

SENATE BILL No. 1274

May 16, 2000, Introduced by Senator HOFFMAN and referred to the Committee on Appropriations.

A bill to amend 1951 PA 51, entitled

"An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety commission; to establish certain standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive

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

by amending sections 1a, 1c, 1h, 9a, 10, 10a, 10h, 10o, 11, 11b, 12, 13, 14, 18b, 18e, and 25 (MCL 247.651a, 247.651c, 247.651h, 247.659a, 247.660, 247.660a, 247.660h, 247.660o, 247.661, 247.661b, 247.662, 247.663, 247.664, 247.668b, 247.668e, and 247.675), sections 1c and 10h as amended by 1982 PA 438, section 1h as added and section 12 as amended by 1997 PA 79, sections 9a, 10, and 11 as amended and section 10o as added by 1998 PA 308, section 10a as amended by 1992 PA 137, section 11b as amended by 1992 PA 223, section 13 as amended by 1999 PA 54, section 14 as amended by 1987 PA 234, sections 18b and 18e as amended by 1985 PA 201, and section 25 as amended by 1993 PA 20, and by adding section 10p; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1a. All state trunk line highways now or hereafter
 2 established as provided by law, shall be constructed, maintained,
 3 and improved in accordance with ~~the provisions of~~ this act
 4 under the EXCLUSIVE direction, supervision, and control of the
 5 ~~state highway commissioner~~ DEPARTMENT. The ~~commissioner~~
 6 DEPARTMENT shall make surveys and proper plans and specifications

1 and take charge of the construction and maintenance of the state
2 trunk line highways. For the purpose of securing a more direct
3 and favorable location, minor changes in the line of any road may
4 be made when, in the judgment of the ~~state highway commissioner~~
5 DEPARTMENT, the changes make for the safety of public travel.

6 Sec. 1c. The state transportation department shall bear the
7 cost of opening, widening, and improving, including construction
8 and reconstruction, in accordance with standards and specifica-
9 tions of the department, all state trunk line highways, subject
10 to all of the following provisions:

11 (a) Incorporated cities and villages shall participate with
12 the department in the cost of opening, widening, and improving,
13 including construction and reconstruction of state trunk line
14 highways within cities and villages to which may be added,
15 subject to the approval of the state transportation commission,
16 streets that are connecting links of trunk line highways or
17 streets as are made connecting links of trunk line highways,
18 according to the following schedule subject to the definition of
19 population as provided in section 13:

20 (i) In cities and villages having a population of 50,000 or
21 more, 12.5% of the cost shall be borne by the city or village,
22 and 87.5% by the state transportation department.

23 (ii) In cities and villages having a population of 40,000 or
24 more and less than 50,000, 11.25% of the cost shall be borne by
25 the city or village, and 88.75% by the state transportation
26 department.

1 (iii) In cities and villages having a population of 25,000
2 or more and less than 40,000, 8.75% of the cost shall be borne by
3 the city or village, and 91.25% by the state transportation
4 department.

5 (iv) In cities and villages having a population of less than
6 25,000, the state transportation department shall bear the entire
7 cost.

8 (b) As used in this act, "opening, widening, and improving,
9 including construction and reconstruction, of state trunk line
10 highways" includes, but is not limited to, the cost of right of
11 way; the cost of removal and replacement of sidewalks, street
12 lighting, curbing, where removal and replacement is made neces-
13 sary by construction or reconstruction of a trunk line highway;
14 and the cost of bridges and structures, including that part of
15 the cost of grade separation structures not paid by the railroad
16 companies.

17 (c) In a city or village, the width of a state trunk line
18 highway shall be the width required to serve anticipated future
19 traffic needs for a 20-year period as determined by a department
20 transportation survey, which width, except as prescribed by this
21 subdivision, shall not be less than the currently accepted stan-
22 dards prescribed for a 4-lane highway; the width as may be built
23 on the same trunk line route immediately beyond and adjacent to
24 either legal boundary of the city or village; or on trunk lines
25 eligible for federal highway funds, a width as may be prescribed
26 by the federal government, whichever width is greater. However,
27 the department and the governing body of a city or village by

1 mutual agreement may determine that the width of a state trunk
2 line highway shall be less than the width otherwise prescribed by
3 this subdivision.

4 (D) IF A GRADE SEPARATION BETWEEN A LOCAL ROAD OR STREET AND
5 A STATE TRUNK LINE HIGHWAY REQUIRES OPENING, WIDENING, OR
6 IMPROVEMENT, COSTS SHALL BE BORNE ACCORDING TO THE FOLLOWING:

7 (i) THE DEPARTMENT SHALL BEAR THE COST OF REPLACEMENT OF AN
8 EXISTING GRADE SEPARATION WHEN REPLACEMENT IS NECESSARY DUE TO
9 AGE OR DETERIORATION, AND OF ASSOCIATED IMPROVEMENTS WHEN
10 IMPROVEMENTS ARE NECESSARY DUE TO TRUNK LINE HIGHWAY NEEDS SUCH
11 AS WIDENING OR CLEARANCE.

