund. The money appropriated to
2 the local bridge fund and the interest accruing to that fund shall
3 be expended for the local bridge program. The purpose of the fund
4 is to provide financial assistance to highway authorities for the
5 preservation, improvement, or reconstruction of existing bridges or
6 for the construction of bridges to replace existing bridges in
7 whole or part. The money in the local bridge fund is not subject to
8 section 12(15) or 13(5). The local bridge advisory board is created
9 and shall consist of 6 voting members appointed by the state
10 transportation commission and 2 nonvoting members appointed by the
11 department. The board shall include 3 members from the County Road
12 Association of Michigan, 1 member who represents counties with
13 populations 65,000 or greater, 1 member who represents counties
14 with populations greater than 30,000 and less than 65,000, and 1
15 member who represents counties with populations of 30,000 or less.
16 Three members shall be appointed from the Michigan Municipal
17 League, 1 member who represents cities with a population 75,000 or
18 greater, 1 member who represents cities with a population less than
19 75,000, and 1 member who represents villages. Each organization
20 with voting rights shall submit a list of nominees in each
21 population category to the state transportation commission. The
22 state transportation commission shall make the appointments from
23 the lists submitted under this subsection. Voting members shall be
24 appointed for 2 years. The chairperson of the board shall be
25 selected from among the voting members of the board. In addition to
26 the 2 nonvoting members, the department shall provide qualified
27 administrative staff and qualified technical assistance to the
28 board.

29 (5) No less than 5% and no more than 15% of the money received

1 in the local bridge fund may be used for critical repair of large
2 bridges and emergencies as determined by the local bridge advisory
3 board. Money remaining after the money allocated for critical large
4 bridge repair and emergencies is deducted shall be distributed by
5 the board to the regional bridge councils created under this
6 section. One regional council shall be formed for each department
7 of transportation region as those regions exist on October 1, 2004.
8 The regional councils shall consist of 2 members of the County Road
9 Association of Michigan from counties in the region, 2 members of
10 the Michigan Municipal League from cities and villages in the
11 region, and 1 member of the department in each region. The members
12 of the department are nonvoting members and shall provide qualified
13 administrative staff and qualified technical assistance to the
14 regional councils.

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

22 (a) A ratio with a numerator that is the total number of local
23 bridges in the region and a denominator that is the total number of
24 local bridges in this state.

25 (b) A ratio with a numerator that is the total local bridge
26 deck area in the region and a denominator that is the total local
27 bridge deck area in this state.

28 (c) A ratio with a numerator that is the total amount of
29 structurally deficient local bridge deck area in the region and a

1 denominator that is the total amount of structurally deficient
2 local bridge deck area in this state.

3 (7) The regional bridge councils shall allocate the money
4 received from the board for the preservation, improvement, and
5 reconstruction of existing bridges or for the construction of
6 bridges to replace existing bridges in whole or in part in each
7 region.

8 (8) Each January, the department shall submit a report to the
9 chair and the minority vice-chair of the appropriations committees
10 of the senate and the house of representatives, and to the standing
11 committees on transportation of the senate and the house of
12 representatives, on all of the following activities for the
13 previous state fiscal year:

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

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

18 (c) The actual weights used in the calculation required under
19 subsection (6).

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

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

23 (9) The state transportation commission shall borrow money and
24 issue notes or bonds in an amount of not less than \$30,000,000.00
25 to supplement the funding provided for the local bridge program
26 under subsection (5). The bonds or notes issued under this
27 subsection may be issued by the commission for any purpose for
28 which other local bridge money may be used under this section. The
29 bonds or notes authorized by this subsection shall be issued by

1 resolution of the state transportation commission consistent with
2 the requirements of section 18b.

3 (10) The department shall promulgate rules under the
4 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
5 24.328, governing the administration of the local bridge program.
6 The rules shall set forth the eligibility criteria for financial
7 assistance under the program and other matters related to the
8 program that the department considers necessary and desirable. The
9 department shall take into consideration the availability of
10 federal aid and other financial resources of the highway authority
11 responsible for the bridge, the importance of the bridge to the
12 highway, road, or street network, and the condition of the existing
13 bridge.

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

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

24 (13) A county road commission, city, or village may implement
25 a bridge project if the bridge project has been selected for
26 funding and is included in the appropriate regional bridge
27 council's current multiyear bridge plan for the local bridge
28 program but the regional bridge council has not allocated money to
29 the bridge project for the fiscal year that the bridge project is

1 on the current multiyear bridge plan. A county road commission,
2 city, or village may borrow money to implement a project that has
3 been selected for funding and is included in the appropriate
4 regional bridge council's current multiyear bridge plan but has not
5 been allocated money by the regional bridge council. Based on
6 available local bridge money, when a bridge project that was
7 implemented with borrowed money is allocated funding in a
8 subsequent fiscal year, the funding shall only be used to repay the
9 amount approved by the multiyear bridge plan when the money was
10 borrowed. To be eligible for repayment of the amount borrowed, a
11 bridge project that has been implemented with borrowed money shall
12 be administered through the department's local bridge program.

13 Enacting section 1. This amendatory act does not take effect
14 unless Senate Bill No. 518 of the 100th Legislature is enacted into
15 law.