



HOUSE BILL No. 4951

June 13, 1995, Introduced by Reps. London and DeLange and referred to the Committee on Transportation.

A bill to amend sections 3, 9a, 10, 11, and 12 of Act No. 51 of the Public Acts of 1951, entitled as amended

"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 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 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, critical 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 certain acts and parts of acts,"

section 9a as amended by Act No. 234 of the Public Acts of 1987 and sections 10, 11, and 12 as amended by Act No. 294 of the Public Acts of 1993, being sections 247.653, 247.659a, 247.660, 247.661, and 247.662 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 3, 9a, 10, 11, and 12 of Act No. 51 of
2 the Public Acts of 1951, section 9a as amended by Act No. 234 of
3 the Public Acts of 1987 and sections 10, 11, and 12 as amended by
4 Act No. 294 of the Public Acts of 1993, being sections 247.653,
5 247.659a, 247.660, 247.661, and 247.662 of the Michigan Compiled
6 Laws, are amended to read as follows:

7 Sec. 3. Roads may, from time to time, be included in or
8 deleted from the county primary road system of any county by
9 selection of the BOARD OF county road ~~commission~~ COMMISSIONERS
10 and approval of the state ~~highway commissioner~~ TRANSPORTATION
11 DEPARTMENT in the same manner and by the same procedure as
12 provided in section 2 ~~hereof~~ for the adoption of any county
13 primary road system in the first instance.

1 Sec. 9a. (1) The state transportation commission shall
2 maintain a continuing study of the transportation needs of the
3 state. By December 1, ~~1987~~ 1995 and every 4 years thereafter,
4 the governor shall appoint not more than 5 persons to 4-year
5 terms, who shall serve as a needs study committee. The appoint-
6 ments shall be subject to the advice and consent of the senate.
7 The committee shall include at least 1 representative of the fol-
8 lowing interests:

9 (a) Manufacturing.

10 (b) Commerce.

11 (c) Agriculture.

12 (d) Tourism.

13 (e) Labor.

14 (2) A citizens advisory committee shall be created to
15 receive and comment upon all reports, studies, and recommenda-
16 tions prepared by the various designated technical subcommittees
17 prior to but not later than the submission of the reports,
18 studies, and recommendations to the needs study committee. The
19 members of the citizens advisory committee shall be given suffi-
20 cient time and opportunity to provide members of the needs study
21 committee their majority, minority, or individual views of the
22 reports, studies, and recommendations of the various designated
23 technical subcommittees. The governor shall appoint not more
24 than 23 persons to 4-year terms, who shall serve as a citizens
25 advisory committee and shall include at least 1 representative of
26 the following organizations:

- 1 (a) Michigan farm bureau.
- 2 (b) Michigan trucking association.
- 3 (c) Michigan association of counties.
- 4 (d) Michigan townships association.
- 5 (e) Michigan state chamber of commerce.
- 6 (f) Michigan tourist association.
- 7 (g) County road association of Michigan.
- 8 (h) Michigan public transit association.
- 9 (i) Michigan association of railroads.
- 10 (j) Michigan municipal league.
- 11 (k) Michigan motor bus association.
- 12 (l) Area agency for aging.
- 13 (m) Michigan association of railroad passengers.
- 14 (n) Nonmotorized advisory commission.
- 15 (o) Michigan association of airport executives.
- 16 (p) American association of aviation businesses.
- 17 (q) American association of retired persons.
- 18 (r) Michigan council for independent living.
- 19 (3) The state transportation department shall provide quali-
20 fied staff, needs, technical oversight, and fiscal analysis sub-
21 committees, and provide by January 1, 1988, a recommended work
22 program to the needs study committee to enable the committee to
23 carry out its functions.
- 24 (4) By a majority vote of the needs study committee, the
25 committee shall report to the governor, the state transportation
26 commission, and the legislature on the identified capital and
27 maintenance needs, transportation investment and maintenance

1 priorities, relative use of transportation systems,
2 responsibilities for the identified needs including economic
3 development needs, transportation funding options, historical
4 transportation financing patterns as they relate to total state-
5 wide fiscal resources, and strategies for maximizing the returns
6 on transportation investments. All studies and reports relating
7 to highways shall be reported according to functional and legal
8 classification. ~~The committee shall publish a preliminary~~
9 ~~report of the data and findings by January 1, 1989.~~ The commit-
10 tee, after holding appropriate public hearings, shall recommend,
11 if it considers it necessary, alterations of formulas for trans-
12 portation funding and alterations to the distributions of trans-
13 portation responsibilities before January 1, ~~1990~~ 1994, and
14 before January 1 of each fourth year thereafter. The report and
15 recommendations shall also include any positions which a minority
16 of the needs study committee support.

17 Sec. 10. (1) A fund to be known as the Michigan transporta-
18 tion fund is established and shall be set up and maintained in
19 the state treasury as a separate fund. Money received and col-
20 lected under Act No. 150 of the Public Acts of 1927, ~~as~~
21 ~~amended,~~ being sections 207.101 to 207.202 of the Michigan
22 Compiled Laws, except a license fee provided in that act, and a
23 tax, fee, license, and other money received and collected under
24 sections 801 to 810 of the Michigan vehicle code, Act No. 300 of
25 the Public Acts of 1949, ~~as amended,~~ being sections 257.801 to
26 257.810 of the Michigan Compiled Laws, except a truck safety fund
27 fee provided in section 801(1)(k) of Act No. 300 of the Public