12 (ii) THE DEPARTMENT SHALL BEAR THE COST OF WIDENING OR
13 LENGTHENING AN EXISTING GRADE SEPARATION STRUCTURE FROM ABUTMENT
14 TO ABUTMENT WHEN TRAFFIC VOLUMES ON THE LOCAL ROAD OR STREET WAR-
15 RANT THAT WIDENING. THE LOCAL ROAD AGENCY MUST AGREE TO BEAR THE
16 COST OF WIDENING ITS ROADWAY AND APPROACHES UP TO THE STRUCTURE
17 ABUTMENTS, INCLUDING ADJUSTMENTS TO EXISTING RAMPS NECESSITATED
18 BY THE LOCAL ROAD WIDENING, AND ACQUISITION OF NECESSARY
19 RIGHT-OF-WAY.

20 (iii) WHEN NO NEED EXISTS FOR LOCAL ROAD OR STREET WIDENING
21 BASED ON CURRENT TRAFFIC, AGE, DETERIORATION, OR OTHER NEEDS, THE
22 LOCAL ROAD AGENCY SHALL BEAR THE ENTIRE COST OF STRUCTURE ADJUST-
23 MENTS, WIDENING OF THE ROADWAY AND APPROACHES, ADJUSTMENTS TO
24 EXISTING RAMPS, AND ACQUISITION OF NECESSARY RIGHT-OF-WAY. THE
25 COST OF ANY ADJUSTMENTS TO RAMPS NECESSITATED BY LOCAL ROAD WID-
26 ENING OR TURN LANE RELOCATIONS OR ADDITIONS SHALL BE BORNE BY THE
27 LOCAL ROAD AGENCY.

1 (iv) WHERE THERE IS NO INTERCHANGE WITH THE STATE TRUNK LINE
2 HIGHWAY, A LOCAL AGENCY SHALL BEAR THE TOTAL PROJECT COST FOR
3 WIDENING OR LENGTHENING THE GRADE SEPARATION STRUCTURE, INCLUDING
4 ALL NECESSARY GRADING AND APPROACH WORK. IF A GRADE SEPARATION
5 STRUCTURE IN QUESTION IS ALREADY SCHEDULED ON THE STATE'S BRIDGE
6 IMPROVEMENT PROGRAM, FUNDS PROGRAMMED FOR THE IMPROVEMENTS MAY BE
7 MADE AVAILABLE TO THE LOCAL ROAD AGENCY IN THE YEAR THAT THE
8 STRUCTURE IS PROGRAMMED.

9 (v) A LOCAL ROAD AGENCY SHALL BEAR ALL COSTS ASSOCIATED WITH
10 A NEW LOCAL ROAD CROSSING OF AN EXISTING STATE TRUNK LINE HIGH-
11 WAY, INCLUDING, BUT NOT LIMITED TO, GRADE SEPARATION STRUCTURES,
12 RIGHT-OF-WAY, AND APPROACH WORK, EXCEPT IN THE CASE OF NEW INTER-
13 CHANGES AS PROVIDED IN SUBPARAGRAPH (vi).

14 (vi) THE DEPARTMENT SHALL BEAR THE COST OF NEW GRADE SEPARA-
15 TION STRUCTURES AND RAMPS WHERE THE DEPARTMENT DETERMINES THAT
16 EXISTING CONGESTION AT ADJACENT TRUNK LINE INTERCHANGES CAN BE
17 RELIEVED BY A NEW INTERCHANGE AND WHERE FEDERAL HIGHWAY ADMINIS-
18 TRATION CRITERIA WARRANT A BREAK IN ACCESS. THE LOCAL ROAD
19 AGENCY WILL BEAR THE COSTS OF LOCAL ROADWAY WORK OUTSIDE OF THE
20 BRIDGE ABUTMENTS, INCLUDING OBTAINING NECESSARY RIGHT-OF-WAY, IN
21 ADDITION TO ANY OTHER LOCAL PARTICIPATION.

22 (vii) ALL PROJECTS FOR OPENING, WIDENING, AND IMPROVING
23 INTERCHANGES OR GRADE SEPARATIONS SHALL FOLLOW THE USUAL PLANNING
24 AND PROGRAMMING PROCEDURES OF THE DEPARTMENT AND WILL BE SCHED-
25 ULED ON A STATEWIDE PRIORITY BASIS WITH REGARD FOR THE SEVERITY
26 OF CONGESTION TO BE RELIEVED BY THE PROJECT.

