

HOUSE BILL NO. 5945

September 24, 2024, Introduced by Reps. Shannon and Conlin and referred to the Committee on Transportation, Mobility 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; to investigate and study the tolling of roads, streets, highways, or bridges; and to repeal acts and parts of acts,"

by amending sections 10 and 11 (MCL 247.660 and 247.661), section 10 as amended by 2022 PA 50 and section 11 as amended by 2015 PA 175, and by adding section 11k.

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

1 for 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. Except as
4 otherwise provided in this section, the legislature shall
5 appropriate money for the necessary expenses incurred in the
6 administration and enforcement of the motor fuel tax act, 2000 PA
7 403, MCL 207.1001 to 207.1170, the motor carrier act, 1933 PA 254,
8 MCL 475.1 to 479.42, and sections 801 to 810 of the Michigan
9 vehicle code, 1949 PA 300, MCL 257.801 to 257.810. Money
10 appropriated for necessary expenses must be based upon established
11 cost allocation methodology that reflects actual costs.
12 Appropriations for the necessary expenses incurred by the
13 department of state in administration and enforcement of sections
14 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL 257.801
15 to 257.810, must be made from the Michigan transportation fund and
16 from money in the transportation administration collection fund
17 created in section 810b of the Michigan vehicle code, 1949 PA 300,
18 MCL 257.810b. Appropriations from the Michigan transportation fund
19 for the necessary expenses incurred by the department of state in
20 administration and enforcement of sections 801 to 810 of the
21 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, must
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 and**
14 **subject to section 11k, \$5,000,000.00 each year of the revenue from**
15 **3 cents of the tax levied under section 8(1)(a) of the motor fuel**
16 **tax act, 2000 PA 403, MCL 207.1008, to the local agency disaster**
17 **relief board fund created in section 11k.**

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

28 (g) ~~(f)~~ One-half of the revenue from 1 cent of the tax levied
29 under section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL

1 207.1008, to the state trunk line fund for the repair of state
 2 bridges under section 11, and 1/2 of the revenue from 1 cent of the
 3 tax levied under section 8(1)(a) of the motor fuel tax act, 2000 PA
 4 403, MCL 207.1008, to the local bridge fund created in subsection
 5 (4) for distribution only to cities, villages, and county road
 6 commissions.

7 **(h)** ~~(g)~~—\$50,000,000.00 to the state trunk line fund for debt
 8 service costs on state of Michigan projects.

9 **(i)** ~~(h)~~—Ten percent to the comprehensive transportation fund
 10 for the purposes described in section 10e.

11 **(j)** ~~(i)~~—\$5,000,000.00 to the local bridge fund established in
 12 subsection (4) for distribution only to the local bridge advisory
 13 board, the regional bridge councils, cities, villages, and county
 14 road commissions.

15 **(k)** ~~(j)~~—\$36,775,000.00 to the state trunk line fund for
 16 subsequent deposit in the transportation economic development fund
 17 created in section 2 of 1987 PA 231, MCL 247.902, with first
 18 priority for allocation to debt service on bonds issued to fund
 19 transportation economic development fund projects. In addition,
 20 \$3,500,000.00 is appropriated from the Michigan transportation fund
 21 to the state trunk line fund for subsequent deposit in the
 22 transportation economic development fund created in section 2 of
 23 1987 PA 231, MCL 247.902, to be used for economic development road
 24 projects in any of the targeted industries described in section
 25 9(1)(a) of 1987 PA 231, MCL 247.909.

26 **(l)** ~~(k)~~—Not less than \$33,000,000.00 as may be annually
 27 appropriated each fiscal year to the local program fund created in
 28 section 11e.

29 **(m)** ~~(l)~~—The balance of the Michigan transportation fund, as

1 well as funds allocated to the Michigan transportation fund and
2 collected under the Michigan Regulation and Taxation of Marihuana
3 Act, 2018 IL 1, MCL 333.27951 to 333.27967, as follows, after
4 deduction of the amounts appropriated in subdivisions (a) to
5 ~~(k)~~ (l) :

6 (i) 39.1% to the state trunk line fund for the purposes
7 described in section 11 and section 10o(5).

