

# HOUSE BILL No. 5332

September 10, 2009, Introduced by Reps. Bolger, Elsenheimer, Hildenbrand, Haveman, Crawford, Caul, McMillin, Walsh, Hansen, Booher, Paul Scott, Lund, Calley, Opsommer, Pearce, Tyler, Kowall, Agema, Schuitmaker, Meekhof, Wayne Schmidt, Stamas, Moore, Proos, Daley, Pavlov, Kurtz, DeShazor, Denby, Meltzer, Haines, Knollenberg, Rick Jones, Genetski, Horn, Moss, Rogers, Marleau, Lori, Amash, Green and Ball 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, local bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line

fund, critical bridge fund, comprehensive transportation fund, and certain other funds of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to provide for submission of annual legislative requests and reports; to provide for the establishment and functions of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and repayment by local units and agencies of those loans from certain specified sources; and to repeal acts and parts of acts,"

by amending section 11 (MCL 247.661), as amended by 2002 PA 639, and by adding section 12d.

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

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

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

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

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

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

23           (b) For the transfer of funds appropriated pursuant to section  
24 10(1)(g) to the transportation economic development fund, but the  
25 transfer shall be reduced each fiscal year by the amount of debt  
26 service to be paid in that year from the state trunk line fund for  
27 bonds, notes, or other obligations issued to fund projects of the

1 transportation economic development fund, which amount shall be  
2 certified by the department.

3 (c) For the transfer of funds appropriated pursuant to section  
4 10(1)(a) to the railroad grade crossing account in the state trunk  
5 line fund for expenditure for rail grade crossing improvement  
6 purposes at rail grade crossings on public roads and streets under  
7 the jurisdiction of the state, counties, cities, or villages.  
8 Projects shall be selected for funding in accordance with the  
9 following:

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

13 (ii) In prioritizing projects for these funds, in whole or in  
14 part, the department shall consider train and vehicular traffic  
15 volumes, accident history, traffic control device improvement  
16 needs, and the availability of funding.

17 (iii) Consistent with the other requirements for these funds,  
18 the first priority for funds deposited pursuant to this subdivision  
19 for rail grade crossing improvements and retirement shall be to  
20 match federal funds from the railroad-highway grade crossing  
21 improvement program or other comparable federal programs if a match  
22 is required under federal law.

23 (iv) If the department and the road authority with jurisdiction  
24 over the crossing formally agree that the grade crossing should be  
25 eliminated by permanent closing of the public road or street, the  
26 physical removal of the crossing, roadway within railroad rights of  
27 way and street termination treatment will be negotiated between the

1 road authority and railroad company. The funds provided to the road  
2 authority as a result of the crossing closure will be credited to  
3 its account representing the same road or street system on which  
4 the crossing is located and shall be used for any transportation  
5 purpose within that road authority's jurisdiction.

6 (D) FOR THE STATE FISCAL YEAR THAT ENDS ON SEPTEMBER 30, 2010  
7 ONLY, FOR FUNDS APPROPRIATED TO THE GRADE CROSSING SURFACE ACCOUNT  
8 IN THE STATE TRUNK LINE FUND, UP TO \$6,000,000.00 OF GENERAL FUND  
9 MONEY FOR EXPENDITURE FOR RAIL GRADE CROSSING SURFACE IMPROVEMENT  
10 PURPOSES AT RAIL GRADE CROSSINGS ON PUBLIC ROADS AND STREETS UNDER  
11 THE JURISDICTION OF COUNTIES, CITIES, OR VILLAGES. PROJECTS SHALL  
12 BE SELECTED FOR FUNDING IN ACCORDANCE WITH THE FOLLOWING:

13 (i) IN PRIORITIZING PROJECTS, THE DEPARTMENT SHALL CONSIDER  
14 VEHICULAR TRAFFIC VOLUMES, RELATIVE CROSSING SURFACE CONDITION, THE  
15 ABILITY OF THE RAILROAD AND LOCAL ROAD AUTHORITY TO MAKE  
16 COORDINATED IMPROVEMENTS, AND THE AVAILABILITY OF FUNDING.

17 (ii) THE GRADE CROSSING SURFACE ACCOUNT SHALL FUND 60% OF THE  
18 PROJECT COST, WITH THE REMAINING 40% FUNDED BY THE RAILROAD  
19 COMPANY.

20 (iii) FUNDING UNDER THE GRADE CROSSING SURFACE ACCOUNT WILL BE  
21 LIMITED TO THOSE ITEMS OF WORK NORMALLY THE RESPONSIBILITY OF THE  
22 RAILROAD UNDER SECTION 309 OF THE RAILROAD CODE OF 1993, 1993 PA  
23 354, MCL 462.309. MAINTENANCE OF THE ROADWAY APPROACHES TO THE  
24 CROSSING WILL CONTINUE TO BE THE RESPONSIBILITY OF THE PARTY WITH  
25 JURISDICTION OVER THAT ROADWAY.

