

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 578**

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 promote safe and efficient travel for motor vehicle drivers, bicyclists, pedestrians, and other legal users of roads, streets, and highways; 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; to investigate and study the tolling of roads, streets, highways, or bridges; and to repeal acts and parts of acts,"

by amending section 11g (MCL 247.661g), as added by 2016 PA 246, and by adding section 13c.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11g. (1) The movable bridge fund is created in the state
2 treasury as a separate fund. The state treasurer may receive money
3 or other assets from any source for deposit into the fund. The
4 state treasurer shall direct the investment of the fund. The state
5 treasurer shall credit to the fund interest and earnings from fund
6 investments. Money in the fund at the close of the fiscal year
7 ~~shall remain~~**remains** in the fund and ~~shall~~**does** not lapse to the
8 general fund. The department ~~shall be~~**is** the administrator of the

1 fund for ~~auditing purposes~~. **audits of the fund.**

2 (2) The department may enter into a contract with a person or
3 agency that has jurisdiction of a publicly owned movable bridge for
4 the operation of that bridge. A contract entered into under this
5 subsection ~~shall~~ **must** require any contractor hired by the
6 department to operate the bridge to maintain insurance in an amount
7 specified by the department. This subsection does not require the
8 department to assume ownership or jurisdiction of a publicly owned
9 movable bridge as part of a contract described in this subsection.

10 (3) Each person or agency other than the department that owns
11 or has jurisdiction of a publicly owned movable bridge shall submit
12 to the department the operational procedures for that bridge and
13 the operational costs incurred by the person or agency in operating
14 the bridge on an annual basis. The department shall develop
15 procedures to govern the operation of and to determine the
16 operational costs of all publicly owned movable bridges in this
17 state. The department shall annually develop an estimate for the
18 operational cost of each publicly owned movable bridge in this
19 state for each fiscal year. For each publicly owned movable bridge
20 that is owned by or under the jurisdiction of a person or agency
21 other than the department, the department shall use the operational
22 procedures and operational costs submitted by that person or agency
23 under this subsection in developing the procedures and estimates
24 required by this subsection. Using the estimates developed under
25 this subsection, the department shall distribute a percentage of
26 money from the movable bridge fund to each person or agency
27 responsible for the operation of a publicly owned movable bridge.
28 If the department is responsible for the operation of a publicly
29 owned movable bridge, the money distributed under this subsection

1 ~~shall~~**must** be distributed to the department. **Before September 30,**
2 **2029, both of the following apply:**

3 (a) The department shall annually develop an estimate for the
4 cost of local federal bridge load analysis, inspection, or other
5 local federal bridge mandates.

6 (b) If additional money remains in the movable bridge fund in
7 a fiscal year after the distribution required by this subsection
8 for operational costs is made, the department shall use the
9 additional money to cover other costs for any required local
10 federal bridge load analysis, inspection, or other local federal
11 mandate.

12 (4) If the department offers to enter into a contract
13 described in subsection (2) and the owner or agency that has
14 jurisdiction of the bridge declines, the owner or agency ~~shall~~**must**
15 continue to receive the amount of money that it otherwise would
16 have received for the operation of that bridge under this act.

17 (5) As used in this section, "operational costs" includes all
18 reasonable and customary costs associated with the operation of a
19 publicly owned moveable bridge. Operational costs do not include
20 routine maintenance costs, capital improvement costs, or emergency
21 structural, mechanical, electrical, or hydraulic repairs.

22 **Sec. 13c. (1) The neighborhood roads fund is created in the**
23 **state treasury as a separate fund.**

24 (2) The state treasurer must deposit money and other assets
25 received from any source in the fund. The state treasurer must
26 direct the investment of money in the fund and credit interest and
27 earnings from the investments to the fund.

28 (3) Money in the fund at the close of the fiscal year does not
29 lapse to the general fund.

1 (4) The department is the administrator of the fund for audits
2 of the fund.

3 (5) Beginning with the state fiscal year ending September 30,
4 2026 through the state fiscal year ending September 30, 2030, the
5 money received in the fund each state fiscal year must be
6 distributed as follows:

7 (a) \$100,000,000.00 of the money received in the fund each
8 state fiscal year must be deposited and maintained in an account
9 separate from all other money received in the fund. The local
10 bridge advisory board created in section 10(4) must expend money
11 from the account described in this subsection only for the repair
12 of closed, restricted, and critical bridges as determined by the
13 local bridge advisory board as provided in section 10(4) to (13).

14 (b) After the distributions in subdivision (a), \$40,000,000.00
15 shall be appropriated to the local grade separation fund for use
16 under section 11i.

