



HOUSE BILL No. 5809

May 18, 2000, Introduced by Rep. Rick Johnson and referred to the Committee on Transportation.

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 10, 10e, and 11 (MCL 247.660, 247.660e, and 247.661), sections 10 and 11 as amended by 1998 PA 308 and section 10e as amended by 1998 PA 87.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 10. (1) A fund to be known as the Michigan transporta-
 2 tion fund is established and shall be set up and maintained in
 3 the state treasury as a separate fund. Money received and col-
 4 lected under 1927 PA 150, MCL 207.101 to 207.202, except a
 5 license fee provided in that act, and a tax, fee, license, and
 6 other money received and collected under sections 801 to 810 of
 7 the Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810,
 8 except a truck safety fund fee provided in section 801(1)(k) of
 9 THE MICHIGAN VEHICLE CODE, 1949 PA 300, MCL 257.801, and money
 10 received under the motor carrier act, 1933 PA 254, MCL 475.1 to
 11 479.43, shall be deposited in the state treasury to the credit of
 12 the Michigan transportation fund. In addition, income or profit
 13 derived from the investment of money in the Michigan transporta-
 14 tion fund shall be deposited in the Michigan transportation
 15 fund. Except as provided in this act, no other money, whether

1 appropriated from the general fund of this state or any other
2 source, shall be deposited in the Michigan transportation fund.
3 Except as otherwise provided in this section, the legislature
4 shall appropriate funds for the necessary expenses incurred in
5 the administration and enforcement of 1927 PA 150, MCL 207.101 to
6 207.202, THE MOTOR CARRIER ACT, 1933 PA 254, MCL 475.1 to 479.43,
7 and sections 801 to 810 of the Michigan vehicle code, 1949
8 PA 300, MCL 257.801 to 257.810. Funds appropriated for necessary
9 expenses shall be based upon established cost allocation method-
10 ology that reflects actual costs. Beginning with the fiscal year
11 ending September 30, 1998 and the next 2 succeeding fiscal years
12 thereafter, funds appropriated for these administrative expenses
13 for all state agencies and departments, other than the depart-
14 ment, the commission, the department of environmental quality
15 expedited permit processing program for road agencies, the
16 ~~department~~ SECRETARY of state, and the attorney general shall
17 be phased out until further funds are ~~no longer~~ NOT appropri-
18 ated for this purpose. All money in the Michigan transportation
19 fund is apportioned and appropriated, for the fiscal years ending
20 September 30, 1993 through September 30, 2000, in the following
21 manner:

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

25 (b) Not less than \$3,000,000.00 each year to the critical
26 bridge fund established ~~in~~ UNDER section 11b for the purpose of
27 payment of the principal, interest, and redemption premium on any

1 notes or bonds issued by the state transportation commission
2 under section 11b.

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

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

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

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

14 (g) \$36,775,000.00 to the state trunk line fund for subse-
15 quent deposit in the transportation economic development fund,
16 and, as of September 30, 1997, with first priority for allocation
17 to debt service on bonds issued to fund transportation economic
18 development fund projects. In addition, beginning October 1,
19 1997, \$3,500,000.00 is appropriated from the Michigan transporta-
20 tion fund to the state trunk line fund for subsequent deposit in
21 the transportation economic development fund to be used for eco-
22 nomic development road projects in any of the targeted industries
23 described in section 9(1)(a) of 1987 PA 231, MCL 247.909.

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

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

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

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

9 (2) If a distribution formula is not enacted into law for
10 any time period beginning after September 30, 2000, the following
11 amounts are appropriated each fiscal year thereafter with the
12 balance reverting to the Michigan transportation fund until a
13 distribution formula is enacted:

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

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

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

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

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

16 (4) The distribution formula enacted into law after
17 September 30, 2000 shall not adversely affect the ability of the
18 state or a city, village, county, or county road commission which
19 has issued bonds or notes payable from the Michigan transporta-
20 tion fund or the motor vehicle highway fund to pay the debt serv-
21 ice on those bonds or notes.

22 (5) Thirty-one and one-half percent of the funds appropri-
23 ated to this state from the federal government pursuant to 23
24 U.S.C. 157, commonly known as minimum guarantee funds, shall be
25 allocated to the transportation economic development fund, if
26 such an allocation is consistent with federal law. These funds
27 shall be distributed 16-1/2% for development projects for rural

1 counties as defined by law and 15% for capacity improvement or
2 advanced traffic management systems in urban counties as defined
3 by law. Federal funds allocated for distribution under this sec-
4 tion shall be eligible for obligation and use by all recipients
5 as defined by the intermodal surface transportation efficiency
6 act of 1991, Public Law 102-240, 105 Stat. 1914.

7 Sec. 10e. (1) The comprehensive transportation fund is
8 appropriated for each fiscal year in the following order of
9 priority.

10 (2) The first priority is to pay, but only from money
11 restricted as to use by section 9 of article IX of the state con-
12 stitution of 1963, the principal and interest on bonds or notes
13 issued under section 18b for comprehensive transportation pur-
14 poses as defined by law. A sufficient portion of the comprehen-
15 sive transportation fund is irrevocably appropriated to pay, when
16 due, the principal and interest on those bonds and notes.