26 (E) ~~(d)~~—For the total operating expenses of the state trunk  
27 line fund for each fiscal year as appropriated by the legislature.

1           (F) ~~(e)~~—For the preservation of state trunk line highways and  
2 bridges.

3           (G) ~~(f)~~—For the opening, widening, improving, construction,  
4 and reconstruction of state trunk line highways and bridges,  
5 including the acquisition of necessary rights of way and the work  
6 incidental to that opening, widening, improving, construction, or  
7 reconstruction. Those sums in the state trunk line fund not  
8 otherwise appropriated, distributed, determined, or set aside by  
9 law shall be used for the construction or reconstruction of the  
10 national system of interstate and defense highways, referred to in  
11 this act as "the interstate highway system" to the extent necessary  
12 to match federal aid funds as the federal aid funds become  
13 available for that purpose; and, for the construction and  
14 reconstruction of the state trunk line system.

15           (H) ~~(g)~~—The state transportation department may enter into  
16 agreements with county road commissions and with cities and  
17 villages to perform work on a highway, road, or street. The  
18 agreements may provide for the performance by any of the  
19 contracting parties of any of the work contemplated by the contract  
20 including engineering services and the acquisition of rights of way  
21 in connection with the work, by purchase or condemnation by any of  
22 the contracting parties in its own name, and for joint  
23 participation in the costs, but only to the extent that the  
24 contracting parties are otherwise authorized by law to expend money  
25 on the highways, roads, or streets. The state transportation  
26 department also may contract with a county road commission, city,  
27 and village to advance money to a county road commission, city, and

1 village to pay their costs of improving railroad grade crossings on  
2 the terms and conditions agreed to in the contract. A contract may  
3 be executed before or after the state transportation commission  
4 borrows money for the purpose of advancing money to a county road  
5 commission, city, or village, but the contract shall be executed  
6 before the advancement of any money to a county road commission,  
7 city, or village by the state transportation commission, and shall  
8 provide for the full reimbursement of any advancement by a county  
9 road commission, city, or village to the state transportation  
10 department, with interest, within 15 years after advancement, from  
11 any available revenue sources of the county road commission, city,  
12 or village or, if provided in the contract, by deduction from the  
13 periodic disbursements of any money returned by the state to the  
14 county road commission, city, or village.

15 (I) FOR THE FISCAL YEAR THAT ENDS ON SEPTEMBER 30, 2010 ONLY,  
16 A SUM OF \$213,000,000.00 SHALL BE APPROPRIATED FROM THE GENERAL  
17 FUND TO THE STATE TRUNK LINE FUND. THE DEPARTMENT SHALL USE THE  
18 FUNDS TO MEET ANY MATCHING REQUIREMENTS FOR ROAD PROJECTS IMPOSED  
19 BY THE RECEIPT OF FEDERAL FUNDS FOR ROAD PROJECTS DURING THE FISCAL  
20 YEARS THAT BEGIN ON OCTOBER 1, 2010 AND OCTOBER 1, 2011.

21 (J) ~~(h)~~—For providing inventories of supplies and materials  
22 required for the activities of the state transportation department.  
23 The state transportation department may purchase supplies and  
24 materials for these purposes, with payment to be made out of the  
25 state trunk line fund to be charged on the basis of issues from  
26 inventory in accordance with the accounting and purchasing laws of  
27 this state.

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

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

27           (b) Amounts expended to provide the state matching requirement

1 for projects on the national highway system and for the payment of  
2 debt service on bonds, notes, or other obligations issued after  
3 July 1, 1983, for the purpose of providing funds for the state  
4 matching requirements for projects on the national highway system.

5 (c) Amounts expended for the construction of a highway,  
6 street, road, or bridge to 1 or more of the following or for the  
7 payment of debt service on bonds, notes, or other obligations  
8 issued after July 1, 1983, for the purpose of providing funds for  
9 the construction of a highway, street, road, or bridge to 1 or more  
10 of the following:

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

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

16 (d) Amounts expended for capital outlay other than for  
17 highways, roads, streets, and bridges or to pay debt service on  
18 bonds, notes, or other obligations issued after July 1, 1983, for  
19 the purpose of providing funds for capital outlay other than for  
20 highways, roads, streets, and bridges.

21 (e) Amounts expended for the operating expenses of the state  
22 transportation department other than the units of the department  
23 performing the functions assigned on January 1, 1983 to the bureau  
24 of highways.

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

27 (g) Amounts expended for the purposes described in subsection

1 (5).