1 Acts of 1949, being section 257.801 of the Michigan Compiled
2 Laws, and money received under the motor carrier act, Act No. 254
3 of the Public Acts of 1933, ~~as amended,~~ being sections 475.1 to
4 ~~479.20~~ 479.43 of the Michigan Compiled Laws, shall be deposited
5 in the state treasury to the credit of the Michigan transporta-
6 tion fund. In addition, income or profit derived from the
7 investment of money in the Michigan transportation fund shall be
8 deposited in the Michigan transportation fund. Except as pro-
9 vided in this act, no other money, whether appropriated from the
10 general fund of this state or any other source, shall be depos-
11 ited in the Michigan transportation fund. The legislature shall
12 appropriate funds for the necessary expenses incurred in the
13 administration and enforcement of Act No. 150 of the Public Acts
14 of 1927, ~~as amended,~~ Act No. 254 of the Public Acts of 1933,
15 ~~as amended,~~ and sections 801 to 810 of Act No. 300 of the
16 Public Acts of 1949. ~~, as amended.~~ After deduction of the
17 amount as appropriated pursuant to section 91 of Act No. 150 of
18 the Public Acts of 1927, being section 207.191 of the Michigan
19 Compiled Laws, all money in the Michigan transportation fund is
20 apportioned and appropriated in the following manner:

21 (a) Beginning October 31, 1987 and for the fiscal years
22 ending September 30, 1988 through September 30, 1992:

23 (i) Not more than \$3,000,000.00 as may be annually appropri-
24 ated each fiscal year to the state trunk line fund for subsequent
25 deposit in the rail grade crossing account.

26 (ii) 10% to the comprehensive transportation fund for the
27 purposes described in section 10e.

1 (iii) \$21,550,000.00 to the state trunk line fund for
2 subsequent deposit in the transportation economic development
3 fund, or allocation to debt service on bonds issued to fund
4 transportation economic development fund projects for the fiscal
5 year ending September 30, 1988, and \$36,775,000.00 for each
6 fiscal year thereafter through the fiscal year ending
7 September 30, 1992.

8 (iv) The balance of the Michigan transportation fund as fol-
9 lows, after deduction of the amounts appropriated in subpara-
10 graphs (i), (ii), and (iii) and section 11b:

11 (A) 39.1% to the state trunk line fund for the purposes
12 described in section 11.

13 (B) 39.1% to the county road commissions of the state.

14 (C) 21.8% to the cities and villages of the state.

15 (b) Except as provided in subparagraph (vi), for the fiscal
16 years ending September 30, 1993 through September 30, 1998:

17 (i) Not more than \$3,000,000.00 as may be annually appropri-
18 ated each fiscal year to the state trunk line fund for subsequent
19 deposit in the rail grade crossing account.

20 (ii) Not less than \$3,000,000.00 each year to the critical
21 bridge fund established in section 11b for the purpose of payment
22 of the principal, interest, and redemption premium on any notes
23 or bonds issued by the state transportation commission under
24 section 11b.

25 (iii) 10% to the comprehensive transportation fund for the
26 purposes described in section 10e.

1 (iv) Not less than \$20,000,000.00 for FY 1992-93, not more
2 than \$33,000,000.00 for FY 1993-94 and 1994-95, not less than
3 \$33,000,000.00 for FY 1995-96, as may be annually appropriated,
4 based on actual increased revenues from motor fuel tax collec-
5 tions beginning in FY 1992-93, for deposit in the state trunk
6 line fund for subsequent deposit in the local program fund cre-
7 ated in section 11e.

8 (v) \$36,775,000.00 to the state trunk line fund for subse-
9 quent deposit in the transportation economic development fund, or
10 allocation to debt service on bonds issued to fund transportation
11 economic development fund projects.

12 (vi) The balance of the Michigan transportation fund as fol-
13 lows, after deduction of the amounts appropriated in subpara-
14 graphs (i) through (v) and section 11b:

15 (A) 39.1% to the state trunk line fund for the purposes
16 described in section 11. From this amount, after the payment of
17 debt service pursuant to section 11(1)(a), a state grant of not
18 more than \$78,000,000.00 shall be annually appropriated each
19 fiscal year through the fiscal year ending September 30, 1995 to
20 the local program fund created in section 11e. Beginning October
21 1, 1995, a state grant of not less than \$33,000,000.00, as may be
22 annually appropriated each fiscal year, after the payment of debt
23 service pursuant to section 11(1)(a), shall be made to the local
24 program fund created in section 11e.

25 (B) 39.1% to the county road commissions of the state.

26 (C) 21.8% to the cities and villages of the state.

1 (2) If a distribution formula is not enacted into law for
2 any time period beginning after September 30, 1998, the following
3 amounts are appropriated each fiscal year thereafter with the
4 balance reverting to the Michigan transportation fund until a
5 distribution formula is enacted:

6 (a) An amount is apportioned and appropriated to the compre-
7 hensive transportation fund sufficient to pay the principal and
8 interest payments due on bonds and notes issued for comprehensive
9 transportation purposes under section 18b.

10 (b) An amount is apportioned and appropriated to the state
11 trunk line fund sufficient to pay the principal and interest pay-
12 ments due on bonds and notes issued for those purposes for which
13 the state transportation commission may issue bonds and notes
14 under section 18b, except for those bonds and notes issued for
15 comprehensive transportation purposes, and sufficient to pay the
16 obligations of the state trunk line fund pursuant to contracts
17 entered into under section 18d, which contributions are pledged
18 for the payment of principal and interest on bonds issued under
19 section 18d.

20 (c) An amount is apportioned and appropriated to county road
21 commissions sufficient to pay the principal and interest payments
22 due on bonds and notes described in section 12(8).

23 (d) An amount is apportioned and appropriated to cities and
24 villages sufficient to pay the principal and interest payments
25 due on bonds and notes described in section 13(3)(a).

26 (3) The money appropriated pursuant to this section shall be
27 used for the purposes as provided in this act and any other

1 applicable act. The department shall develop programs to assist
2 small businesses as defined by law in becoming qualified to bid.

3 (4) The distribution formula enacted into law after
4 September 30, 1998 shall not adversely affect the ability of the
5 state or a city, village, county, or county road commission which
6 has issued bonds or notes payable from the Michigan transporta-
7 tion fund or the motor vehicle highway fund to pay the debt serv-
8 ice on those bonds or notes.