17 (3) After making or setting aside payments required by sub-
18 section (2), the second priority of the comprehensive transporta-
19 tion fund is the payment of the department's cost in administer-
20 ing the comprehensive transportation fund. The amount to be
21 expended pursuant to this subsection shall not exceed the costs
22 appropriated for the administration of the fund in the fiscal
23 year ending September 30, 1987, as adjusted annually on October
24 1, by the change for the preceding 12 months in the Detroit con-
25 sumer price index for urban wage earners and shall be appropri-
26 ated annually by the legislature.

1 (4) After making or setting aside payments required by
2 subsections (2) and (3), the balance of the comprehensive
3 transportation fund shall be expended each fiscal year as appro-
4 priated annually by the legislature pursuant to the state trans-
5 portation program approved by the commission as follows:

6 (a) The third priority shall be the payment of operating
7 grants to eligible authorities and eligible governmental agencies
8 according to the following formulations and subject to the fol-
9 lowing requirements:

10 (i) For the fiscal year ending September 30, 1998, and for
11 each fiscal year thereafter, each eligible authority and eligible
12 governmental agency which provides public transportation services
13 in urbanized areas under Public Law 103-272, 49 U.S.C. 5307, with
14 a Michigan population greater than 100,000 shall receive a grant
15 of up to 50% of their eligible operating expenses as defined by
16 the state transportation department.

17 (ii) For the fiscal year ending September 30, 1998, and each
18 fiscal year thereafter, each eligible authority and eligible gov-
19 ernmental agency which provides public transportation services in
20 urbanized areas with a Michigan population less than or equal to
21 100,000 and nonurbanized areas under Public Law 103-272, 49
22 U.S.C. 5311, shall receive a grant of up to 60% of their eligible
23 operating expenses as defined by the state transportation
24 department. For purposes of receiving a grant under this sub-
25 paragraph in nonurbanized areas, eligible costs of services pro-
26 vided by water vehicle shall be reimbursed at not less than 50%

1 of the portion of the costs not eligible for reimbursement by the
2 federal government.

3 (iii) Funds shall not be distributed to an eligible author-
4 ity or eligible governmental agency under this act unless the
5 eligible authority or eligible governmental agency provides or
6 agrees to provide preferential fares for public transportation
7 services to persons 65 years of age or over or persons with dis-
8 abilities riding in off peak periods of service. As used in this
9 section, "person with disabilities" means an individual with a
10 disability as that term is defined in 61 F.R.P. 56424 (November
11 1, 1996) and 49 C.F.R. part 27. The preferential fares shall not
12 be higher than 50% of the regular 1-way single fare.

13 (iv) Eligible authorities and eligible governmental agencies
14 shall not engage in charter service using vehicles, facilities,
15 or equipment funded under this act except on an incidental basis
16 as defined by 49 C.F.R. part 604.

17 (v) ~~Notwithstanding any other provision of this subsection,~~
18 ~~for the fiscal year ending September 30, 1998, each eligible~~
19 ~~authority and eligible governmental agency shall receive a dis-~~
20 ~~tribution from the comprehensive transportation fund not less~~
21 ~~than the distribution received for eligible operating expenses~~
22 ~~for the fiscal year ending September 30, 1997.~~ Beginning with
23 the fiscal year ending September 30, 1998 and each fiscal year
24 thereafter, each eligible authority and eligible governmental
25 agency shall receive a distribution from the comprehensive trans-
26 portation fund for eligible operating expenses not less than the
27 distribution received for the fiscal year ending September 30,

1 1997. As it relates to this subsection the ratio between
2 comprehensive transportation funds and local funds in the fiscal
3 year ending September 30, 1989 shall be maintained for all fiscal
4 years by the eligible authority and eligible governmental
5 agency. Reductions in this ratio shall require a proportionate
6 reduction in the comprehensive transportation funds provided for
7 any fiscal year.

8 (vi) Each eligible authority and eligible governmental
9 agency receiving comprehensive transportation funds shall prepare
10 and submit to the department a quarterly report of the progress
11 made in carrying out its local transportation program within 40
12 days after the end of each fiscal year quarter. The progress
13 report shall be made on forms authorized by the United States
14 department of transportation under the provisions of the surface
15 transportation and uniform relocation assistance act of 1987,
16 Public Law 100-17, 101 Stat. 132.

17 (vii) The department shall periodically adjust or redistrib-
18 ute comprehensive transportation funds previously distributed
19 under this subdivision.

20 (b) For the fiscal year ending September 30, 1997, and each
21 fiscal year thereafter, not less than 10% shall be distributed by
22 the department for intercity passenger and intercity freight
23 transportation purposes.