17 (c) After the distributions in subdivisions (a) and (b),
18 \$100,000,000.00 shall be appropriated as follows:

19 (i) 35% to the comprehensive transportation fund for use under
20 section 10b for eligible authorities and eligible governmental
21 agencies that provide public transportation services with 5%
22 reserved for agencies in urbanized areas with a Michigan population
23 less than or equal to 100,000 and nonurbanized areas under 49 USC
24 5311.

25 (ii) 65% to the infrastructure projects authority fund created
26 in subsection (8).

27 (d) After the distributions in subdivisions (a) to (c), 80% of
28 the remainder of the money received in the fund shall be
29 appropriated as follows:

1 (i) 65% to county road commissions, to be allocated in
2 accordance with the provisions governing the distribution and use
3 of Michigan transportation fund revenue returned to counties under
4 section 12.

5 (ii) 35% to city and village road agencies, to be allocated in
6 accordance with the provisions governing the distribution and use
7 of Michigan transportation fund revenue returned to cities and
8 villages under section 13.

9 (e) After the distributions in subdivisions (a) to (c), 20% of
10 the remainder of the money received in the fund shall be
11 appropriated to the state trunk line fund for use under section 11.

12 (6) Beginning with the state fiscal year ending September 30,
13 2031, the money received in the fund each state fiscal year must be
14 distributed as follows:

15 (a) \$10,000,000.00 shall be appropriated to the local grade
16 separation fund for use under section 11i.

17 (b) After the distributions in subdivision (a), \$70,000,000.00
18 shall be appropriated as follows:

19 (i) 75% to the comprehensive transportation fund for use under
20 section 10b for eligible authorities and eligible governmental
21 agencies that provide public transportation services with 5%
22 reserved for agencies in urbanized areas with a Michigan population
23 less than or equal to 100,000 and nonurbanized areas under 49 USC
24 5311.

25 (ii) 25% to the infrastructure projects authority fund created
26 in subsection (8).

27 (c) After the distributions in subdivisions (a) and (b),
28 \$100,000,000.00 shall be appropriated as follows:

29 (i) 6.5% to county road commissions, to be allocated in

1 accordance with the provisions governing the distribution and use
2 of Michigan transportation fund revenue returned to counties under
3 section 12.

4 (ii) 3.5% to city and village road agencies, to be allocated in
5 accordance with the provisions governing the distribution and use
6 of Michigan transportation fund revenue returned to cities and
7 villages under section 13.

8 (iii) The remainder shall be appropriated to the state trunk
9 line fund.

10 (d) After the distributions in subdivisions (a) to (c), the
11 remainder of the money received in the fund shall be appropriated
12 as follows:

13 (i) 71.5% shall be appropriated as follows:

14 (A) 65% to county road commissions, to be allocated in
15 accordance with the provisions governing the distribution and use
16 of Michigan transportation fund revenue returned to counties under
17 section 12.

18 (B) 35% to city and village road agencies, to be allocated in
19 accordance with the provisions governing the distribution and use
20 of Michigan transportation fund revenue returned to cities and
21 villages under section 13.

22 (ii) The remainder shall be appropriated to the state trunk
23 line fund.

24 (7) Matching funds are not required from a local unit of
25 government or county road commission as a condition for expending
26 money distributed under subsection (5) or (6). However, any
27 governmental entity expending money distributed under subsection
28 (5) or (6) may request matching funds from other sources.

29 (8) The infrastructure projects authority fund is created in

1 the state treasury as a separate fund. The department is the
2 administrator of the infrastructure projects authority fund for
3 audits of that fund. All of the following apply to the
4 infrastructure projects authority fund:

5 (a) Money appropriated to the infrastructure projects
6 authority fund and the interest accruing to that fund must be
7 expended by the department only in accordance with subsections (9)
8 and (10).

9 (b) Money remaining in the infrastructure projects authority
10 fund does not lapse to the general fund at the end of the fiscal
11 year.

12 (c) By December 30, 2026, and each calendar year thereafter
13 that the infrastructure projects authority fund receives
14 appropriations, the department shall report to the governor, the
15 state transportation commission, and the legislature on the status
16 of projects funded by the infrastructure projects authority fund.
17 The report must include the status of all of the following
18 activities for the previous state fiscal year:

19 (i) The location of funded projects.

20 (ii) A listing of total money distributed to each region.

21 (iii) Individual project funding amounts.

22 (iv) Projected individual project benefits.

23 (v) Project selection criteria.

24 (vi) A listing of individual project support.

25 (vii) A running total fund balance.

26 (viii) Any other pertinent fund status details.