9 (5) Thirty-one and one-half percent of the funds appropri-
10 ated to this state from the federal government pursuant to 23
11 U.S.C. 157, commonly known as minimum allocation and donor state
12 bonus funds, shall be allocated to the transportation economic
13 development fund, if such an allocation is consistent with fed-
14 eral law. These funds shall be distributed 16-1/2% for develop-
15 ment projects for rural counties as defined by law and 15% for
16 capacity improvement or advanced traffic management systems in
17 urban counties as defined by law. Federal funds allocated for
18 distribution under this section shall be eligible for obligation
19 and use by all recipients as defined by the intermodal surface
20 transportation efficiency act of 1991, Public Law 102-240, 105
21 Stat. 1914.

22 Sec. 11. (1) A fund to be known as the state trunk line
23 fund is established and shall be set up and maintained in the
24 state treasury as a separate fund. The money deposited in the
25 state trunk line fund is appropriated to the state transportation
26 department for the following purposes in the following order of
27 priority:

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

5 (i) For the payment of contributions required to be made by
6 the state highway commission or the state transportation commis-
7 sion under contracts entered into before July 18, 1979, under Act
8 No. 205 of the Public Acts of 1941, ~~as amended,~~ being sections
9 252.51 to 252.64 of the Michigan Compiled Laws, which contribu-
10 tions have been pledged before July 18, 1979, for the payment of
11 the principal and interest on bonds issued under Act No. 205 of
12 the Public Acts of 1941, ~~as amended,~~ for the payment of which a
13 sufficient sum is irrevocably appropriated.

14 (ii) For the payment of the principal and interest upon
15 bonds designated "State of Michigan, State Highway Commissioner,
16 Highway Construction Bonds, Series I", dated September 1, 1956,
17 in the aggregate principal amount of \$25,000,000.00, issued pur-
18 suant to former Act No. 87 of the Public Acts of 1955 and the
19 resolution of the state administrative board adopted August 6,
20 1956, for the payment of which a sufficient sum is irrevocably
21 appropriated.

22 (iii) For the payment of the principal and interest on bonds
23 issued under section 18b for transportation purposes other than
24 comprehensive transportation purposes as defined by law and the
25 payment of contributions of the state highway commission or state
26 transportation commission to be made pursuant to contracts
27 entered into under section 18d, which contributions are pledged

1 to the payment of principal and interest on bonds issued under
2 the authorization of section 18d and contracts executed pursuant
3 to that section. A sufficient portion of the fund is irrevocably
4 appropriated to pay, when due, the principal and interest on
5 bonds or notes issued under section 18b for purposes other than
6 comprehensive transportation purposes as defined by law, and to
7 pay the annual contributions of the state highway commission and
8 the state transportation commission as are pledged for the pay-
9 ment of bonds issued pursuant to contracts authorized by section
10 18d.

11 (b) For the transfer of funds appropriated pursuant to sec-
12 tion 10(1)(b)(v) to the transportation economic development fund,
13 but the transfer shall be reduced each fiscal year by the amount
14 of debt service to be paid in that year from the state trunk line
15 fund for bonds, notes, or other obligations issued to fund
16 projects of the transportation economic development fund, which
17 amount shall be certified by the department.

18 (c) For the transfer of funds appropriated pursuant to sec-
19 tion 10(1)(b)(i) to the railroad grade crossing account in the
20 state trunk line fund for expenditure to meet the cost, in whole
21 or in part, of providing for the improvement, installation, and
22 retirement of new or existing safety devices or other rail grade
23 crossing improvements at rail grade crossings on public roads and
24 streets under the jurisdiction of the state, counties, or cities
25 and villages. Projects shall be selected for funding in accord-
26 ance with the following:

1 (i) Not more than 50% or less than 30% of these funds and
2 matched federal funds shall be expended for state trunk line
3 projects.

4 (ii) In prioritizing projects for these funds, in whole or
5 in part, the department shall consider train and vehicular traf-
6 fic volumes, accident history, traffic control device improvement
7 needs, and the availability of funding.

8 (iii) Consistent with the other requirements for these
9 funds, the first priority for funds deposited pursuant to this
10 subdivision for rail grade crossing improvements and retirement
11 shall be to match federal funds from the railroad-highway grade
12 crossing improvement program or other comparable federal
13 programs.

14 (iv) If federal funds from the railroad-highway grade cross-
15 ing improvement program or other comparable federal programs have
16 been exhausted, funds deposited pursuant to this subdivision
17 shall be used to fund 100% of grade crossing projects that
18 receive the highest priority of unfunded projects pursuant to
19 criteria established by the department.

20 (v) State railroad grade crossing funds shall not be used,
21 either as 100% of project cost or to match federal
22 railroad-highway grade crossing improvement funds, for a crossing
23 that is determined by the department pursuant to the criteria
24 established by the department to be a lower priority than other
25 projects that have not yet been funded. However, if sufficient
26 funds are available, these state railroad grade crossing account
27 funds may be used for not more than 50% of a project's cost for a

1 crossing that is determined by the department pursuant to the
2 criteria established by the department to be a lower priority if
3 the balance of not less than 50% of the project's cost is pro-
4 vided by the road authority, railroad, or other sources.

5 (vi) The type of railroad grade crossing improvement,
6 installation, relocation, or retirement of grade crossing sur-
7 faces, active and passive traffic control devices, pavement mark-
8 ing, or other related work shall be eligible for these railroad
9 grade crossing account funds in the same manner as the project
10 type eligibility provided by the federal funds from the
11 railroad-highway grade crossing improvement program, except for
12 the following:

13 (A) For new railroad crossings, these funds may be used for
14 the crossing surface, active and passive traffic control devices,
15 pavement marking, and other improvements necessitated by the new
16 crossing.

17 (B) These funds may be used for the modification, reloca-
18 tion, or modernization of railroad grade crossing facilities
19 necessitated by roadway improvement projects.