24 (c) For the fiscal year ending September 30, 1997, and each
25 fiscal year thereafter, funds remaining in the fund after payment
26 of the amounts required by subdivisions (a) and (b) shall be
27 distributed by the department for public transportation

1 purposes. For the fiscal year ending September 30, 1998, and
2 each fiscal year thereafter, funds shall be made available to
3 match all projects for eligible authorities and eligible govern-
4 mental agencies that are approved for federal funding as provided
5 by federal law and for which an approved transportation improve-
6 ment program (TIP) and state transportation improvement plan
7 (STIP) exist. Funds distributed under this subdivision shall be
8 expended pursuant to specific line item appropriation for, but
9 are not limited to, the following public transportation

10 purposes:

11 (i) The specialized services assistance program. The spe-
12 cialized services assistance program shall be funded with not
13 less than \$3,600,100.00 from funds distributed under this
14 subdivision. Funds shall be distributed according to guidelines
15 developed by the department based upon the following
16 considerations:

17 (A) Proposals for coordinated specialized services assist-
18 ance funding shall be developed jointly between existing eligible
19 authorities or eligible governmental agencies that provide public
20 transportation services and the area agencies on aging or any
21 other organization representing specialized services interests,
22 as defined in this subdivision. Plans shall be reviewed and
23 approved by the bureau of urban and public transportation of the
24 department. Upon approval, the department shall release the
25 funds to the eligible authority or eligible governmental agency
26 which shall then allocate the funds to the area agency on aging
27 or any other organization representing specialized services

1 interests, as defined in this subdivision for the purchase of
2 services as approved in the plan by the department.

3 (B) If an eligible authority or eligible governmental agency
4 does not exist to provide public transportation service in a
5 county, coordinated proposals for specialized services assistance
6 funding may be submitted by the area agency on aging or any other
7 organization representing specialized services interests, as
8 defined in this subdivision. The proposals shall be reviewed and
9 approved by the bureau of urban and public transportation of the
10 department. Upon approval, the department shall release the
11 funds to the area agency on aging or any other organization rep-
12 resenting specialized services interests, as defined in this sub-
13 division for the purchase of services as approved in the plan by
14 the department.

15 (C) For the purposes of this program, "specialized services"
16 means public transportation primarily designed for persons with
17 disabilities or persons who are 65 years of age or older.

18 (ii) Local bus capital. For the fiscal year ending
19 September 30, 1998 and each fiscal year thereafter, not less than
20 \$8,000,000.00 will be distributed for either matching federal
21 funds for local bus capital or 100% capital projects for eligible
22 authorities and eligible governmental agencies that are not eli-
23 gible to receive federal capital formula funds under section 5307
24 of the federal intermodal surface transportation efficiency act,
25 Public Law 102-240, or any successor act.

26 (iii) Local bus new services.

1 (iv) Not less than \$2,000,000.00 in each fiscal year for the
2 credit program established under section 101.

3 (v) Public transportation development.

4 (vi) Other public transportation programs approved by the
5 commission.

6 (d) The unappropriated and unencumbered balance of the com-
7 prehensive transportation fund lapses at the end of each fiscal
8 year and reverts to the comprehensive transportation fund for
9 appropriation in the following fiscal year.

10 (5) Eligible authorities and eligible governmental agencies
11 shall receive capital grants each fiscal year by the annual pro-
12 cess described in this section. Amounts received by an eligible
13 authority or eligible governmental agency pursuant to this sub-
14 section shall be expended by that authority or agency solely for
15 capital projects which have been approved by the state transpor-
16 tation commission. Any funds approved by distribution to an eli-
17 gible authority or eligible governmental agency pursuant to this
18 section which have not been encumbered by that agency or author-
19 ity for an approved capital project by the end of the following
20 fiscal year in which the funds were approved shall not be
21 expended by the authority or agency and be available for distri-
22 bution from the comprehensive transportation fund for the pur-
23 poses described in this section.

24 (6) The department, in carrying out the policy of the state
25 transportation commission, shall annually prepare and distribute
26 by December 1, instructions to eligible governmental agencies,
27 eligible authorities, and intercity carriers to enable the

1 preparation of a local transportation program. Eligible
2 governmental agencies, eligible authorities, and intercity carri-
3 ers shall give public notice of their intent to apply for money
4 in the comprehensive transportation fund to the residents of the
5 counties, townships, villages, and cities affected by the local
6 transportation program and shall make their application available
7 for a period of 30 days. All comments received by the eligible
8 governmental agency, eligible authority, or intercity carrier
9 shall be transmitted to the department.

10 (7) On or before March 1 of each year, each intercity carri-
11 er, eligible authority, and eligible governmental agency shall
12 submit to the department its local transportation program for the
13 next succeeding fiscal year. The format for each local transpor-
14 tation program shall be as prescribed by the federal transporta-
15 tion improvement program insofar as practical and shall include
16 project descriptions, funding sources, and justification for each
17 line item, and summary budgets based on distributions anticipated
18 under subsection (4). The program shall contain at a minimum the
19 contemplated routes, hours of service, estimated transit vehicle
20 miles, costs of public transportation services, and projected
21 capital improvements or projects as exclusively determined by the
22 eligible authority or eligible governmental agency. The costs of
23 service and capital improvements or projects shall be in suffi-
24 cient detail to permit the state transportation department to
25 evaluate and approve the annual public transportation program.
26 Determination of individual projects to be included in the local
27 transportation programs other than those provided in this

1 subsection shall be made by the governing body of the eligible
2 authority or eligible governmental agency.