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

18 (3) From federal funds, an amount equal to 31-1/2% of the
19 money formerly appropriated to this state from the federal
20 government under former 23 USC 157, commonly known as minimum
21 guarantee funds, must be allocated to the transportation economic
22 development fund, if the allocation is consistent with federal law.
23 This money must be distributed 16-1/2% for development projects for
24 rural counties as defined by law and 15% for capacity improvement
25 or advanced traffic management systems in urban counties as defined
26 by law. Federal money allocated for distribution under this section
27 is eligible for obligation and use by all recipients as provided in
28 the moving ahead for progress in the 21st century act, Public Law
29 112-141.

1 (4) A fund to be known as the local bridge fund is established
2 in the state treasury as a separate fund. The money appropriated to
3 the local bridge fund and the interest accruing to that fund must
4 be expended for the local bridge program. The purpose of the fund
5 is to provide financial assistance to highway authorities for the
6 preservation, improvement, or reconstruction of existing bridges or
7 for the construction of bridges to replace existing bridges in
8 whole or part. The money in the local bridge fund is not subject to
9 section 12(15) or 13(5). The local bridge advisory board is created
10 and must consist of 6 voting members appointed by the state
11 transportation commission and 2 nonvoting members appointed by the
12 department. The board must include 3 members from the County Road
13 Association of Michigan, 1 member who represents counties with
14 populations 65,000 or greater, 1 member who represents counties
15 with populations greater than 30,000 and less than 65,000, and 1
16 member who represents counties with populations of 30,000 or less.
17 Three members must be appointed from the Michigan Municipal League,
18 1 member who represents cities with a population 75,000 or greater,
19 1 member who represents cities with a population less than 75,000,
20 and 1 member who represents villages. Each organization with voting
21 rights shall submit a list of nominees in each population category
22 to the state transportation commission. The state transportation
23 commission shall make the appointments from the lists submitted
24 under this subsection. Voting members must be appointed for 2
25 years. The chairperson of the board must be selected from among the
26 voting members of the board. In addition to the 2 nonvoting
27 members, the department shall provide qualified administrative
28 staff and qualified technical assistance to the 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 must be distributed by
5 the board to the regional bridge councils created under this
6 section. One regional council must be formed for each department of
7 transportation region as those regions exist on October 1, 2004.
8 The regional councils must 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 must be distributed among the regional bridge
18 councils according to all of the following ratios, which must 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 must 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 must 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)(i)~~ **(1)(j)** must 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 must 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 must
12 be administered through the department's local bridge program.

13 Sec. 11. (1) A fund to be known as the state trunk line fund
14 is established in the state treasury as a separate fund. The money
15 deposited in the state trunk line fund is appropriated to the
16 department for the following purposes in the following order of
17 priority:

18 (a) For the payment, but only from money restricted as to use
19 by section 9 of article IX of the state constitution of 1963, of
20 bonds, notes, or other obligations in the following order of
21 priority:

22 (i) For the payment of contributions pledged before July 18,
23 1979 and required to be made by the state highway commission or the
24 state transportation commission under contracts entered into before
25 July 18, 1979, under 1941 PA 205, MCL 252.51 to 252.64, for the
26 payment of the principal and interest on bonds issued under 1941 PA
27 205, MCL 252.51 to 252.64, for the payment of which a sufficient
28 sum is irrevocably appropriated.

29 (ii) For the payment of the principal and interest upon bonds

1 designated "State of Michigan, State Highway Commissioner, Highway
 2 Construction Bonds, Series I", dated September 1, 1956, in the
 3 aggregate principal amount of \$25,000,000.00, issued pursuant to
 4 former 1955 PA 87 and the resolution of the state administrative
 5 board adopted August 6, 1956, for the payment of which a sufficient
 6 sum is irrevocably appropriated.