20 (C) If the department and the road authority with jurisdic-
21 tion over a public road or street crossing formally agree that
22 the grade crossing should be eliminated by permanent closing of
23 the public road or street, the road authority making the closing
24 shall receive \$5,000.00 from the railroad grade crossing
25 account. In addition, any connecting road improvements necessi-
26 tated by the grade crossing closure are reimbursable on an actual
27 cost basis not to exceed \$10,000.00 per crossing closed. The

1 physical removal of the crossing, roadway within railroad rights
2 of way and street termination treatment will be negotiated
3 between the road authority and railroad company. The funds pro-
4 vided to the road authority as a result of the crossing closure
5 will be credited to its account representing the same road or
6 street system on which the crossing is located.

7 (vii) This subdivision shall apply through September 30,
8 1998.

9 (d) For the total operating expenses of the state trunk line
10 fund for each fiscal year as appropriated by the legislature.

11 (e) For the maintenance of state trunk line highways and
12 bridges.

13 (f) For the opening, widening, improving, construction, and
14 reconstruction of state trunk line highways and bridges, includ-
15 ing the acquisition of necessary rights of way and the work inci-
16 dental to that opening, widening, improving, construction, or
17 reconstruction. Those sums in the state trunk line fund not oth-
18 erwise appropriated, distributed, determined, or set aside by law
19 shall be used for the construction or reconstruction of the
20 national system of interstate and defense highways, referred to
21 in this act as "the interstate highway system" to the extent nec-
22 essary to match federal aid funds as the federal aid funds become
23 available for that purpose; and, for the construction and recon-
24 struction of the state trunk line system.

25 (g) The state transportation department may enter into
26 agreements with county road commissions and with cities and
27 villages to perform work on a highway, road, or street. The

1 agreements may provide for the performance by any of the
2 contracting parties of any of the work contemplated by the con-
3 tract including engineering services and the acquisition of
4 rights of way in connection with the work, by purchase or condem-
5 nation by any of the contracting parties in its own name, and for
6 joint participation in the costs, but only to the extent that the
7 contracting parties are otherwise authorized by law to expend
8 money on the highways, roads, or streets. The state transporta-
9 tion department also may contract with a county road commission,
10 city, and village to advance money to a county road commission,
11 city, and village to pay their costs of improving railroad grade
12 crossings on the terms and conditions agreed to in the contract.
13 A contract may be executed before or after the state transporta-
14 tion commission borrows money for the purpose of advancing money
15 to a county road commission, city, or village, but the contract
16 shall be executed before the advancement of any money to a county
17 road commission, city, or village by the state transportation
18 commission, and shall provide for the full reimbursement of any
19 advancement by a county road commission, city, or village to the
20 state transportation department, with interest, within 15 years
21 after advancement, from any available revenue sources of the
22 county road commission, city, or village or, if provided in the
23 contract, by deduction from the periodic disbursements of any
24 money returned by the state to the county road commission, city,
25 or village.

26 (h) For providing inventories of supplies and materials
27 required for the activities of the state transportation

1 department. The state transportation department may purchase
2 supplies and materials for these purposes, with payment to be
3 made out of the state trunk line fund to be charged on the basis
4 of issues from inventory in accordance with the accounting and
5 purchasing laws of the state.

6 (2) Notwithstanding any other provision of this act, at
7 least 90% of state revenue appropriated annually to the state
8 trunk line fund less the amounts described in subdivisions (a) to
9 (i) shall be expended annually by the state transportation
10 department for the maintenance of highways, roads, streets, and
11 bridges and for the payment of debt service on bonds, notes, or
12 other obligations described in subsection (1)(a) issued after
13 July 1, 1983, for the purpose of providing funds for the mainte-
14 nance of highways, roads, streets, and bridges. If an appropri-
15 ate certificate is filed under section 18e but only to the extent
16 necessary, this subsection shall not prohibit the use of any
17 amount of money restricted as to use by section 9 of article IX
18 of the state constitution of 1963 and deposited in the state
19 trunk line fund for the payment of debt service on bonds, notes,
20 or other obligations pledging for the payment thereof money
21 restricted as to use by section 9 of article IX of the state con-
22 stitution of 1963 and deposited in the state trunk line fund,
23 whenever issued, as specified under subsection (1)(a). The
24 amounts which are deducted from the state trunk line fund for the
25 purpose of the calculation required by this subsection are as
26 follows:

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

4 (b) Amounts expended to provide the state matching require-
5 ment for projects on the national highway system and for the pay-
6 ment of debt service on bonds, notes, or other obligations issued
7 after July 1, 1983, for the purpose of providing funds for the
8 state matching requirements for projects on the national highway
9 system.

10 (c) Amounts expended for the construction of a highway,
11 street, road, or bridge to 1 or more of the following or for the
12 payment of debt service on bonds, notes, or other obligations
13 issued after July 1, 1983, for the purpose of providing funds for
14 the construction of a highway, street, road, or bridge to 1 or
15 more of the following:

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

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

21 (d) Amounts expended for capital outlay other than for high-
22 ways, roads, streets, and bridges or to pay debt service on
23 bonds, notes, or other obligations issued after July 1, 1983, for
24 the purpose of providing funds for capital outlay other than for
25 highways, roads, streets, and bridges.

26 (e) Amounts expended for the operating expenses of the state
27 transportation department other than the units of the department

1 performing the functions assigned on January 1, 1983 to the
2 bureau of highways.

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

5 (g) Amounts expended for the purposes described in subsec-
6 tion (5).

7 (h) Amounts appropriated for deposit in the transportation
8 economic development fund and the rail grade crossing account
9 pursuant to section 10(1)(b)(i) and (1)(b)(v).

10 (i) Upon the affirmative recommendation of the director of
11 the state transportation department and the approval by resolu-
12 tion of the state transportation commission, those amounts
13 expended for projects vital to the economy of the state, a
14 region, or local area or the safety of the public. The resolu-
15 tion shall state the cost of the project exempted from this
16 subsection.