3 (8) On or before March 1 of each year, the department shall
4 prepare and file for public inspection and review the department
5 transportation program. The department transportation program
6 shall be prepared on similar format to the local transportation
7 programs, and shall include a summary description of projects,
8 with funding sources and project justifications for each line
9 item for the fiscal year immediately succeeding the fiscal year
10 in which the program is submitted. In addition, the department
11 transportation program shall include summary, nondetailed budget
12 and project descriptions and justifications excluding projects
13 contained in a local transportation program.

14 (9) On or before April 1 of each year, the department shall
15 prepare and file with the commission the proposed state transpor-
16 tation program for the next succeeding fiscal year. The proposed
17 state transportation program shall contain the local transporta-
18 tion programs of each intercity carrier, eligible authority and
19 eligible governmental agency, the department transportation pro-
20 gram, and the programs for the expenditure of the state trunk
21 line fund as they may have been supplemented, amended, or modi-
22 fied since their original filing. The state transportation pro-
23 gram shall include the estimated amount of money in the funds
24 described in this subsection by revenue source, project justifi-
25 cations, project descriptions funding sources, and budget
26 summaries.

1 (10) On or before May 1 of each year, the state
2 transportation commission shall act on the state transportation
3 program for the fiscal year commencing on the following
4 October 1. In considering approval of the proposed projects of
5 each intercity carrier, eligible authority, or eligible govern-
6 mental agency, other than projects which are to be funded pursu-
7 ant to subsection (5), the state transportation commission shall
8 consider whether the projects comply with state law, are within
9 funds allocated in this section, whether they may be funded
10 within the approved budgets, whether there are intercity carri-
11 ers, eligible authorities, and eligible governmental agencies
12 responsible to implement the projects, and the recommendations of
13 the department on individual projects. Upon making those deter-
14 minations, the state transportation commission shall approve the
15 projects which best meet the criteria of this subsection.

16 (11) By October 1, the department and each intercity carri-
17 er, eligible authority, or eligible governmental agency shall
18 enter into a contractual agreement or standardized grant memoran-
19 dum of agreement, which may cover 1 or more projects to be made
20 from this section in the applicable fiscal year to the intercity
21 carrier, eligible authority, or eligible governmental agency from
22 the comprehensive transportation fund.

23 (12) After a multiyear public transportation program is
24 approved by the state transportation commission, the state trans-
25 portation department may enter into a grant-in-aid instrument
26 with an eligible authority, intercity carrier, or eligible
27 governmental agency obligating the state to a minimum level of

1 funding for approved projects to be available over the multiyear
2 period of the program. This obligation shall be binding upon the
3 state transportation department as long as the provisions and
4 conditions of the state transportation commission approved pro-
5 gram are carried out as agreed.

6 (13) Contracts and grant memorandum agreements may be
7 audited by the state transportation commission's office of com-
8 mission audits using rules promulgated by the United States gen-
9 eral accounting office and the terms and conditions of the
10 respective contracts and agreements. Third party agreements are
11 subject to the review and approval of the department.

12 (14) Funds distributed by the department may pay 100% of the
13 portion of the cost not eligible for reimbursement by the federal
14 government for eligible capital projects authorized by the state
15 transportation commission using comprehensive transportation
16 funds or the proceeds of notes and bonds issued under section
17 18b. Priority for funding obligation shall be given to capital
18 projects for which federal funds have been authorized.

19 (15) All approved local bus new services initiated by eligi-
20 ble authorities and eligible governmental agencies not in their
21 fourth year or beyond of funding on October 1, 1988, shall be
22 funded from subsection (4)(c)(iii). Local bus new services shall
23 be funded under subsection (4)(c)(iii) in the following percen-
24 tages of eligible operating expenses as determined by the
25 department:

26 (a) Startup 100%.

1 (b) First year 90%.

2 (c) Second year 80%.

3 (d) Third year 70%.

4 (e) Fourth year and each year thereafter, as determined by
5 and from funds provided under subsection (4)(a). The balance of
6 eligible operating expenses shall be met from local revenue
7 sources including farebox. The department shall pay up to 100%
8 of eligible capital expenses during the startup and first 3 years
9 of service. ~~after~~ AFTER the third year, the department shall
10 participate in eligible capital expenses in the same percentage
11 as for other eligible authorities and eligible governmental
12 agencies. For the purposes of this subsection, eligible operat-
13 ing and capital expenses means those expenses determined by the
14 department as applicable to existing eligible authorities and
15 eligible governmental agencies. The department shall prioritize
16 annually all requests for comprehensive transportation funds to
17 institute new services under this subsection. First priority
18 shall be given to eligible authorities and eligible governmental
19 agencies who have not completed their first 3 years of service by
20 October 1, 1998. New services initiated by eligible authorities
21 and eligible governmental agencies under this subsection shall
22 meet all of the requirements of section 10.