2 (h) Amounts appropriated for deposit in the transportation  
3 economic development fund and the rail grade crossing account  
4 pursuant to section ~~10(1)(g)~~ **10(1)(H)** and 10(1)(a).

5 (i) Upon the affirmative recommendation of the director of the  
6 state transportation department and the approval by resolution of  
7 the state transportation commission, those amounts expended for  
8 projects vital to the economy of this state, a region, or local  
9 area or the safety of the public. The resolution shall state the  
10 cost of the project exempted from this subsection.

11 (3) Notwithstanding any other provision of this act, the state  
12 transportation department shall expend annually at least 90% of the  
13 federal revenue distributed to the credit of the state trunk line  
14 fund in that year, except for federal revenue expended for the  
15 purposes described in subsection (2)(b), (c), (f), and (i) and for  
16 the payment of notes issued under section 18b(9) on the  
17 preservation of highways, roads, streets, and bridges. The  
18 requirement of this subsection shall be waived if compliance would  
19 cause this state to be ineligible according to federal law for  
20 federal revenue, but only to the extent necessary to make this  
21 state eligible according to federal law for that revenue.

22 (4) Notwithstanding any other provision of this section, the  
23 state transportation department may loan money to county road  
24 commissions, cities, and villages for paying capital costs of  
25 transportation purposes described in the second paragraph of  
26 section 9 of article IX of the state constitution of 1963 from the  
27 proceeds of bonds or notes issued pursuant to section 18b or from

1 the state trunk line fund. Loans made directly from the state trunk  
2 line fund shall be made only after provision of funds for the  
3 purposes specified in subsection (1)(a) to ~~(f)~~—(G). Loans described  
4 in this subsection are not subject to the revised municipal finance  
5 act, 2001 PA 34, MCL 141.2101 to 141.2821.

6 (5) County road commissions, cities, and villages may borrow  
7 money from the proceeds of bonds or notes issued under section 18b  
8 or the state trunk line fund for the purposes set forth in  
9 subsection (4) that shall be repayable, with interest, from 1 or  
10 more of the following:

11 (a) The money to be received by the county road commission,  
12 city, or village from the Michigan transportation fund, except to  
13 the extent the money has been or may in the future be pledged by  
14 contract in accordance with 1941 PA 205, MCL 252.51 to 252.64, or  
15 has been or may in the future be pledged for the payment of the  
16 principal and interest upon notes issued pursuant to 1943 PA 143,  
17 MCL 141.251 to 141.254, or has been or may in the future be pledged  
18 for the payment of principal and interest upon bonds issued under  
19 section 18c or 18d, or has been or may in the future be pledged for  
20 the payment of the principal and interest upon bonds issued  
21 pursuant to 1952 PA 175, MCL 247.701 to 247.707.

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

24 (6) Loans made pursuant to subsection (4) if required by the  
25 state transportation department may be payable by deduction by the  
26 state treasurer, upon direction of the state transportation  
27 department, from the periodic disbursements of any money returned

1 by the state under this act to the county road commission, city, or  
2 village, but only after sufficient money has been returned to the  
3 county road commission, city, or village to provide for the payment  
4 of contractual obligations incurred or to be incurred and principal  
5 and interest on notes and bonds issued or to be issued under 1941  
6 PA 205, MCL 252.51 to 252.64, 1943 PA 143, MCL 141.251 to 141.254,  
7 1952 PA 175, MCL 247.701 to 247.707, or section 18c or 18d. The  
8 interest rates and payment schedules of any loans made from the  
9 proceeds of bonds or notes issued pursuant to section 18b shall be  
10 established by the state transportation department to conform as  
11 closely as practicable to the interest rate and repayment schedules  
12 on the bonds or notes issued to make the loans. However, the state  
13 transportation department may allow for the deferral of the first  
14 payment of interest or principal on the loans for a period of not  
15 to exceed 1 year after the respective first payment of interest or  
16 principal on the bonds or notes issued to make the loans.

17 (7) The amount borrowed by a county road commission, city, or  
18 village pursuant to subsection (5) shall not be included in, or  
19 charged against, any constitutional, statutory, or charter debt  
20 limitation of the county, city, or village and shall not be  
21 included in the determination of the maximum annual principal and  
22 interest requirements of, or the limitations upon, the maximum  
23 annual principal and interest incurred under 1941 PA 205, MCL  
24 252.51 to 252.64, 1943 PA 143, MCL 141.251 to 141.254, 1952 PA 175,  
25 MCL 247.701 to 247.707, or section 18c or 18d.