17 (3) Notwithstanding any other provision of this act, the
18 state transportation department shall expend annually at least
19 90% of the federal revenue distributed to the credit of the state
20 trunk line fund in that year, except for federal revenue expended
21 for the purposes described in subsection (2)(b), (c), (f), and
22 (i) on the maintenance of highways, roads, streets, and bridges.
23 The requirement of this subsection shall be waived if compliance
24 would cause the state to be ineligible according to federal law
25 for federal revenue, but only to the extent necessary to make the
26 state eligible according to federal law for that revenue.

1 (4) As used in this section:

2 (a) "Maintenance" and "maintaining" means snow removal;
3 street cleaning and drainage; seal coating; patching and ordinary
4 repairs; erection and maintenance of traffic signs and markings;
5 safety projects; and the preservation, reconstruction, resurfac-
6 ing, restoration, and rehabilitation of highways, roads, streets,
7 and bridges. For the purposes of this section, maintenance and
8 maintaining shall not be limited to the repair and replacement of
9 a road but shall include maintaining the original intent of a
10 construction project. If traffic patterns indicate that this
11 intent is no longer being met, the department may expend funds to
12 take corrective action and continue to fulfill its obligation of
13 maintaining the department's original objective for the construc-
14 tion project. However, maintenance and maintaining do not
15 include projects which increase the capacity of a highway facil-
16 ity to accommodate that part of the traffic having neither origin
17 nor destination within the local area.

18 (b) "Maintenance" and "maintaining" include widening less
19 than lane width; adding auxiliary turning lanes of ~~1/2 mile~~
20 1-1/2 MILES or less; adding auxiliary weaving, climbing, or speed
21 change lanes; and correcting substandard intersections.

22 (c) "Maintenance" and "maintaining" do not include the
23 upgrading of aggregate surface roads to hard surface roads.

24 (d) "Maintenance" and "maintaining" include the portion of
25 the costs of the units of the department performing the functions
26 assigned on January 1, 1983, to the bureau of highways expended
27 for the purposes described in subdivisions (a) and (b).

1 (5) Notwithstanding any other provision of this section, the
2 state transportation department may loan money to county road
3 commissions, cities, and villages for paying capital costs of
4 transportation purposes described in the second paragraph of sec-
5 tion 9 of article IX of the state constitution of 1963 from the
6 proceeds of bonds or notes issued pursuant to section 18b or from
7 the state trunk line fund. Loans made directly from the state
8 trunk line fund shall be made only after provision of funds for
9 the purposes specified in subsection (1)(a) to (f).

10 (6) County road commissions, cities, and villages may borrow
11 money from the proceeds of bonds or notes issued under section
12 18b or the state trunk line fund for the purposes set forth in
13 subsection (5) which shall be repayable, with interest, from 1 or
14 more of the following:

15 (a) The money to be received by the county road commission,
16 city, or village from the Michigan transportation fund, except to
17 the extent the money has been or may in the future be pledged by
18 contract in accordance with Act No. 205 of the Public Acts of
19 1941, being sections 252.51 to 252.64 of the Michigan Compiled
20 Laws, or has been or may in the future be pledged for the payment
21 of the principal and interest upon notes issued pursuant to Act
22 No. 143 of the Public Acts of 1943, being sections 141.251 to
23 141.254 of the Michigan Compiled Laws, or has been or may in the
24 future be pledged for the payment of principal and interest upon
25 bonds issued under section 18c or 18d, or has been or may in the
26 future be pledged for the payment of the principal and interest
27 upon bonds issued pursuant to Act No. 175 of the Public Acts of

1 1952, being sections 247.701 to 247.707 of the Michigan Compiled
2 Laws.

3 (b) Any other legally available funds of the city, village,
4 or county road commission, other than the general funds of the
5 county.

6 (7) Loans made pursuant to subsection (5) if required by the
7 state transportation department may be payable by deduction by
8 the state treasurer, upon direction of the state transportation
9 department, from the periodic disbursements of any money returned
10 by the state under this act to the county road commission, city,
11 or village, but only after sufficient money has been returned to
12 the county road commission, city, or village to provide for the
13 payment of contractual obligations incurred or to be incurred and
14 principal and interest on notes and bonds issued or to be issued
15 under Act No. 205 of the Public Acts of 1941, Act No. 143 of the
16 Public Acts of 1943, Act No. 175 of the Public Acts of 1952, or
17 section 18c or 18d. The interest rates and payment schedules of
18 any loans made from the proceeds of bonds or notes issued pursu-
19 ant to section 18b shall be established by the state transporta-
20 tion department to conform as closely as practicable to the
21 interest rate and repayment schedules on the bonds or notes
22 issued to make the loans. However, the state transportation
23 department may allow for the deferral of the first payment of
24 interest or principal on the loans for a period of not to exceed
25 1 year after the respective first payment of interest or princi-
26 pal on the bonds or notes issued to make the loans.

1 (8) The amount borrowed by a county road commission, city,
2 or village pursuant to subsection (6) shall not be included in,
3 or charged against, any constitutional, statutory, or charter
4 debt limitation of the county, city, or village and shall not be
5 included in the determination of the maximum annual principal and
6 interest requirements of, or the limitations upon, the maximum
7 annual principal and interest incurred under Act No. 205 of the
8 Public Acts of 1941, Act No. 143 of the Public Acts of 1943, Act
9 No. 175 of the Public Acts of 1952, or section 18c or 18d.