7 (iii) For the payment of the principal and interest on bonds
 8 issued under section 18b for transportation purposes other than
 9 comprehensive transportation purposes as defined by law and the
 10 payment of contributions pledged to the payment of principal and
 11 interest on bonds issued under section 18d and contracts entered
 12 into under section 18d by the state highway commission or state
 13 transportation commission to be made pursuant to contracts entered
 14 into under section 18d. A sufficient portion of the fund is
 15 irrevocably appropriated to pay, when due, the principal and
 16 interest on bonds or notes issued under section 18b for purposes
 17 other than comprehensive transportation purposes as defined by law,
 18 and to pay the annual contributions of the state highway commission
 19 and the state transportation commission as are pledged for the
 20 payment of bonds issued under contracts authorized by section 18d.

21 (b) For the transfer of money appropriated under section
 22 ~~10(1)(i)~~**10(1)(k)** to the transportation economic development fund,
 23 but the transfer shall be reduced each fiscal year by the amount of
 24 debt service to be paid in that year from the state trunk line fund
 25 for bonds, notes, or other obligations issued to fund projects of
 26 the transportation economic development fund, ~~which~~**in an** amount
 27 ~~shall~~**that must** be certified by the department.

28 (c) For the transfer of money appropriated under section
 29 10(1)(a) to the rail grade crossing account in the state trunk line

1 fund for expenditure for rail grade crossing improvement purposes
2 at rail grade crossings on public roads and streets under the
3 jurisdiction of this state, counties, cities, or villages. The
4 department shall select projects for funding in accordance with the
5 following:

6 (i) Not more than 50% or less than 30% of this money and
7 matched federal money ~~shall~~**may** be expended for state trunk line
8 projects.

9 (ii) In prioritizing projects for this money, in whole or in
10 part, the department shall consider train and vehicular traffic
11 volumes, accident history, traffic control device improvement
12 needs, and the availability of funding.

13 (iii) Consistent with the other requirements for this money, the
14 first priority for money deposited under this subdivision for rail
15 grade crossing improvements and retirement ~~shall be~~**is** to match
16 federal money from the railroad-highway grade crossing improvement
17 program or other comparable federal programs if a match is required
18 under federal law.

19 (iv) If the department and a road authority with jurisdiction
20 over the crossing formally agree that the grade crossing should be
21 eliminated by permanent closing of the public road or street, the
22 physical removal of the crossing, roadway within railroad rights of
23 way and street termination treatment ~~shall~~**must** be negotiated
24 between the road authority and railroad company. The money provided
25 to the road authority as a result of the crossing closure ~~shall~~
26 **must** be credited to its account representing the same road or
27 street system on which the crossing is located and ~~shall~~**must** be
28 used for any transportation purpose within that road authority's
29 jurisdiction.

1 (d) For the transfer of money appropriated under section
2 10(1)(b) to the grade crossing surface account in the state trunk
3 line fund for expenditure for rail grade crossing surface
4 improvement purposes at rail grade crossings on public roads and
5 streets under the jurisdiction of counties, cities, or villages.
6 Projects ~~shall~~**must** be selected for funding in accordance with the
7 following:

8 (i) In prioritizing projects, the department shall consider
9 vehicular traffic volumes, relative crossing surface condition, the
10 ability of the railroad and local road authority to make
11 coordinated improvements, and the availability of funding.

12 (ii) The grade crossing surface account ~~shall~~**must** fund 60% of
13 the project cost, with the remaining 40% funded by the railroad
14 company.

15 (iii) Funding under the grade crossing surface account ~~shall be~~
16 **is** limited to items of work that are normally the responsibility of
17 the railroad under section 309 of the railroad code of 1993, 1993
18 PA 354, MCL 462.309. Maintenance of the roadway approaches to the
19 crossing will continue to be the responsibility of the party with
20 jurisdiction over that roadway.

21 (e) For the total operating expenses of the state trunk line
22 fund for each fiscal year as appropriated by the legislature.

23 (f) For the preservation of state trunk line highways and
24 bridges.

25 (g) For the opening, widening, improving, construction, and
26 reconstruction of state trunk line highways and bridges, including
27 the acquisition of necessary rights of way and the work incidental
28 to that opening, widening, improving, construction, or
29 reconstruction. Those sums in the state trunk line fund not

1 otherwise appropriated, distributed, determined, or set aside by
2 law ~~shall~~**must** be used for the construction or reconstruction of
3 the national system of interstate and defense highways, referred to
4 in this act as "the interstate highway system" to the extent
5 necessary to match federal aid money as the federal aid money
6 becomes available for that purpose; and, for the construction and
7 reconstruction of the state trunk line system.

