

# HOUSE BILL No. 5822

May 5, 1998, Introduced by Rep. Harder and referred to the Committee on Appropriations.

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 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, 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 acts and parts of acts,"

by amending sections 1e and 10 (MCL 247.651e and 247.660),

section 10 as amended by 1997 PA 79.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 1e. Whenever the board of county road commissioners of  
 2 any county ~~shall have~~ HAS funds available, the board may enter  
 3 into a contract or agreement ~~—~~ with any incorporated city or  
 4 village within the county, assuming the obligations in whole or  
 5 in part of the city or village undertaken by contract or agree-  
 6 ment with the ~~state highway commissioner~~ DEPARTMENT under ~~the~~  
 7 ~~provisions hereof~~ THIS ACT or approved hereby. The board may  
 8 contract or agree to carry on, in whole or in part, the improve-  
 9 ment or construction required thereby, and may institute and con-  
 10 duct ANY NECESSARY condemnation proceedings. ~~necessary~~  
 11 ~~therefor.~~ ~~No~~ A contract or agreement by any board of county  
 12 road commissioners shall NOT be effective until approved by reso-  
 13 lution of the COUNTY board of ~~supervisors~~ COMMISSIONERS of the  
 14 county and of the legislative body of the incorporated city or  
 15 village concerned. The provisions of this section shall not be  
 16 ~~deemed~~ CONSIDERED to abolish, limit, or restrict the powers and

1 duties of the ~~state highway commissioner~~ DEPARTMENT or of  
2 incorporated cities or villages as prescribed by this act.

3       Sec. 10. (1) A fund to be known as the Michigan transporta-  
4 tion fund is established and shall be set up and maintained in  
5 the state treasury as a separate fund. Money received and col-  
6 lected under 1927 PA 150, MCL 207.101 to 207.202, except a  
7 license fee provided in that act, and a tax, fee, license, and  
8 other money received and collected under sections 801 to 810 of  
9 the Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810,  
10 except a truck safety fund fee provided in section 801(1)(k) of  
11 1949 PA 300, MCL 257.801, and money received under the motor car-  
12 rier act, 1933 PA 254, MCL 475.1 to 479.43, shall be deposited in  
13 the state treasury to the credit of the Michigan transportation  
14 fund. In addition, income or profit derived from the investment  
15 of money in the Michigan transportation fund shall be deposited  
16 in the Michigan transportation fund. Except as provided in this  
17 act, no other money, whether appropriated from the general fund  
18 of this state or any other source, shall be deposited in the  
19 Michigan transportation fund. Except as otherwise provided in  
20 this section, the legislature shall appropriate funds for the  
21 necessary expenses incurred in the administration and enforcement  
22 of 1927 PA 150, MCL 207.101 to 207.202, 1933 PA 254, MCL 475.1 to  
23 479.43, and sections 801 to 810 of the Michigan vehicle code,  
24 1949 PA 300, MCL 257.801 to 257.810. Funds appropriated for nec-  
25 essary expenses shall be based upon established cost allocation  
26 methodology that reflects actual costs. Beginning with the  
27 fiscal year ending September 30, 1998 and the next 2 succeeding

1 fiscal years thereafter, funds appropriated for these  
2 administrative expenses for all state agencies and departments,  
3 other than the department, the commission, the department of  
4 environmental quality expedited permit processing program for  
5 road agencies, the department of state, and the attorney general  
6 shall be phased out until further funds are no longer appropri-  
7 ated for this purpose. All money in the Michigan transportation  
8 fund is apportioned and appropriated, for the fiscal years ending  
9 September 30, 1993 through September 30, ~~1998~~ 1999, in the fol-  
10 lowing manner:

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

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

19 (c) Revenue from 3 cents of the tax levied under  
20 section 2(1) of 1950 PA 127, MCL 207.102, to the state trunk line  
21 fund, county road commissions, and cities and villages in the  
22 percentages provided in subdivision (h).

23 (d) Revenue from 1 cent of the tax levied under section 2(1)  
24 of 1950 PA 127, MCL 207.102, to the state trunk line fund for  
25 repair of state bridges under section 11.

26 (e) \$43,000,000.00 to the state trunk line fund for debt  
27 service costs on state of Michigan projects.