10 (9) The county road commission, city, or village shall not
11 be required to seek or obtain the approval of the electors, the
12 municipal finance commission or its successor agency, or, except
13 as provided in this subsection, the department of treasury to
14 borrow money pursuant to subsection (6). The borrowing shall not
15 be subject to the municipal finance act, Act No. 202 of the
16 Public Acts of 1943, being sections 131.1 to 139.3 of the
17 Michigan Compiled Laws, ~~nor~~ OR to section 5(g) of Act No. 279
18 of the Public Acts of 1909, being section 117.5 of the Michigan
19 Compiled Laws. The state transportation department shall give at
20 least 10 days' notice to the state treasurer of its intention to
21 make a loan under subsection (5). If the state treasurer gives
22 notice to the director of the state transportation department
23 within 10 days of receiving the notice from the state transporta-
24 tion department, that, based upon the then existing financial or
25 credit situation of the county road commission, city, or village,
26 it would not be in the best interests of the state to make a loan
27 under subsection (5) to the county road commission, city, or

1 village, the loan shall not be made unless the state treasurer,
2 after a hearing, if requested by the affected county road commis-
3 sion, city, or village, subsequently gives notice to the director
4 of the state transportation department that the loan may be made
5 on the conditions that the state treasurer specifies.

6 (10) The state transportation commission may borrow money
7 and issue bonds and notes under, and pursuant to the requirements
8 of, section 18b to make loans to county road commissions, cities,
9 and villages for the purposes described in the second paragraph
10 of section 9 of article IX of the state constitution of 1963, as
11 provided in subsection (5). A single issue of bonds or notes may
12 be issued for the purposes specified in subsection (5) and for
13 the other purposes specified in section 18b.

14 (11) The director of the state transportation department,
15 after consultation with representatives of the interests of
16 county road commissions, cities, and villages, shall establish,
17 by intergovernmental communication, procedures for the implemen-
18 tation and administration of the loan program established under
19 subsections (5) to (10).

20 Sec. 12. (1) The amount distributed to the county road com-
21 missions shall be returned to the county treasurers in the
22 manner, for the purposes, and under the terms and conditions
23 specified in this section.

24 (2) Each county road commission shall be reimbursed in an
25 amount up to \$10,000.00 per year for the sum paid to a licensed
26 professional engineer employed or retained by the county road
27 commission in the previous year. The sum shall be returned to

1 each county road commission certified by the state transportation
2 department as complying with this subsection regarding the
3 employment of an engineer.

4 (3) An amount equal to 1% of the total amount returned to
5 the county road commissions from the Michigan transportation fund
6 during the prior calendar year shall be withheld annually from
7 the counties' November monthly distribution provided for in sec-
8 tion 17, and the amount shall be returned to the county road com-
9 missions for snow removal purposes as provided in section 12a.

10 (4) An amount equal to 10% of the total amount returned to
11 the county road commissions from the Michigan transportation fund
12 shall be returned to each county road commission having county
13 primary, or county local road, or both, mileage in the urban
14 areas as determined pursuant to section 12b. This sum shall be
15 distributed pursuant to section 12b. The return shall be in
16 addition to the amounts provided in subsections (6) and (7) and
17 for the purposes stated in those subsections.

18 (5) An amount equal to 4% of the total amount returned to
19 the county road commissions from the Michigan transportation fund
20 shall be returned to the county road commissions in the same per-
21 centages as provided in subsection (7). All money returned to
22 the county road commissions as provided in this subsection shall
23 be expended by the county road commissions for the maintenance,
24 improvement, construction, reconstruction, acquisition, and
25 extension of county local road systems and shall be in addition
26 to the amounts provided in subsection (7).

1 (6) Seventy-five percent of the remainder of the total
2 amount to be returned to the counties shall be expended by each
3 county road commission for the maintenance, improvement, con-
4 struction, reconstruction, acquisition, and extension of the
5 county primary road system, including the acquisition of a neces-
6 sary right of way for the system, work incidental to the system,
7 and a roadside park or motor parkway appurtenant to the system,
8 and shall be returned to the counties as follows:

9 (a) Three-fourths of the amount in proportion to the amount
10 received within the respective county during the 12 months next
11 preceding the date of each monthly distribution, as specific
12 taxes upon registered motor vehicles under the Michigan vehicle
13 code, Act No. 300 of the Public Acts of 1949, ~~as amended,~~ being
14 sections 257.1 to 257.923 of the Michigan Compiled Laws.

15 (b) One-tenth of the amount in the same proportion that the
16 total mileage in the county primary road system of each county
17 bears to the total mileage in all of the county primary road sys-
18 tems of the state.

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

21 (7) The balance of the remainder of the total amount to be
22 returned to counties shall be expended by each county road com-
23 mission for the maintenance, improvement, construction, recon-
24 struction, acquisition, and extension of the county local road
25 system as defined by this act, including the acquisition of a
26 necessary right of way for the system, work incidental to the

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

3 (a) Sixty-five percent of the amount in the same proportion
4 that the total mileage in the county local road system of each
5 county bears to the total mileage in all of the county local road
6 systems of the state.

7 (b) Thirty-five percent of the amount in the same proportion
8 that the total population outside of incorporated municipalities
9 in each county bears to the total population outside of incorpo-
10 rated municipalities in all of the counties of the state, accord-
11 ing to the most recent statewide federal census as certified at
12 the beginning of the state fiscal year.

13 (8) Money deposited in, or becoming a part of the county
14 road funds of a board of county road commissioners shall be
15 expended first for the payment of principal and interest on the
16 bonds, for the payment of contractual contributions pledged for
17 the payment of bonds, for debt service requirements for the pay-
18 ment of contractual contributions pledged for the payment of
19 bonds, and for debt service requirements for the payment of notes
20 and loans in the following order of priority:

21 (a) For the payment of contributions required to be made by
22 a board of county road commissioners under a contract entered
23 into under Act No. 205 of the Public Acts of 1941, ~~as amended,~~
24 being sections 252.51 to 252.64 of the Michigan Compiled Laws,
25 which contributions have been pledged for the payment of the
26 principal and interest on bonds issued under that act, or for the
27 payment of total debt service requirements upon notes issued by a

1 board of county road commissioners under Act No. 143 of the
2 Public Acts of 1943, ~~as amended,~~ being sections 141.251 to
3 141.254 of the Michigan Compiled Laws.