8 (h) The department may enter into agreements with a local road
9 agency or a private sector company to perform work on a highway,
10 road, or street. The agreements may provide for the performance by
11 any of the contracting parties of any of the work contemplated by
12 the contract including maintenance, engineering services, and the
13 acquisition of rights of way in connection with the work, by
14 purchase or condemnation by any of the contracting parties in its
15 own name, and for joint participation in the costs, but only to the
16 extent that the contracting parties are otherwise authorized by law
17 to expend money on the highways, roads, or streets. The department
18 also may contract with a local road agency to advance money to a
19 local road agency to pay the costs of improving railroad grade
20 crossings on the terms and conditions agreed to in the contract. A
21 contract may be executed before or after the state transportation
22 commission borrows money for the purpose of advancing money to a
23 local road agency, but the contract ~~shall~~**must** be executed before
24 the advancement of any money to a local road agency by the state
25 transportation commission, and ~~shall~~**must** provide for the full
26 reimbursement of any advancement by a local road agency to the
27 department, with interest, within 15 years after advancement, from
28 any available revenue sources of the local road agency or, if
29 provided in the contract, by deduction from the periodic

1 disbursements of any money returned by the state to the local road
2 agency.

3 (i) For providing inventories of supplies and materials
4 required for the activities of the department. The department may
5 purchase supplies and materials for these purposes, with payment to
6 be made out of the state trunk line fund to be charged on the basis
7 of issues from inventory in accordance with the accounting and
8 purchasing laws of this state.

9 (2) Notwithstanding any other provision of this act, the
10 department shall annually expend at least 90% of state revenue
11 appropriated annually to the state trunk line fund less the amounts
12 described in subdivisions (a) to (i) for the preservation of
13 highways, roads, streets, and bridges and for the payment of debt
14 service on bonds, notes, or other obligations described in
15 subsection (1)(a) issued after July 1, 1983, for the purpose of
16 providing money for the preservation of highways, roads, streets,
17 and bridges. Of the amounts appropriated for state trunk line
18 projects, the department shall, where possible, secure pavement
19 warranties for full replacement or appropriate repair for
20 contracted construction work on pavement projects whose cost
21 exceeds \$2,000,000.00 and projects for new construction or
22 reconstruction undertaken after ~~the effective date of the 2015~~
23 ~~amendatory act that amended this subsection.~~ **April 1, 2016.** The
24 department shall compile and make available to the public an annual
25 report of all warranties that were secured under this subsection
26 and all pavement projects whose costs exceed \$2,000,000.00 where a
27 warranty was not secured as provided in subsection (14). If an
28 appropriate certificate is filed under section 18e but only to the
29 extent necessary, this subsection does not prohibit the use of any

1 amount of money restricted as to use by section 9 of article IX of
2 the state constitution of 1963 and deposited in the state trunk
3 line fund for the payment of debt service on bonds, notes, or other
4 obligations pledging for the payment thereof money restricted as to
5 use by section 9 of article IX of the state constitution of 1963
6 and deposited in the state trunk line fund, whenever issued, as
7 specified under subsection (1)(a). The amounts that are deducted
8 from the state trunk line fund for the purpose of the calculation
9 required by this subsection are as follows:

10 (a) Amounts expended for the purposes described in subsection
11 (1)(a) for the payment of debt service on bonds, notes, or other
12 obligations issued before July 2, 1983.

13 (b) Amounts expended to provide the state matching requirement
14 for projects on the national highway system and for the payment of
15 debt service on bonds, notes, or other obligations issued after
16 July 1, 1983, for the purpose of providing money for the state
17 matching requirements for projects on the national highway system.

18 (c) Amounts expended for the construction of a highway,
19 street, road, or bridge to 1 or more of the following or for the
20 payment of debt service on bonds, notes, or other obligations
21 issued after July 1, 1983, for the purpose of providing money for
22 the construction of a highway, street, road, or bridge to 1 or more
23 of the following:

24 (i) A location for which a building permit has been obtained
25 for the construction of a manufacturing or industrial facility.

