

STATE OF MICHIGAN
91ST LEGISLATURE
REGULAR SESSION OF 2002

Introduced by Reps. Scranton, Thomas, Kolb, Phillips and Godchaux

ENROLLED HOUSE BILL No. 5523

AN ACT 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 10c, 10h, 10l, and 10n (MCL 247.660c, 247.660h, 247.660l, and 247.660n), sections 10c and 10h as amended by 2002 PA 498, section 10l as amended by 1987 PA 234, and section 10n as amended by 2002 PA 329.

The People of the State of Michigan enact:

Sec. 10c. As used in this act:

(a) "Urban or rural area" means a contiguous developed area, including the immediate surrounding area, where transportation services should reasonably be provided presently or in the future; the area within the jurisdiction of an eligible authority; or for the purpose of receiving funds for public transportation, a contiguous developed area having a population of less than 50,000 population that has an urban public transportation program approved by the state transportation department and for which the state transportation commission determines that public transportation services should reasonably be provided presently or in the future.

(b) "Eligible authority" means an authority organized under the metropolitan transportation authorities act of 1967, 1967 PA 204, MCL 124.401 to 124.426, or an authority organized or continued under the Detroit area regional transportation authority act.

(c) “Eligible governmental agency” means a county, city, or village or an authority created under 1963 PA 55, MCL 124.351 to 124.359; the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512; 1967 (Ex Sess) PA 8, MCL 124.1 to 124.13; 1951 PA 35, MCL 124.1 to 124.13; the public transportation authority act, 1986 PA 196, MCL 124.451 to 124.479; or the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140.

(d) “Transit vehicle” means a bus, rapid transit vehicle, railroad car, water vehicle, taxicab, or other type of public transportation vehicle or individual unit, whether operated singly or in a group which provides public transportation.

(e) “Transit vehicle mile” means a transit vehicle operated for 1 mile in public transportation service including demand actuated and line-haul vehicle miles.

(f) “Demand actuated vehicle” means a bus or smaller transit vehicle operated for providing group rides to members of the general public paying fares individually, and on demand rather than in regularly scheduled route service.

(g) “Demand actuated vehicle mile” means a demand actuated vehicle operated for 1 mile in service to the general public.

(h) “Public transportation”, “comprehensive transportation”, “public transportation service”, “comprehensive transportation service”, “public transportation purpose”, or “comprehensive transportation purpose” means the movement of people and goods by publicly or privately owned water vehicle, bus, railroad car, aircraft, rapid transit vehicle, taxicab, or other conveyance which provides general or special service to the public, but not including charter or sightseeing service or transportation which is exclusively for school purposes. Public transportation, public transportation services, or public transportation purposes; and comprehensive transportation, comprehensive transportation services, or comprehensive transportation purposes as defined in this subdivision are declared by law to be transportation purposes within the meaning of section 9 of article IX of the state constitution of 1963.

(i) “State transportation commission” means the state transportation commission established in section 28 of article V of the state constitution of 1963.

(j) “Governmental unit” means the state transportation department, the state transportation commission, a county road commission, a city, or a village.

(k) “Department” or “department of transportation” means the state transportation department, which may be referred to administratively as the department of transportation.

(l) “Preservation” means an activity undertaken to preserve the integrity of the existing roadway system. Preservation does not include new construction of highways, roads, streets, or bridges, a project that increases the capacity of a highway facility to accommodate that part of traffic having neither an origin nor destination within the local area, widening of a lane width or more, or adding turn lanes of more than 1/2 mile in length. Preservation includes, but is not limited to, 1 or more of the following:

- (i) Maintenance.
- (ii) Capital preventive treatments.
- (iii) Safety projects.
- (iv) Reconstruction.
- (v) Resurfacing.
- (vi) Restoration.
- (vii) Rehabilitation.
- (viii) Widening of less than the width of 1 lane.
- (ix) Adding auxiliary weaving, climbing, or speed change lanes.
- (x) Modernizing intersections.
- (xi) Adding auxiliary turning lanes of 1/2 mile or less.