4 (b) For the payment of principal and interest upon bonds
5 issued under section 18c, and the payment of contributions of a
6 board of county road commissioners to be made pursuant to con-
7 tracts entered into under section 18d, which contributions are
8 pledged to the payment of principal and interest on bonds issued
9 after June 30, 1957, under the authorization of section 18c and
10 contracts executed pursuant to its provisions.

11 (c) For the payment of principal and interest upon loans
12 received pursuant to section 11(7), to the extent other funds
13 have not been made available for that payment.

14 (9) Not to exceed 30% per year of the amount returned to a
15 county for use on the county primary road system may be expended,
16 with or without matching, on the county local road system of that
17 county. Not to exceed 15% per year of the amount returned to a
18 county for expenditure on the county local road system may be
19 used, with or without matching, on the county primary road system
20 of that county, and not to exceed an additional 15% per year of
21 the amount returned to a county for expenditure on the county
22 local road system, may, in case of an emergency or with the
23 approval of the state transportation department, be expended,
24 with or without matching, on the county primary road system of
25 that county. An amount returned to a county for and on account
26 of county local roads, under this section, in excess of the total
27 amount paid into the county treasury each year by all of the

1 townships of that county for and on account of the county local
2 roads pursuant to section 14(6) may be transferred to and
3 expended on the county primary road system of that county.

4 (10) Not less than 20% per year of the funds returned to a
5 county by this section shall be expended for snow and ice remov-
6 al, the construction or reconstruction of a new highway or exist-
7 ing highway, and the acquisition of a necessary right of way for
8 those highways, and work incidental to those highways, or for the
9 servicing of bonds issued by the county for these purposes.

10 Surplus funds may be expended for the development, construction,
11 or repair of an off-street parking facility.

12 (11) Not more than 5% per year of the funds returned to a
13 county for the county primary road system and the county local
14 road system shall be expended for the maintenance, improvement,
15 or acquisition of appurtenant roadside parks and motor parkways.

16 (12) Funds returned to a county shall be expended by the
17 county road commission for the purposes provided in this section
18 and shall be deposited by the county treasurer in a designated
19 county depository, in a separate account to the credit of the
20 county road fund, and shall be paid out only upon the order of
21 the county road commission, and interest accruing on the money
22 shall become a part of, and be deposited with the county road
23 fund.

24 (13) In a county to which the funds are returned the func-
25 tion of the county road commission shall be limited to the forma-
26 tion of policy and the performance of the official duties imposed
27 by law and delegated by the county board of commissioners. A

1 member of the county road commission shall not be employed
2 individually in any other capacity for other duties with the
3 county road commission.

4 (14) A county road commission may enter into an agreement
5 with a county road commission of an adjacent county and with a
6 city or village to perform work on a highway, road, or street,
7 and with the state transportation department with respect to a
8 state trunk line and connecting links of the state trunk line
9 within the limits of the county or adjacent to the county. The
10 agreement may provide for the performance by each contracting
11 party of the work contemplated by the contract including engi-
12 neering services and the acquisition of rights of way in connec-
13 tion with the work contemplated, by purchase or condemnation, by
14 any of the contracting parties in its own name and the agreement
15 may provide for joint participation in the costs.

16 (15) Money distributed from the Michigan transportation fund
17 may be expended for construction purposes on county local roads
18 only to the extent matched by money from other sources. However,
19 Michigan transportation funds may be expended for the construc-
20 tion of bridges on the county local roads in an amount not to
21 exceed 75% of the cost of the construction of local road
22 bridges. This subsection does not apply to section 11b.

23 (16) Notwithstanding any other provision of this act, at
24 least 90% of the state revenue returned annually to the county
25 road commission from the Michigan transportation fund less the
26 amounts described in subdivisions (a) to (e) shall be expended
27 annually by the county road commission for the maintenance of

1 highways, roads, streets, and bridges, and for the payment of
2 contractual contributions pledged for the payment of bonds or
3 portions of bonds, debt service requirements for the payment of
4 bonds or portions of bonds, and debt service requirements for the
5 payment of notes and loans or portions of notes and loans issued
6 or received after July 1, 1983, for the purpose of providing
7 funds for the maintenance of highways, roads, streets, and
8 bridges. If an appropriate certificate is filed under subsection
9 (19) but only to the extent necessary, this subsection shall not
10 prohibit the use of any amount of state revenue returned annually
11 to the county road commissions for the payment of contractual
12 contributions pledged for the payment of bonds, for debt service
13 requirements for the payment of bonds, and for debt service
14 requirements for the payment of notes or loans, whenever issued
15 or received, as specified under subsection (8). The amounts
16 which are deducted from the state revenue returned to a county
17 road commission from the Michigan transportation fund, for the
18 purpose of the calculation required by this subsection are as
19 follows:

20 (a) Amounts expended for the purposes described in subsec-
21 tion (8) for bonds, notes, loans, or other obligations issued or
22 received before July 2, 1983.

23 (b) Amounts expended for the administrative costs of the
24 county road commission.

25 (c) Amounts expended for capital outlay projects for equip-
26 ment and buildings, and for the payment of contractual
27 contributions pledged for the payment of bonds, for debt service

1 requirements for the payment of bonds, and for debt service
2 requirements for the payment of notes and loans issued or
3 received after July 1, 1983, for the purpose of providing funds
4 for capital outlay projects for equipment and buildings.

5 (d) Amounts expended for projects vital to the economy of
6 the local area or the safety of the public in the local area.
7 Before these amounts can be deducted, the governing body over the
8 county road commission or the county road commission, as applica-
9 ble, shall pass a resolution approving these projects. This res-
10 olution shall state which projects will be funded and the cost of
11 each project. A copy of each approved resolution shall be for-
12 warded immediately to the department.

13 (e) Amounts expended in urban areas as determined pursuant
14 to section 12b.