23 (16) The department shall pay up to 80% of the portion of
24 the cost not eligible for reimbursement by the federal government
25 for intercity passenger operating assistance projects authorized
26 by the commission for the first 2 years of new services. For the
27 third year, eligible costs shall be reimbursed at up to 60% of

1 the portion of the cost not eligible for reimbursement by the
2 federal government. After the third year, eligible costs shall
3 be reimbursed at up to 50% of the portion of the cost not eligi-
4 ble for reimbursement by the federal government. Eligible costs
5 of services provided as of September 30, 1981, shall be reim-
6 bursed at up to 50% of the portion of the cost not eligible for
7 reimbursement by the federal government. However, the amount of
8 funds from the comprehensive transportation fund when added to
9 federal funds and local funds shall not exceed the total operat-
10 ing assistance project cost.

11 (17) A vehicle purchased, leased, or rented after
12 November 15, 1976, by an eligible authority or eligible govern-
13 mental agency with funds made available under this act, which
14 funds were not already committed under a contract in existence on
15 November 15, 1976, shall not be used to provide service on a
16 fixed schedule and fixed route for which a passenger fee is
17 charged unless the vehicle is accessible to a person using a
18 wheelchair from a roadway level or curb level, and has accommoda-
19 tions in which 1 or more wheelchairs can be secured.

20 (18) A vehicle shall not be purchased, leased, or rented by
21 an eligible authority or eligible governmental agency after
22 October 1, 1978, with funds made available under this act which
23 vehicle is used to provide demand actuated service unless the
24 eligible authority or eligible governmental agency has submitted
25 a plan to the state transportation department describing the
26 service to be provided by the demand actuated service to persons
27 65 years of age or older and persons with disabilities within the

1 applicable service area and that plan has been approved by the
2 department. The department shall approve the plan as submitted
3 or modified or shall reject the plan within 60 days after the
4 plan is submitted. A plan which describes the service to be pro-
5 vided by the demand actuated service shall not be approved by the
6 department unless that plan provides the following:

7 (a) That demand actuated service will be provided to persons
8 65 years of age or older and persons with disabilities residing
9 in the entire service area subject to the plan.

10 (b) That as a minimum, demand actuated service will be pro-
11 vided to persons 65 years of age or older and persons with dis-
12 abilities during the same hours as service is provided to all
13 other persons in the service area subject to the plan.

14 (c) That the average time period required for demand actu-
15 ated service to persons 65 years of age or older and persons with
16 disabilities from the initiation of a service request to arrival
17 at the destination is equal to the average time period required
18 for demand actuated service provided to all other persons in the
19 service area subject to the plan.

20 (d) That the eligible authority or eligible governmental
21 agency submitting the plan has established a local advisory coun-
22 cil with not less than 50% of its membership representing persons
23 65 years of age or older and persons with disabilities within the
24 service area subject to the plan and that the local advisory
25 council has had an opportunity to review and comment upon the
26 plan before its submission to the department. Each eligible
27 authority or eligible governmental agency jointly with the area

1 agency on aging shall approve at least 1 or the equivalent of 12%
2 of the membership of the local advisory council. Each advisory
3 council comment shall be included in the plan when submitted to
4 the department.

5 (19) Notwithstanding subsection (18), a plan required by
6 subsection (18) which is not approved or rejected by the state
7 transportation department within 60 days after submission shall
8 be considered approved as submitted.

9 (20) Subsections (17), (18), and (19) shall not apply to
10 vehicles or facilities used to transport persons by rail, air, or
11 water or to vehicles of common carriers licensed by the state
12 transportation department.

13 (21) After January 1, 1979, the department shall submit an
14 annual report to the legislature detailing the service provided
15 in the prior year for persons 65 years of age or older and per-
16 sons with disabilities by fixed route service and demand actuated
17 service. This report shall include a record of passenger usage
18 and shall be submitted by April 1 of each year.

19 ~~-(22) Notwithstanding any other provision of this section,~~
20 ~~if the unreserved balance of the comprehensive transportation~~
21 ~~fund as of September 30, 1997 is greater than \$50,000,000.00,~~
22 ~~then the entire unreserved balance minus \$50,000,000.00 shall be~~
23 ~~appropriated for the fiscal year ending September 30, 1998 only~~
24 ~~to local bus transit authorities for discretionary capital~~
25 ~~expenditures. These funds shall be distributed to individual~~
26 ~~authorities in the same proportion provided for in the provisions~~
27 ~~of section 10e(4)(a)(i) except that the costs of services~~

1 ~~provided by water vehicle shall not be eligible for~~
2 ~~reimbursement.~~

3 Sec. 11. (1) A fund to be known as the state trunk line
4 fund is established and shall be set up and maintained in the
5 state treasury as a separate fund. The money deposited in the
6 state trunk line fund is appropriated to the state transportation
7 department for the following purposes in the following order of
8 priority:

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

13 (i) For the payment of contributions required to be made by
14 the state highway commission or the state transportation commis-
15 sion under contracts entered into before July 18, 1979, under
16 1941 PA 205, MCL 252.51 to 252.64, which contributions have been
17 pledged before July 18, 1979, for the payment of the principal
18 and interest on bonds issued under 1941 PA 205, MCL 252.51 to
19 252.64, for the payment of which a sufficient sum is irrevocably
20 appropriated.