1 (f) 10% to the comprehensive transportation fund for the  
2 purposes described in section 10e.

3 (g) \$36,775,000.00 to the state trunk line fund for subse-  
4 quent deposit in the transportation economic development fund,  
5 and, as of September 30, 1997, with first priority for allocation  
6 to debt service on bonds issued to fund transportation economic  
7 development fund projects. In addition, beginning October 1,  
8 1997, \$3,500,000.00 is appropriated from the Michigan transporta-  
9 tion fund to the state trunk line fund for subsequent deposit in  
10 the transportation economic development fund to be used for eco-  
11 nomic development road projects in any of the targeted industries  
12 described in section 9(1)(a) of 1987 PA 231, MCL 247.909.

13 (h) The balance of the Michigan transportation fund as fol-  
14 lows, after deduction of the amounts appropriated in subdivisions  
15 (a) through (g) and section 11b:

16 (i) 39.1% to the state trunk line fund for the purposes  
17 described in section 11. Beginning October 1, 1995, a state  
18 grant of not less than \$33,000,000.00, as may be annually appro-  
19 priated each fiscal year, after the payment of debt service pur-  
20 suant to section 11(1)(a), shall be made to the local program  
21 fund created in section 11e.

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

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

24 (2) If a distribution formula is not enacted into law for  
25 any time period beginning after September 30, ~~1998~~ 1999, the  
26 following amounts are appropriated each fiscal year thereafter

1 with the balance reverting to the Michigan transportation fund  
2 until a distribution formula is enacted:

3 (a) 80% of the revenue received in the same percentages as  
4 the distribution formula in effect before October 1, ~~1998~~ 1999  
5 to the state trunk line fund under the conditions provided in  
6 section 11, to the comprehensive transportation fund under the  
7 conditions provided in section 10e, to the county road commis-  
8 sions under the conditions provided in section 12, and to the  
9 cities and villages under the conditions provided in section 13.

10 (b) An amount is apportioned and appropriated to the compre-  
11 hensive transportation fund sufficient to pay the principal and  
12 interest payments due on bonds and notes issued for comprehensive  
13 transportation purposes under section 18b.

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

24 (d) An amount is apportioned and appropriated to county road  
25 commissions sufficient to pay the principal and interest payments  
26 due on bonds and notes described in section 12(8).

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

4 (3) The money appropriated pursuant to this section shall be  
5 used for the purposes as provided in this act and any other  
6 applicable act. Subject to the requirements of section 9b, the  
7 department shall develop programs in conjunction with the  
8 Michigan state chamber of commerce and the Michigan minority  
9 business development council to assist small businesses, includ-  
10 ing those located in enterprise zones and those located in empow-  
11 erment zones as determined under federal law, as defined by law  
12 in becoming qualified to bid.

13 (4) The distribution formula enacted into law after  
14 September 30, ~~1998~~ 1999 shall not adversely affect the ability  
15 of the state or a city, village, county, or county road commis-  
16 sion which has issued bonds or notes payable from the Michigan  
17 transportation fund or the motor vehicle highway fund to pay the  
18 debt service on those bonds or notes.

19 (5) Thirty-one and one-half percent of the funds appropri-  
20 ated to this state from the federal government pursuant to 23  
21 U.S.C. 157, commonly known as minimum allocation and donor state  
22 bonus funds, shall be allocated to the transportation economic  
23 development fund, if such an allocation is consistent with fed-  
24 eral law. These funds shall be distributed 16-1/2% for develop-  
25 ment projects for rural counties as defined by law and 15% for  
26 capacity improvement or advanced traffic management systems in  
27 urban counties as defined by law. Federal funds allocated for

1 distribution under this section shall be eligible for obligation  
2 and use by all recipients as defined by the intermodal surface  
3 transportation efficiency act of 1991, Public Law 102-240, 105  
4 Stat. 1914.

5       (6) Notwithstanding any other provision of this section,  
6 there is appropriated for the fiscal year ending September 30,  
7 1997 a total of \$20,000,000.00 only to the state trunk line fund,  
8 the county road commissions, and the cities and villages, from  
9 the Michigan transportation fund. Funds appropriated under this  
10 subsection shall be disbursed according to the provisions of  
11 sections 11, 12, and 13.