27 (9) Of the money deposited into the infrastructure projects
28 authority fund each year, the department may expend up to 20% of
29 the money for payment of supplemental operating grants to eligible

1 authorities and eligible governmental entities, subject to all of
2 the following:

3 (a) Except as provided in this subsection, the department must
4 allocate supplemental operating grants in a manner that conforms
5 to, supplements, and is proportional to the formula for the payment
6 of operating grants to eligible authorities and eligible
7 governmental entities under section 10e(4)(a).

8 (b) The department shall not expend any money under this
9 subsection in a state fiscal year in which the amount appropriated
10 from the comprehensive transportation fund for the payment of
11 operating grants to eligible authorities and eligible governmental
12 entities under section 10e(4)(a) is less than the amount expended
13 under that subdivision in the state fiscal year ending September
14 30, 2026, adjusted by the department each year by an amount equal
15 to the annual percentage increase in the Detroit Consumer Price
16 Index for the preceding calendar year.

17 (c) The department must not award a supplemental operating
18 grant to any eligible authority or eligible governmental entity
19 until the department has received and reviewed financial documents
20 that demonstrate that the eligible authority or government entity
21 maintains and is in compliance with a balanced budget plan for the
22 current fiscal year.

23 (d) Money granted to an eligible authority or eligible
24 governmental entity under this subsection is supplemental and in
25 addition to any money that the eligible authority or eligible
26 governmental entity may receive under section 10b.

27 (10) After making allocations required under subsection (9) in
28 a state fiscal year, the department may make qualified investments
29 in infrastructure mobility projects consistent with section 10b to

1 eligible authorities and eligible governmental entities from the
2 infrastructure projects authority fund. The department must
3 consider the following criteria to the extent reasonably applicable
4 before entering into a written agreement with an eligible authority
5 or eligible governmental entity for the qualified investment:

6 (a) Whether the qualified investment is for the development,
7 expansion, or enhancement of a high-capacity mobility
8 transportation project.

9 (b) Whether the qualified investment is for the development,
10 expansion, or enhancement of regional or multijurisdictional high-
11 capacity mobility transportation that connects major population,
12 employment, educational, health care, or other activity centers.

13 (c) Whether the qualified investment is for the development,
14 expansion, or enhancement of innovative and flexible mobility
15 transportation intended to meet mobility needs in lower density
16 areas, for first- and last-mile transportation solutions, or for
17 other specialized public transportation purposes, including, but
18 not limited to, access to health care.

19 (d) The extent of support for the qualified investment within
20 the region impacted by the qualified investment, including, but not
21 limited to, support from local government, an eligible authority or
22 eligible governmental entity, and regional anchor institutions such
23 as major regional employers, local and regional economic
24 development organizations, and educational institutions.

25 (e) The degree of financial participation from regional
26 entities impacted by or supporting the qualified investment,
27 including, but not limited to, local units of governments, public
28 transportation providers, and other regional entities, considering
29 the financial capacity of the regional entities.

1 (f) The readiness, financial feasibility, and financial
2 sustainability of the qualified investment, with the qualified
3 investment facilitating a complete capital and operating financial
4 model for the project supported by the qualified investment, with
5 the highest priority for financial assistance provided when the
6 qualified investment is necessary to meet a capital or operating
7 matching requirement for federal funding.

8 (g) Whether the proposed qualified investment will provide
9 locally or regionally significant benefits for the movement of
10 people or goods, provide regional economic growth, and increase the
11 attractiveness of the region for population growth, job growth, or
12 tourism, with priority given to a qualified investment that
13 includes a transit, multimodal, or nonmotorized component.

14 (11) Grants and qualified investments from the infrastructure
15 projects authority fund may be used to match federal aid, grants,
16 or other assistance.

17 (12) As used in this section:

18 (a) "Fund" means the neighborhood roads fund unless otherwise
19 specified.

20 (b) "Multimodal" means the movement of persons by multiple
21 forms of transportation.

22 (c) "Qualified investment" means a grant, loan, or other
23 economic assistance provided by the department to an eligible
24 authority or eligible governmental entity under this section for a
25 project eligible for assistance under 49 USC 101 to 80504 or 23 USC
26 101 to 611.

27 Enacting section 1. This amendatory act does not take effect
28 unless all of the following bills of the 103rd Legislature are
29 enacted into law:

- 1 (a) House Bill No. 4180.
- 2 (b) House Bill No. 4181.
- 3 (c) House Bill No. 4182.
- 4 (d) House Bill No. 4183.
- 5 (e) House Bill No. 4951.
- 6 (f) House Bill No. 4961.
- 7 (g) House Bill No. 4968.