26 (8) The county road commission, city, or village is not  
27 required to seek or obtain the approval of the electors, the

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

20 (9) The state transportation commission may borrow money and  
21 issue bonds and notes under, and pursuant to the requirements of,  
22 section 18b to make loans to county road commissions, cities, and  
23 villages for the purposes described in the second paragraph of  
24 section 9 of article IX of the state constitution of 1963, as  
25 provided in subsection (4). A single issue of bonds or notes may be  
26 issued for the purposes specified in subsection (4) and for the  
27 other purposes specified in section 18b. The house and senate

1 transportation appropriations subcommittees shall be notified by  
2 the department if there are extras and overruns sufficient to  
3 require approval of either the state administrative board or the  
4 commission, or both, on any contract between the department and a  
5 local road agency or a private business.

6 (10) The director of the state transportation department,  
7 after consultation with representatives of the interests of county  
8 road commissions, cities, and villages, shall establish, by  
9 intergovernmental communication, procedures for the implementation  
10 and administration of the loan program established under  
11 subsections (4) to (9).

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

26 (12) Any performance audits of the department shall be  
27 conducted according to government auditing standards issued by the

1 United States general accounting office.

2 (13) Contracts entered into to advance money to a county road  
3 commission, city, or village under subsection ~~(1)(g)~~ **(1)(H)** are not  
4 subject to the revised municipal finance act, 2001 PA 34, MCL  
5 141.2101 to 141.2821.

6 (14) As used in this section, "rail grade crossing improvement  
7 purposes" means 1 or more of the following:

8 (a) The installation and modernization of active and passive  
9 warning devices at railroad grade crossings.

10 (b) The installation or improvement of grade crossing  
11 surfaces.

12 (c) Modification, relocation, or modernization of railroad  
13 grade crossing active and passive warning devices necessitated by  
14 roadway improvement projects.

15 (d) Test installations of innovative warning devices or other  
16 innovative applications.

17 (e) Construction of new grade separations.

18 (f) A cash incentive payment made pursuant to subsection  
19 (1)(c)(iv) for any public road or street crossing, in an amount no  
20 greater than the cost of installing flashing light signals and half  
21 roadway gates at the crossing.

22 (g) Any other work that would be eligible for funding under  
23 the federal railroad-highway grade crossing improvement program or  
24 other comparable programs.

25 **SEC. 12D. A FUND TO BE KNOWN AS THE LOCAL ROAD IMPROVEMENT**  
26 **FUND IS ESTABLISHED AND SHALL BE SET UP AND MAINTAINED IN THE STATE**  
27 **TREASURY AS A SEPARATE FUND. THE FUND SHALL RECEIVE MONEY**

1 APPROPRIATED FROM THE GENERAL FUND. FOR THE STATE FISCAL YEAR THAT  
2 ENDS SEPTEMBER 30, 2010, NO LESS THAN \$200,000,000.00 SHALL BE  
3 APPROPRIATED FROM THE GENERAL FUND. MONEY IN THE FUND SHALL ONLY BE  
4 USED FOR ACTUAL CONSTRUCTION ON LOCAL ROAD AGENCY PROJECTS THAT ARE  
5 UNDER CONSTRUCTION NO LATER THAN OCTOBER 1, 2011. THE FUNDS SHALL  
6 ONLY BE EXPENDED ON COUNTY LOCAL ROADS, CITY OR VILLAGE ROADS, OR  
7 MAJOR OR MINOR STREETS BY LOCAL ROAD AGENCIES. LOCAL ROAD AGENCIES  
8 MAY APPLY FOR MONEY FROM THE FUND AND THE DEPARTMENT. PROJECTS  
9 SHALL BE SUBMITTED TO THE STATE TRANSPORTATION DEPARTMENT BY THE  
10 LOCAL MUNICIPALITY OR OTHER LOCAL ROAD AGENCY. THE DEPARTMENT SHALL  
11 REVIEW THE SUBMITTALS AND APPLY CRITERIA THAT TAKE INTO ACCOUNT THE  
12 NEEDS OF HIGHWAY, ROAD, AND STREET SYSTEMS AND AN EQUITABLE  
13 ALLOCATION OF AVAILABLE FUNDS CONSIDERING THE GEOGRAPHIC LOCATION  
14 OF THE PROPOSED PROJECT. A GRANT SHALL BE FOR 90% OF THE PROJECT  
15 COST, EXCLUDING PLANNING AND ENGINEERING COST, AND THE LOCAL ROAD  
16 AGENCY SHALL PROVIDE 10% OF THE COST. NO FUNDS APPROPRIATED TO THE  
17 ACCOUNT FROM THE GENERAL FUND SHALL BE USED FOR STUDIES, PLANNING,  
18 OR ENGINEERING. FUNDS APPROPRIATED TO THE ACCOUNT SHALL ONLY BE  
19 USED TO CONSTRUCT, RECONSTRUCT, WIDEN, OR RESURFACE A ROAD.