26 (ii) A location for which a building permit has been obtained
27 for the renovation of, or addition to, a manufacturing or
28 industrial facility.

29 (d) Amounts expended for capital outlay other than for

1 highways, roads, streets, and bridges or to pay debt service on
 2 bonds, notes, or other obligations issued after July 1, 1983, for
 3 the purpose of providing money for capital outlay other than for
 4 highways, roads, streets, and bridges.

5 (e) Amounts expended for the operating expenses of the
 6 department other than the units of the department performing the
 7 functions assigned on January 1, 1983 to the bureau of highways.

8 (f) Amounts expended pursuant to contracts entered into before
 9 January 1, 1983.

10 (g) Amounts expended for the purposes described in subsection
 11 (5).

12 (h) Amounts appropriated for deposit in the ~~transportation~~
 13 ~~economic development fund and the rail grade crossing account~~
 14 ~~pursuant to~~ **under** section 10(1) (a) and ~~(h)~~ **the transportation**
 15 **economic development fund under section 10(1) (k) .**

16 (i) Upon the affirmative recommendation of the director of the
 17 department and the approval by resolution of the state
 18 transportation commission, those amounts expended for projects
 19 vital to the economy of this state, a region, or local area or the
 20 safety of the public. The resolution ~~shall~~ **must** state the cost of
 21 the project exempted from this subsection.

22 (3) Notwithstanding any other provision of this act, the
 23 department shall expend annually at least 90% of the federal
 24 revenue distributed to the credit of the state trunk line fund in
 25 that year, except for federal revenue expended for the purposes
 26 described in subsection (2) (b), (c), (f), and (i) and for the
 27 payment of notes issued under section 18b(9) on the preservation of
 28 highways, roads, streets, and bridges. The requirement of this
 29 subsection is waived if compliance would cause this state to be

1 ineligible according to federal law for federal revenue, but only
2 to the extent necessary to make this state eligible according to
3 federal law for that revenue.

4 (4) Notwithstanding any other provision of this section, the
5 department may loan money to a local road agency for paying capital
6 costs of transportation purposes described in the second paragraph
7 of section 9 of article IX of the state constitution of 1963 from
8 the proceeds of bonds or notes issued ~~pursuant to~~**under** section 18b
9 or from the state trunk line fund. Loans made directly from the
10 state trunk line fund ~~shall~~**must not** be made ~~only after provision~~
11 ~~of~~**until** money **is provided** for the purposes specified in subsection
12 (1)(a) to (f). Loans described in this subsection are not subject
13 to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to
14 141.2821.

15 (5) A local road agency may borrow money from the proceeds of
16 bonds or notes issued under section 18b or the state trunk line
17 fund for the purposes set forth in subsection (4) that ~~shall be~~**are**
18 repayable, with interest, from 1 or more of the following:

19 (a) The money to be received by the local road agency from the
20 Michigan transportation fund, except to the extent the money has
21 been or may in the future be pledged by contract ~~in accordance with~~
22 **under** 1941 PA 205, MCL 252.51 to 252.64, or has been or may in the
23 future be pledged for the payment of the principal and interest
24 upon notes issued under 1943 PA 143, MCL 141.251 to 141.254, or has
25 been or may in the future be pledged for the payment of principal
26 and interest upon bonds issued under section 18c or 18d, or has
27 been or may in the future be pledged for the payment of the
28 principal and interest upon bonds issued under 1952 PA 175, MCL
29 247.701 to 247.707.

1 (b) Any other legally available money of the local road
2 agency, other than the general funds of the county.