15 (17) As used in this subsection, "urban routes" means those
16 portions of 2 lane county primary roads within an urban area
17 which has average daily traffic in excess of 15,000.
18 Notwithstanding any other provision of this act, except as pro-
19 vided in this subsection, a county road commission shall expend
20 annually at least 90% of the federal revenue distributed to the
21 use of the county road commission for highways, roads, streets,
22 and bridges, less the amount expended on urban routes for other
23 than maintenance purposes and the amount expended for
24 hard-surfacing of gravel roads on the federal-aid system, on the
25 maintenance of highways, roads, streets, and bridges. A county
26 road commission may expend in a year less than 90% of the federal
27 revenue distributed to the use of the county road commission for

1 highways, roads, streets, and bridges, less the amount expended
2 on urban routes for other than maintenance purposes and the
3 amount expended for hard-surfacing of gravel roads on the
4 federal-aid system, on the maintenance of highways, roads,
5 streets, and bridges, if that year is part of a 3-year period in
6 which at least 90% of the total federal revenue distributed in
7 the 3-year period to the use of the county road commission for
8 highways, roads, streets, and bridges, less the amount expended
9 on urban routes for other than maintenance purposes and the
10 amount expended for hard-surfacing of gravel roads on the
11 federal-aid system, is expended on the maintenance of highways,
12 roads, streets, and bridges. If a county road commission expends
13 in a year less than 90% of the federal revenue distributed to the
14 use of the county road commission for highways, roads, streets,
15 and bridges, less the amount expended on urban routes for other
16 than maintenance purposes and the amount expended for
17 hard-surfacing of gravel roads on the federal-aid system, on the
18 maintenance of highways, roads, streets, and bridges and that
19 year is not a part of a 3-year period in which at least 90% of
20 the total federal revenue distributed in the 3-year period to the
21 use of the county road commission for highways, roads, streets,
22 and bridges, less the amount expended on urban routes for other
23 than maintenance purposes and the amount expended for
24 hard-surfacing of gravel roads on the federal-aid system, is
25 expended on the maintenance of highways, roads, streets, and
26 bridges, the county road commission shall expend in each year
27 subsequent to the 3-year period 100%, or less in 1 year if

1 sufficient for the purposes of this subsection, of the federal
2 revenue distributed to the use of the county road commission for
3 highways, roads, streets, and bridges, less the amount expended
4 on urban routes for other than maintenance purposes and the
5 amount expended for hard-surfacing of gravel roads on the
6 federal-aid system, on the maintenance of highways, roads,
7 streets, and bridges until the average percentage spent on the
8 maintenance of highways, roads, streets, and bridges in the
9 3-year period and the subsequent years, less the amount expended
10 on urban routes for other than maintenance purposes and the
11 amount expended for hard-surfacing of gravel roads on the
12 federal-aid system, is at least 90%. A year may be included in
13 only one 3-year period for the purposes of this subsection. The
14 requirements of this subsection shall be waived if compliance
15 would cause the county road commission to be ineligible according
16 to federal law for federal revenue, but only to the extent neces-
17 sary to make the county road commission eligible according to
18 federal law for that revenue. For the purpose of the calcula-
19 tions required by this subsection, the amount expended on urban
20 routes by a county road commission for other than maintenance
21 purposes and the amount expended for hard-surfacing of gravel
22 roads on the federal-aid system shall be deducted from the total
23 federal revenue distributed to the use of the county road
24 commission.

25 (18) As used in this section:

26 (a) "Maintenance" and "maintaining" means snow removal;
27 erection of traffic control devices and traffic signals and

1 payment of monthly electrical costs for those signals; street
2 cleaning and drainage; seal coating; patching and ordinary
3 repairs; erection and maintenance of traffic signs and markings;
4 safety projects which do not increase through traffic capacity;
5 and the preservation, reconstruction, resurfacing, restoration,
6 and rehabilitation of highways, roads, streets, and bridges.
7 However, maintenance and maintaining do not include projects
8 which increase the capacity of a highway facility to accommodate
9 that part of the traffic having neither origin nor destination
10 within the local area.

11 (b) "Maintenance" and "maintaining" include widening less
12 than lane width; adding auxiliary turning lanes of ~~1/2 mile~~
13 1-1/2 MILES or less; adding auxiliary weaving, climbing, or speed
14 change lanes; and correcting substandard intersections.

15 (19) A county road commission shall certify, which certifi-
16 cation shall, for purposes of the validity of bonds and notes, be
17 conclusive as to the matters stated therein, to the state trans-
18 portation department on or before the issuance of any bonds or
19 notes issued after July 1, 1983, pursuant to Act No. 143 of the
20 Public Acts of 1943, Act No. 205 of the Public Acts of 1941, or
21 section 18c or 18d, for purposes other than the maintenance of
22 highways, roads, streets, and bridges and purposes other than the
23 purposes specified in subsection (16)(c) that its average annual
24 debt service requirements for all bonds and notes or portions of
25 bonds and notes issued after July 1, 1983, for purposes other
26 than the maintenance of highways, roads, streets, and bridges and
27 other than for the purposes specified in subsection (16)(c),

1 including the bond or note to be issued does not exceed 10% of
2 the funds returned to the county road commission pursuant to this
3 act, less the amounts specified in subsection (16)(a), (b), and
4 (c) during the last completed fiscal year of the county road
5 commission. If the purpose for which the bonds or notes are
6 issued is changed after the issuance of the notes or bonds, the
7 change shall be made in such a manner to maintain compliance with
8 the certification required by this subsection, as of the date the
9 certificate was originally issued, but no such change shall
10 invalidate or otherwise affect the bonds or notes with respect to
11 which the certificate was issued or the obligation to pay debt
12 service on the bonds or notes.

13 (20) In each charter county to which funds are returned
14 under this section, the responsibility for road improvement,
15 maintenance, and traffic operation work, and the development,
16 construction, or repair of off-road parking facilities and con-
17 struction or repair of road lighting shall be coordinated by a
18 single administrator to be designated by the county executive who
19 shall be responsible for and shall represent the charter county
20 in transactions with the state transportation department pursuant
21 to this act.

22 Section 2. This amendatory act shall take effect October 1,
23 1995.