(m) “Maintenance” means routine maintenance or preventive maintenance, or both. Maintenance does not include capital preventive treatments, resurfacing, reconstruction, restoration, rehabilitation, safety projects, widening of less than 1 lane width, adding auxiliary turn lanes of 1/2 mile or less, adding auxiliary weaving, climbing, or speed-change lanes, modernizing intersections, or the upgrading of aggregate surface roads to hard surface roads. Maintenance of state trunk line highways does not include streetlighting except for freeway lighting for traffic safety purposes.

(n) “Routine maintenance” means actions performed on a regular or controllable basis or in response to uncontrollable events upon a highway, road, street, or bridge. Routine maintenance includes, but is not limited to, 1 or more of the following:

- (i) Snow and ice removal.
- (ii) Pothole patching.
- (iii) Unplugging drain facilities.
- (iv) Replacing damaged sign and pavement markings.
- (v) Replacing damaged guardrails.

- (vi) Repairing storm damage.
- (vii) Repair, replacement, or operation of traffic signal systems.
- (viii) Emergency environmental cleanup.
- (ix) Emergency repairs.
- (x) Emergency management of road closures that result from uncontrollable events.
- (xi) Cleaning streets and associated drainage.
- (xii) Installing traffic signs and signal devices.
- (xiii) Mowing roadside.
- (xiv) Control of roadside brush and vegetation.
- (xv) Cleaning roadside.
- (xvi) Repairing lighting.
- (xvii) Grading.

(o) "Preventive maintenance" means a planned strategy of cost-effective treatments to an existing roadway system and its appurtenances that preserve assets by retarding deterioration and maintaining functional condition without significantly increasing structural capacity. Preventive maintenance includes, but is not limited to, 1 or more of the following:

- (i) Pavement crack sealing.
- (ii) Micro surfacing.
- (iii) Chip sealing.
- (iv) Concrete joint resealing.
- (v) Concrete joint repair.
- (vi) Filling shallow pavement cracks.
- (vii) Patching concrete.
- (viii) Shoulder resurfacing.
- (ix) Concrete diamond grinding.
- (x) Dowel bar retrofit.
- (xi) Bituminous overlays of 1-1/2 inches or less in thickness.
- (xii) Restoration of drainage.
- (xiii) Bridge crack sealing.
- (xiv) Bridge joint repair.
- (xv) Bridge seismic retrofit.
- (xvi) Bridge scour countermeasures.
- (xvii) Bridge painting.
- (xviii) Pollution prevention.
- (xix) New treatments as they may be developed.

(p) "County road commission" means the board of county road commissioners elected or appointed pursuant to section 6 of chapter IV of 1909 PA 283, MCL 224.6, or, in the case of a charter county with a population of 2,000,000 or more with an elected county executive that does not have a board of county road commissioners, the county executive for ministerial functions and the county commission provided for in section 14(1)(d) of 1966 PA 293, MCL 45.514, for legislative functions.

(q) "Capital preventive treatments" means any preventive maintenance category project on state trunk line highways that qualifies under the department's capital preventive maintenance program.

Sec. 10h. (1) By May 1 of each year, the state transportation commission shall report to each member of the legislature, the governor, and the auditor general its recommendations for a transportation program which the state transportation commission acts on under section 10e(10). The report shall specify the following:

(a) The estimated amount of money in the comprehensive transportation fund to be distributed in the following fiscal year and the amount of money in the comprehensive transportation fund to be distributed to each eligible authority, each intercity carrier, each eligible governmental agency, and the state transportation department; the estimated amount of money in the state trunk line fund to be distributed to the state transportation department for the preservation, as defined in section 10c, of state trunk line highways; and the estimated amount of money in the state trunk line fund to be distributed to the state transportation department for all other purposes in the following fiscal year. The report shall further subdivide the money to be distributed to each eligible authority, each intercity carrier,

each eligible governmental agency, the state transportation department from the comprehensive transportation fund, the state transportation department from the state trunk line fund for the preservation of state trunk line highways, and the state transportation department from the state trunk line fund for all other purposes specifying how much of that money is proposed to be expended for either capital acquisitions, including demonstration projects, or for operating expenses, including demonstration projects.