3 (6) If required by the department, loans made under subsection
4 (4) are payable by deduction by the state treasurer, upon direction
5 of the department, from the periodic disbursements of any money
6 returned by this state under this act to the local road agency, but
7 only after sufficient money has been returned to the local road
8 agency to provide for the payment of contractual obligations
9 incurred or to be incurred and principal and interest on notes and
10 bonds issued or to be issued under 1941 PA 205, MCL 252.51 to
11 252.64, 1943 PA 143, MCL 141.251 to 141.254, 1952 PA 175, MCL
12 247.701 to 247.707, or section 18c or 18d. The **department shall**
13 **establish** interest rates and payment schedules of any loans made
14 from the proceeds of bonds or notes issued ~~pursuant to under~~
15 section 18b ~~shall be established by the department to conform as~~
16 closely as practicable to the interest rate and repayment schedules
17 on the bonds or notes issued to make the loans. However, the
18 department may allow for the deferral of the first payment of
19 interest or principal on the loans for a period of not to exceed 1
20 year after the respective first payment of interest or principal on
21 the bonds or notes issued to make the loans.

22 (7) The amount borrowed by a local road agency under
23 subsection (5) ~~shall must~~ not be included in, or charged against,
24 any constitutional, statutory, or charter debt limitation of the
25 county, city, or village and ~~shall must~~ not be included in the
26 determination of the maximum annual principal and interest
27 requirements of, or the limitations upon, the maximum annual
28 principal and interest incurred under 1941 PA 205, MCL 252.51 to
29 252.64, 1943 PA 143, MCL 141.251 to 141.254, 1952 PA 175, MCL

1 247.701 to 247.707, or section 18c or 18d.

2 (8) The local road agency is not required to seek or obtain
 3 the approval of the electors, the municipal finance commission or
 4 its successor agency, or, except as provided in this subsection,
 5 the department of treasury to borrow money under subsection (5).
 6 The borrowing is not subject to the revised municipal finance act,
 7 2001 PA 34, MCL 141.2101 to 141.2821, or to section ~~5(g)~~**5(1)(g)** of
 8 the home rule city act, 1909 PA 279, MCL 117.5. The department
 9 shall give at least 10 days' notice to the state treasurer of its
 10 intention to make a loan under subsection (4). If the state
 11 treasurer gives notice to the director of the department within 10
 12 days ~~of~~**after** receiving the notice from the department, that, based
 13 upon the then existing financial or credit situation of the local
 14 road agency, it would not be in the best interests of this state to
 15 make a loan under subsection (4) to the local road agency, the loan
 16 ~~shall~~**must** not be made unless the state treasurer, after a hearing,
 17 if requested by the affected local road agency, subsequently gives
 18 notice to the director of the department that the loan may be made
 19 on the conditions that the state treasurer specifies.

20 (9) The state transportation commission may borrow money and
 21 issue bonds and notes under section 18b to make loans to a local
 22 road agency for the purposes described in the second paragraph of
 23 section 9 of article IX of the state constitution of 1963, as
 24 provided in subsection (4). A single issue of bonds or notes may be
 25 issued for the purposes specified in subsection (4) and for the
 26 other purposes specified in section 18b. The **department shall**
 27 **notify the** house and senate transportation appropriations
 28 subcommittees ~~shall be notified by the department~~ if there are
 29 extras and overruns sufficient to require approval of either the

1 state administrative board or the commission, or both, on any
2 contract between the department and a local road agency or a
3 private business.

4 (10) The director of the department, after consultation with
5 representatives of the interests of local road agencies, shall
6 establish, by intergovernmental communication, procedures for the
7 implementation and administration of the loan program established
8 under subsections (4) to (9).

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

22 (12) Any performance audits of the department ~~shall~~ **must** be
23 conducted according to government auditing standards issued by the
24 United States General Accounting Office.

25 (13) Contracts entered into to advance money to a local road
26 agency under subsection ~~(1)(g)~~ **(1)(h)** are not subject to the
27 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
28 141.2821.

29 (14) The department shall prepare on an annual basis a report

1 listing all warranties that were secured under subsection (2) and
2 indicate whether any of those warranties were redeemed and all
3 pavement projects whose costs exceed \$2,000,000.00 for which a
4 warranty was not secured as described in subsection (2). The
5 department shall make the report required by this subsection
6 available to the public upon request and shall also post the report
7 on its website, which ~~shall~~**must** include, but is not limited to,
8 all of the following information:

9 (a) The type of project.

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

11 (c) The expected lifespan of the project.

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

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

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

19 (15) As used in this section:

20 (a) "Local road agency" means that term as defined in section
21 9a.