21 (ii) For the payment of the principal and interest upon
22 bonds designated "State of Michigan, State Highway Commissioner,
23 Highway Construction Bonds, Series I", dated September 1, 1956,
24 in the aggregate principal amount of \$25,000,000.00, issued pur-
25 suant to former 1955 PA 87 and the resolution of the state admin-
26 istrative board adopted August 6, 1956, for the payment of which
27 a sufficient sum is irrevocably appropriated.

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

17 (b) For the transfer of funds appropriated pursuant to sec-
18 tion 10(1)(g) to the transportation economic development fund,
19 but the transfer shall be reduced each fiscal year by the amount
20 of debt service to be paid in that year from the state trunk line
21 fund for bonds, notes, or other obligations issued to fund
22 projects of the transportation economic development fund, which
23 amount shall be certified by the department.

24 (c) For the transfer of funds appropriated pursuant to sec-
25 tion 10(1)(a) to the railroad grade crossing account in the state
26 trunk line fund for expenditure to meet the cost, in whole or in
27 part, of providing for the improvement, installation, and

1 retirement of new or existing safety devices or other rail grade
2 crossing improvements at rail grade crossings on public roads and
3 streets under the jurisdiction of the state, counties, or cities
4 and villages. Projects shall be selected for funding in accord-
5 ance with the following:

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

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

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

19 (iv) If federal funds from the railroad-highway grade cross-
20 ing improvement program or other comparable federal programs have
21 been exhausted, funds deposited pursuant to this subdivision
22 shall be used to fund 100% of grade crossing projects that
23 receive the highest priority of unfunded projects ~~pursuant to~~
24 ON THE BASIS OF criteria established by the department.

25 (v) State railroad grade crossing funds shall not be used,
26 either as 100% of project cost or to match federal
27 railroad-highway grade crossing improvement funds, for a crossing

1 that is determined by the department ~~pursuant to~~ ON THE BASIS
2 OF the criteria established by the department to be a lower pri-
3 ority than other projects that have not yet been funded.
4 However, if sufficient funds are available, these state railroad
5 grade crossing account funds may be used for not more than 50% of
6 a project's cost for a crossing that is determined by the depart-
7 ment ~~pursuant to~~ ON THE BASIS OF the criteria established by
8 the department to be a lower priority if the balance of not less
9 than 50% of the project's cost is provided by the road authority,
10 railroad, or other sources.

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

19 (A) For new railroad crossings, these funds may be used for
20 the crossing surface, active and passive traffic control devices,
21 pavement marking, and other improvements necessitated by the new
22 crossing.

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

26 (C) If the department and the road authority with
27 jurisdiction over a public road or street crossing formally agree

1 that the grade crossing should be eliminated by permanent closing
2 of the public road or street, the road authority making the clos-
3 ing shall receive \$5,000.00 from the railroad grade crossing
4 account. In addition, any connecting road improvements necessi-
5 tated by the grade crossing closure are reimbursable on an actual
6 cost basis not to exceed \$10,000.00 per crossing closed. The
7 physical removal of the crossing, roadway within railroad rights
8 of way and street termination treatment will be negotiated
9 between the road authority and railroad company. The funds pro-
10 vided to the road authority as a result of the crossing closure
11 will be credited to its account representing the same road or
12 street system on which the crossing is located.

13 (vii) This subdivision shall apply through September 30,
14 2000.

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

17 (e) For the maintenance of state trunk line highways and
18 bridges.

19 (f) For the opening, widening, improving, construction, and
20 reconstruction of state trunk line highways and bridges, includ-
21 ing the acquisition of necessary rights of way and the work inci-
22 dental to that opening, widening, improving, construction, or
23 reconstruction. Those sums in the state trunk line fund not oth-
24 erwise appropriated, distributed, determined, or set aside by law
25 shall be used for the construction or reconstruction of the
26 national system of interstate and defense highways, referred to
27 in this act as "the interstate highway system" to the extent

1 necessary to match federal aid funds as the federal aid funds
2 become available for that purpose; and, for the construction and
3 reconstruction of the state trunk line system.

4 (g) The state transportation department may enter into
5 agreements with county road commissions and with cities and vil-
6 lages to perform work on a highway, road, or street. The agree-
7 ments may provide for the performance by any of the contracting
8 parties of any of the work contemplated by the contract including
9 engineering services and the acquisition of rights of way in con-
10 nection with the work, by purchase or condemnation by any of the
11 contracting parties in its own name, and for joint participation
12 in the costs, but only to the extent that the contracting parties
13 are otherwise authorized by law to expend money on the highways,
14 roads, or streets. The state transportation department also may
15 contract with a county road commission, city, and village to
16 advance money to a county road commission, city, and village to
17 pay their costs of improving railroad grade crossings on the
18 terms and conditions agreed to in the contract. A contract may
19 be executed before or after the state transportation commission
20 borrows money for the purpose of advancing money to a county road
21 commission, city, or village, but the contract shall be executed
22 before the advancement of any money to a county road commission,
23 city, or village by the state transportation commission, and
24 shall provide for the full reimbursement of any advancement by a
25 county road commission, city, or village to the state transporta-
26 tion department, with interest, within 15 years after
27 advancement, from any available revenue sources of the county

1 road commission, city, or village or, if provided in the
2 contract, by deduction from the periodic disbursements of any
3 money returned by the state to the county road commission, city,
4 or village.