(b) An account of all expenditures of funds distributed from the state trunk line fund and the comprehensive transportation fund to the state transportation department, eligible authorities, intercity carriers, and eligible governmental agencies, and the progress made by the state transportation department, eligible authorities, intercity carriers, and eligible governmental agencies in carrying out the approved transportation programs in the preceding fiscal year through the use of those funds. The progress report shall be made based on information supplied to the state transportation department on forms authorized by the federal department of transportation. For those eligible authorities, intercity carriers, and eligible governmental agencies not receiving federal funds pursuant to the urban mass transportation act of 1964, Public Law 88-365, the progress report shall be made upon forms supplied by the state transportation department. The progress report shall also contain the whole amount of the expenses of the state transportation department for the fiscal year.

(c) Each project certified to be eligible for a multiyear funding commitment.

(d) The status of all multiyear funding commitments.

(e) An account of the state transportation department's compliance in the preceding year with the requirements of section 11(2) and (3). The report shall also specify the justification for a waiver of the requirement of section 11(3), if that requirement was waived.

(2) The financial transactions and accounts related to distributions made from the comprehensive transportation fund to an eligible authority shall be audited pursuant to the metropolitan transportation authorities act of 1967, 1967 PA 204, MCL 124.401 to 124.426, or the Detroit area transportation authority act, whichever applies. The cost of the audit shall be paid by the eligible authority. The financial transactions and accounts related to distributions made from the fund to an eligible governmental agency, other than a county, shall be audited in accordance with the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a. The financial transactions and accounts related to distributions made from the fund to a county which is an eligible governmental agency shall be audited in accordance with 1919 PA 71, MCL 21.41 to 21.55. The financial transactions and accounts relative to distributions made to an intercity carrier shall be audited by an independent certified public accountant in accordance with instructions promulgated by the department of treasury. A copy of the complete audit report and management letter shall be submitted by the eligible authority, intercity carrier, or eligible governmental agency to the state transportation department. The department of treasury shall develop minimum audit standards and requirements.

(3) There is hereby established a task force composed of the Michigan public transit association, the Michigan motorbus association, the Michigan rail users and supporters association, the Michigan railroad association, a representative of a state-owned or leased short line railroad, and the office of auditor general or a certified public accountant appointed by the auditor general, to assist the department in the development of the progress report requirements outlined in subsection (1)(b).

Sec. 10l. (1) For each 12-month period beginning October 1, 1987, and each 12-month period thereafter, \$2,000,000.00 shall be returned from the distribution under section 10e(4)(a) by each eligible authority organized under the Detroit area regional transportation authority act in terms of a credit to cities, villages, and townships within the authority, receiving or eligible to receive credits as of October 1, 2001 that apply to the authority for the credit in accordance with procedures and standards established by the authority, except as provided by subsections (2) and (3). The return of money in terms of a credit shall be based upon the population of each city, village, or township within the authority.

(2) For each 12-month period described in subsection (1), a city, village, or township described in subsection (1) may apply to the authority to use its credit for public transportation purposes within the authority's jurisdiction. However, the money returned in terms of a credit to any city, village, or township that provides public transportation service for that city, village, or township shall be used exclusively toward reducing the operating deficit of that service. Any service provided by the city, township, or village utilizing the credit received under this section shall be operated by the authority returning the money in terms of a credit on a contractual basis with each city, village, or township or with a combination of cities, villages, and townships. If a city, township, or village has not applied to the authority to utilize its credit pursuant to this subsection by the last day of the 12-month period, that municipality's share of the money credited pursuant to subsection (1) shall be used by the authority for an expenditure within the county within which the city, village, or township lies.