22 (b) "Rail grade crossing improvement purposes" means 1 or more
23 of the following:

24 (i) The installation and modernization of active and passive
25 warning devices at railroad grade crossings.

26 (ii) The installation or improvement of grade crossing
27 surfaces.

28 (iii) Modification, relocation, or modernization of railroad
29 grade crossing active and passive warning devices necessitated by

1 roadway improvement projects.

2 (iv) Test installations of innovative warning devices or other
3 innovative applications.

4 (v) Construction of new grade separations.

5 (vi) A cash incentive payment made ~~pursuant to~~**under** subsection
6 (1) (c) (iv) for any public road or street crossing, in an amount no
7 greater than the cost of installing flashing light signals and half
8 roadway gates at the crossing.

9 (vii) Any other work that would be eligible for funding under
10 the federal railroad-highway grade crossing improvement program or
11 other comparable programs.

12 (c) "Transportation economic development fund" means the
13 transportation economic development fund created in section 2 of
14 1987 PA 231, MCL 247.902.

15 Sec. 11k. (1) The local agency disaster relief board fund is
16 created in the state treasury. The state treasurer shall deposit
17 money and other assets received from any source in the fund. The
18 state treasurer shall direct the investment of money in the fund
19 and credit interest and earnings from the investments to the fund.
20 The department is the administrator of the fund for audits of the
21 fund.

22 (2) The money appropriated to the fund and the interest
23 accruing to the fund shall be expended by the board as provided in
24 this section. Up to \$5,000,000.00 annually may be deposited in the
25 fund and the balance of the fund shall not exceed \$50,000,000.00 at
26 the beginning of a fiscal year plus funds already obligated but not
27 spent. The money in the fund is not subject to section 12(15).

28 (3) The local agency disaster relief program is created in the
29 department. The program must provide financial assistance as

1 provided in this section and in accordance with the board's
2 policies, criteria, agreements, or contracts to assist in repairing
3 or replacing a local road agency's infrastructure following a local
4 or state-level declared emergency.

5 (4) The local agency disaster relief board is created in the
6 department. The first members of the board must be appointed by not
7 later than October 1, 2025. The board must, except as otherwise
8 provided in this section, consist of the all of the following
9 individuals:

10 (a) Three voting members appointed by the County Road
11 Association of Michigan.

12 (b) Two voting members appointed by the Michigan Municipal
13 League.

14 (c) One voting member, who must be an engineer, appointed
15 jointly by the County Road Association of Michigan and the Michigan
16 Municipal League.

17 (d) One nonvoting member appointed by the department.

18 (e) One nonvoting member appointed by the department of
19 environment, Great Lakes, and energy.

20 (f) One nonvoting member appointed by the department of state
21 police.

22 (5) Except as provided in subsection (6), members of the board
23 shall serve for terms of 2 years or until a successor is appointed,
24 whichever is later.

25 (6) Of the first members appointed to the board, the following
26 members shall serve a term of 3 years:

27 (a) Two voting members appointed under subsection (4) (a) as
28 determined by the County Road Association of Michigan.

29 (b) One voting member appointed under subsection (4) (b) as

1 determined by the Michigan Municipal League.

2 (c) The nonvoting member appointed under subsection (4)(d).

3 (7) At the expiration of a member's term or if a vacancy
4 occurs on the board, an individual must be appointed to the board
5 or to fill the vacancy for the remainder of the term subject to all
6 of the following:

7 (a) A successor to a voting member appointed under subsection
8 (4)(a), (b), or (c) must be appointed jointly by the County Road
9 Association of Michigan and the Michigan Municipal League.

10 (b) A successor to a nonvoting member appointed under
11 subsection (4)(d), (e), or (f) must be appointed by the same
12 department that appointed that nonvoting member.

13 (8) A member of the board may be removed by the governor or
14 the board for incompetence, dereliction of duty, malfeasance,
15 misfeasance, nonfeasance in office, or any other good cause.