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

12 (2) Notwithstanding any other provision of this act, at
13 least 90% of state revenue appropriated annually to the state
14 trunk line fund less the amounts described in subdivisions (a) to
15 (i) shall be expended annually by the state transportation
16 department for the maintenance of highways, roads, streets, and
17 bridges and for the payment of debt service on bonds, notes, or
18 other obligations described in subsection (1)(a) issued after
19 July 1, 1983, for the purpose of providing funds for the mainte-
20 nance of highways, roads, streets, and bridges. Of the amounts
21 appropriated for state trunk line projects, the department shall,
22 where possible, secure warranties of not less than 5-year full
23 replacement guarantee for contracted construction work. If an
24 appropriate certificate is filed under section 18e but only to
25 the extent necessary, this subsection shall not prohibit the use
26 of any amount of money restricted as to use by section 9 of
27 article IX of the state constitution of 1963 and deposited in the

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

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

12 (b) Amounts expended to provide the state matching require-
13 ment for projects on the national highway system and for the pay-
14 ment of debt service on bonds, notes, or other obligations issued
15 after July 1, 1983, for the purpose of providing funds for the
16 state matching requirements for projects on the national highway
17 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 funds for
22 the construction of a highway, street, road, or bridge to 1 or
23 more 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.

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

4 (d) Amounts expended for capital outlay other than for high-
5 ways, roads, streets, and bridges or to pay debt service on
6 bonds, notes, or other obligations issued after July 1, 1983, for
7 the purpose of providing funds for capital outlay other than for
8 highways, roads, streets, and bridges.

9 (e) Amounts expended for the operating expenses of the state
10 transportation department other than the units of the department
11 performing the functions assigned on January 1, 1983 to the
12 bureau of highways.

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

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

17 (h) Amounts appropriated for deposit in the transportation
18 economic development fund and the rail grade crossing account
19 pursuant to section ~~10(1)(g) and~~ 10(1)(a) AND (G).

20 (i) Upon the affirmative recommendation of the director of
21 the state transportation department and the approval by resolu-
22 tion of the state transportation commission, those amounts
23 expended for projects vital to the economy of the state, a
24 region, or local area or the safety of the public. The resolu-
25 tion shall state the cost of the project exempted from this
26 subsection.

1 (3) Notwithstanding any other provision of this act, the
2 state transportation department shall expend annually at least
3 90% of the federal revenue distributed to the credit of the state
4 trunk line fund in that year, except for federal revenue expended
5 for the purposes described in subsection (2)(b), (c), (f), and
6 (i) on the maintenance of highways, roads, streets, and bridges.
7 The requirement of this subsection shall be waived if compliance
8 would cause the state to be ineligible according to federal law
9 for federal revenue, but only to the extent necessary to make the
10 state eligible according to federal law for that revenue.

11 (4) As used in this section:

12 (a) "Maintenance" and "maintaining" mean snow removal;
13 street cleaning and drainage; seal coating; patching and ordinary
14 repairs; erection and maintenance of traffic signs and markings;
15 safety projects; and the preservation, reconstruction, resurfac-
16 ing, restoration, and rehabilitation of highways, roads, streets,
17 and bridges. For the purposes of this section, maintenance and
18 maintaining ~~shall~~ ARE not ~~be~~ limited to the repair and
19 replacement of a road but ~~shall~~ include maintaining the origi-
20 nal intent of a construction project. If traffic patterns indi-
21 cate that this intent is no longer being met, the department may
22 expend funds to take corrective action and continue to fulfill
23 its obligation of maintaining the department's original objective
24 for the construction project. However, maintenance and maintain-
25 ing do not include projects ~~which~~ THAT increase the capacity of
26 a highway facility to accommodate that part of the traffic having
27 neither origin nor destination within the local area.

1 (b) "Maintenance" and "maintaining" include widening less
2 than lane width; adding auxiliary turning lanes of 1/2 mile or
3 less; adding auxiliary weaving, climbing, or speed change lanes;
4 and correcting substandard intersections.

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

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

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

20 (6) County road commissions, cities, and villages may borrow
21 money from the proceeds of bonds or notes issued under section
22 18b or the state trunk line fund for the purposes set forth in
23 subsection (5) ~~which~~ THAT shall be repayable, with interest,
24 from 1 or more of the following:

25 (a) The money to be received by the county road commission,
26 city, or village from the Michigan transportation fund, except to
27 the extent the money has been or may in the future be pledged by

1 contract in accordance with 1941 PA 205, MCL 252.51 to 252.64, or
2 has been or may in the future be pledged for the payment of the
3 principal and interest upon notes issued ~~pursuant to~~ UNDER 1943
4 PA 143, MCL 141.251 to 141.254, or has been or may in the future
5 be pledged for the payment of principal and interest upon bonds
6 issued under section 18c or 18d, or has been or may in the future
7 be pledged for the payment of the principal and interest upon
8 bonds issued ~~pursuant to~~ UNDER 1952 PA 175, MCL 247.701 to
9 247.707.