(3) A city, village, or township that has applied for and received approval from the authority for use of its credit pursuant to subsection (2) shall have 1 year after the end of the period in which the application was made to actually expend that credit. A credit not actually expended by the city, village, or township by the last day of the year after the end of the period in which the application was made shall be used by the authority for an expenditure within the county within which the city, village, or township lies.

(4) Notwithstanding any other section of this or any other act, each authority authorized by this section to return money in terms of a credit shall have the final decision as to what constitutes a proper expenditure, a public transportation service, or a public transportation purpose under subsections (2) and (3).

(5) The expenditure of the amounts required to be expended under subsections (2) and (3) shall not be conditioned on an expenditure by a county in which the expenditure is required to be expended.

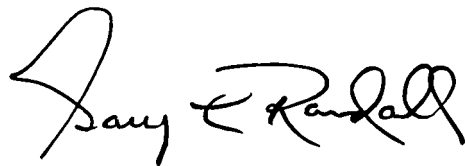
(6) An authority shall retain its ability to coordinate services between contracting cities, villages, and townships or groups of cities, villages, or townships.

(7) As used in this section, "operating deficit" means the operating cost of a public transportation service less the revenues generated by the service.

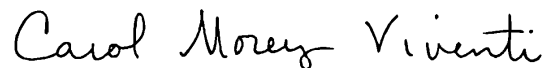
Sec. 10n. (1) Funds from the comprehensive transportation fund may be distributed to a trustee, or to the Michigan municipal bond authority as created under the shared credit rating act, 1985 PA 227, MCL 141.1051 to 141.1076, that is authorized to receive the funds under a borrowing resolution adopted by an eligible authority. The issuance of the notes of an eligible authority in anticipation of payment of proceeds from the comprehensive transportation fund shall be authorized by a borrowing resolution of the eligible authority under the metropolitan transportation authorities act of 1967, 1967 PA 204, MCL 124.401 to 124.426, or the Detroit area regional transportation authority act. The issuance of the notes under this section is not subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, and shall be subject to the prior approval of the state transportation commission. Failure of the commission to take action within 35 days after receipt of notification from the eligible authority of intent to issue the notes, constitutes approval by the state transportation commission. The eligible authority may only issue the notes in anticipation of funds to be received during its current fiscal year at any time before the eligible authority's receipt of the funds from the comprehensive transportation fund. The principal amount of notes for which the funds to be received from the comprehensive transportation fund are pledged shall not exceed 85% of the amount remaining to be received by the eligible authority from the comprehensive transportation fund in the current fiscal year. The pledge of 100% of the funds the eligible authority expects to receive from the comprehensive transportation fund shall be secured by a direct transfer of the pledge funds from the comprehensive transportation fund to the trustee or the Michigan municipal bond authority that is authorized to receive the funds by the borrowing resolution adopted by the eligible authority. The notes of the eligible authority shall not be in any way a debt or a liability of the state and shall not create or constitute any indebtedness, liability, or obligations of the state or be or constitute a pledge of the full faith and credit of the state. Each note shall contain on its face a statement to the effect that the eligible authority is obligated to pay the principal of and the interest on the note only from funds of or due to the eligible authority and that this state is not obligated to pay that principal or interest and that neither the faith in credit nor the taxing power of this state is pledged to the payment of the principal of or the interest on the note. The notes shall mature not more than 13 months from the date of issuance, shall bear interest at a fixed or variable rate or rates of interest per annum, and, in addition to other security required by this section, may be secured by letter or line of credit issued by a financial institution or as provided in the borrowing resolution.

(2) The issuance of notes under this section is subject to the agency financing reporting act, 2002 PA 470, MCL 129.171 to 129.177.

Enacting section 1. This amendatory act does not take effect unless House Bill No. 5467 of the 91st Legislature is enacted into law.



Clerk of the House of Representatives.



Secretary of the Senate.

Approved _____

Governor.