16 (9) The nonvoting member appointed by the department under
17 subsection (4)(d) shall call the first meeting of the board. At the
18 first meeting, the board shall elect from among the board's voting
19 members a chairperson and other officers that the board considers
20 necessary or appropriate. After the first meeting, the board shall
21 meet at least quarterly. The chairperson may call a special meeting
22 of the board in response to a local or state-level declared
23 emergency that is of a fiscal magnitude established as actionable
24 by the board.

25 (10) A majority of the voting members of the board constitute
26 a quorum for the transaction of business at a meeting of the board.
27 A majority of the voting members present and serving is required
28 for official action of the board.

29 (11) A member of the board shall serve without compensation

1 but may receive reimbursement for necessary travel and expenses
2 consistent with applicable law and the rules and procedures of the
3 civil service commission and department of technology, management,
4 and budget or local road agency policies, subject to available
5 funding.

6 (12) The board shall conduct its business in compliance with
7 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

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

12 (14) The board may employ part-time or full-time managers or
13 engineers and may contract with a person, in accordance with the
14 board's policies, to provide expertise or to perform professional
15 or technical services, administrative assistance, or legal counsel
16 in accordance with the board's policies. The board shall determine
17 the duties of a manager, engineer, or other person employed under
18 this subsection and shall require the manager, engineer, or other
19 person to maintain all necessary insurances.

20 (15) The program shall provide funding to local road agencies
21 for 1 or more of the following:

22 (a) Restoring or replacing a public local road, bridge, or
23 other physical transportation infrastructure to the condition
24 existing before the state-level declared emergency event or to the
25 current state and federal standards as recognized in board policy,
26 if the local road agency has exhausted all other federal and state
27 funding sources.

28 (b) Completing engineering and design to meet current
29 standards.

1 (c) Purchasing land or construction easements required to
2 construct the public road, bridge, or physical transportation
3 infrastructure.

4 (d) Conducting inspection and oversight necessary to ensure
5 that performance standards are met.

6 (e) Performing project administration necessary to ensure that
7 financial accountability standards are met.

8 (16) The board may approve the use of money in the fund for
9 other activities, including, but not limited to, items not
10 otherwise eligible for funding from a federal or state disaster
11 program or from federal or state matching funds, needed to restore
12 a public road, a bridge, drainage, or other facilities as permitted
13 by law on a demonstrated need by a local road agency.

14 (17) To obtain funding under subsection (15), a local road
15 agency must file a funding application with the board at any time
16 as determined by the board, on a form approved by the board that
17 contains the information required by the board.

18 (18) The board shall establish policies, criteria,
19 definitions, and timelines for funding a repair or replace work
20 project and a review process for considering funding applications.
21 By not later than 180 days after receiving a funding application,
22 the board shall notify the applicant in writing whether the funding
23 application is approved in part or in entirety, or if the funding
24 application is rejected or remains pending for a specific reason.
25 Before releasing money from the program, the board shall enter into
26 an agreement with the funding recipient.

27 (19) For each year in which the board receives funding
28 applications under subsection (17), the board shall report by
29 October 1 to the standing committees of the senate and house of

1 representatives with primary jurisdiction over transportation
2 issues and to the senate and house of representatives appropriation
3 subcommittees on transportation on the utilization of money from
4 the fund. The report must include, at a minimum, all of the
5 following:

6 (a) The number of funding applications received.

7 (b) The name of each local road agency that submitted a
8 funding application and whether each funding application was
9 approved or denied.

10 (c) The amount of local match for each funding application
11 that was granted.

12 (d) The individual and annual cumulative amount of money
13 awarded under this section, including an identification of the
14 purpose of the money awarded.

15 (20) As used in this section:

16 (a) "Board" means the local agency disaster relief board
17 created in subsection (4).

18 (b) "Fund" means the local agency disaster relief board fund
19 created in subsection (1).

20 (c) "Funding application" means an application under
21 subsection (17) for money from the program.

22 (d) "Local road agency" means that term as defined in section
23 9a.

24 (e) "Program" means the local agency disaster relief program
25 created in subsection (3).

26 Enacting section 1. This amendatory act does not take effect
27 unless Senate Bill No. _____ or House Bill No. 5944 (request no.
28 06350'24 a) of the 102nd Legislature is enacted into law.