10 (b) Any other legally available funds of the city, village,
11 or county road commission, other than the general funds of the
12 county.

13 (7) Loans made pursuant to subsection (5) if required by the
14 state transportation department may be payable by deduction by
15 the state treasurer, upon direction of the state transportation
16 department, from the periodic disbursements of any money returned
17 by the state under this act to the county road commission, city,
18 or village, but only after sufficient money has been returned to
19 the county road commission, city, or village to provide for the
20 payment of contractual obligations incurred or to be incurred and
21 principal and interest on notes and bonds issued or to be issued
22 under 1941 PA 205, MCL 252.51 to 252.64, 1943 PA 143, MCL 141.251
23 to 141.254, 1952 PA 175, MCL 247.701 to 247.707, or section 18c
24 or 18d. The interest rates and payment schedules of any loans
25 made from the proceeds of bonds or notes issued pursuant to sec-
26 tion 18b shall be established by the state transportation
27 department to conform as closely as practicable to the interest

1 rate and repayment schedules on the bonds or notes issued to make
2 the loans. However, the state transportation department may
3 allow for the deferral of the first payment of interest or prin-
4 cipal on the loans for a period of not to exceed 1 year after the
5 respective first payment of interest or principal on the bonds or
6 notes issued to make the loans.

7 (8) The amount borrowed by a county road commission, city,
8 or village pursuant to subsection (6) shall not be included in,
9 or charged against, any constitutional, statutory, or charter
10 debt limitation of the county, city, or village and shall not be
11 included in the determination of the maximum annual principal and
12 interest requirements of, or the limitations upon, the maximum
13 annual principal and interest incurred under 1941 PA 205,
14 MCL 252.51 to 252.64, 1943 PA 143, MCL 141.251 to 141.254, 1952
15 PA 175, MCL 247.701 to 247.707, or section 18c or 18d.

16 (9) The county road commission, city, or village shall not
17 be required to seek or obtain the approval of the electors, the
18 municipal finance commission or its successor agency, or, except
19 as provided in this subsection, the department of treasury to
20 borrow money pursuant to subsection (6). The borrowing shall not
21 be subject to the municipal finance act, 1943 PA 202, MCL 131.1
22 to 139.3, or to section 5(g) of the home rule city act, 1909
23 PA 279, MCL 117.5. The state transportation department shall
24 give at least 10 days' notice to the state treasurer of its
25 intention to make a loan under subsection (5). If the state
26 treasurer gives notice to the director of the state
27 transportation department within 10 days of receiving the notice

1 from the state transportation department, that, based upon the
2 then existing financial or credit situation of the county road
3 commission, city, or village, it would not be in the best inter-
4 ests of the state to make a loan under subsection (5) to the
5 county road commission, city, or village, the loan shall not be
6 made unless the state treasurer, after a hearing, if requested by
7 the affected county road commission, city, or village, subse-
8 quently gives notice to the director of the state transportation
9 department that the loan may be made on the conditions that the
10 state treasurer specifies.

11 (10) The state transportation commission may borrow money
12 and issue bonds and notes under, and pursuant to the requirements
13 of, section 18b to make loans to county road commissions, cities,
14 and villages for the purposes described in the second paragraph
15 of section 9 of article IX of the state constitution of 1963, as
16 provided in subsection (5). A single issue of bonds or notes may
17 be issued for the purposes specified in subsection (5) and for
18 the other purposes specified in section 18b. The house and
19 senate transportation appropriations subcommittees shall be noti-
20 fied by the department if there are extras and overruns suffi-
21 cient to require approval of either the state administrative
22 board or the commission, or both, on any contract between the
23 department and a local road agency or a private business.

24 (11) The director of the state transportation department,
25 after consultation with representatives of the interests of
26 county road commissions, cities, and villages, shall establish,
27 by intergovernmental communication, procedures for the

1 implementation and administration of the loan program established
2 under subsections (5) to (10).

3 (12) Not more than 10% per year of all of the funds received
4 by and returned to the state transportation department from any
5 source for the purposes of this section may be expended for
6 administrative expenses. The department shall be subject to
7 section 14(5) if more than 10% per year is expended for adminis-
8 trative expenses. As used in this subsection, "administrative
9 expenses" means those expenses that are not assigned including,
10 but not limited to, specific road construction or maintenance
11 projects and are often referred to as general or supportive
12 services. Administrative expenses shall not include net equip-
13 ment expense, net capital outlay, debt service principal and
14 interest, and payments to other state or local offices which are
15 assigned, but not limited to, specific road construction projects
16 or maintenance activities.

17 (13) Any performance audits of the department shall be con-
18 ducted according to government auditing standards issued by the
19 United States general accounting office.