1 (E) ~~(d)~~ If a city or village ~~shall desire~~ DESIRES to
2 widen a state trunk line highway for local purposes beyond the
3 width prescribed in subdivision (c), the entire cost of the extra
4 width, less the federal highway funds ~~which~~ THAT may be allo-
5 cated to the portion of the project by the department, shall be
6 borne by the city or village.

7 (F) ~~(e)~~ The state transportation commission and the boards
8 of county road commissioners may enter into agreements with town-
9 ships or private persons for the improvement or widening of state
10 trunk line highways or county roads. The state transportation
11 commission and the boards of county road commissioners may
12 require full or partial participation in the cost of the improve-
13 ment or widening by the requesting party as considered
14 appropriate.

15 Sec. 1h. (1) The department shall develop and implement a
16 life-cycle cost analysis for each project for which total pave-
17 ment costs exceed \$1,000,000.00 funded in whole, or in part, with
18 state funds. The department shall design and award paving
19 projects utilizing material having the lowest life-cycle cost.
20 All pavement design life shall ensure that state funds are uti-
21 lized as efficiently as possible.

22 (2) THE COUNTY ROAD COMMISSIONS AND CITIES AND VILLAGES
23 SHALL DEVELOP AND IMPLEMENT A LIFE-CYCLE COST ANALYSIS FOR EACH
24 PROJECT FOR WHICH TOTAL PAVEMENT COSTS EXCEED \$1,000,000.00
25 FUNDED IN WHOLE, OR IN PART, WITH FUNDS DISTRIBUTED ACCORDING TO
26 SECTION 12 OR 13. THE COUNTY ROAD COMMISSIONS AND CITIES AND
27 VILLAGES SHALL DESIGN AND AWARD PAVING PROJECTS UTILIZING

1 MATERIAL HAVING THE LOWEST LIFE-CYCLE COST. ALL PAVEMENT DESIGN
2 LIFE SHALL ENSURE THAT FUNDS ARE UTILIZED AS EFFICIENTLY AS
3 POSSIBLE.

4 (3) ~~(2)~~ As used in this section, "life-cycle cost" means
5 the total of the cost of the initial project plus all anticipated
6 costs for subsequent maintenance, repair, or resurfacing over the
7 life of the pavement. Life-cycle cost shall also compare equiva-
8 lent designs and shall be based upon Michigan's actual historic
9 project maintenance, repair, and resurfacing schedules and costs
10 as recorded by the pavement management system, and shall include
11 estimates of user costs throughout the entire pavement life.

12 Sec. 9a. ~~(1) By October 1, 1998, the governor shall~~
13 ~~appoint not more than 5 persons who shall serve as a study com-~~
14 ~~mittee to review transportation funding options, transportation~~
15 ~~investment priorities, and potential strategies for maximizing~~
16 ~~returns on transportation investments. The appointments shall be~~
17 ~~subject to the advice and consent of the senate. The committee~~
18 ~~shall include at least 1 representative of the following~~
19 ~~interests:~~

20 (a) ~~Manufacturing.~~

21 (b) ~~Commerce.~~

22 (c) ~~Agriculture.~~

23 (d) ~~Tourism.~~

24 (e) ~~Labor.~~

25 (2) ~~Beginning October 1, 1998, the committee shall also~~
26 ~~include the majority and minority leaders of the senate or a~~
27 ~~member of the senate designated by each leader and the speaker~~

1 and minority leader of the house of representatives or a member
2 of the house of representatives designated by each leader.

3 ~~(3) By January 1, 1999, the legislative auditor general~~
4 ~~shall review and comment on the data developed by the department~~
5 ~~under subsection (5) in order to assist the citizens advisory~~
6 ~~committee.~~

7 ~~(4) A citizens advisory committee shall be created to~~
8 ~~receive and comment upon all reports, studies, and recommenda-~~
9 ~~tions prepared by the various designated technical subcommittees~~
10 ~~of the citizens advisory committee before but not later than the~~
11 ~~submission of the reports, studies, and recommendations to the~~
12 ~~study committee. The members of the citizens advisory committee~~
13 ~~shall be given sufficient time and opportunity to provide members~~
14 ~~of the study committee their majority, minority, or individual~~
15 ~~views of the reports, studies, and recommendations of the various~~
16 ~~designated technical subcommittees. The governor shall appoint~~
17 ~~not more than 24 persons, who shall serve as a citizens advisory~~
18 ~~committee and shall include at least 1 representative from a list~~
19 ~~of 3 recommendations supplied by each organization of the follow-~~
20 ~~ing organizations:~~

21 ~~(a) Michigan farm bureau.~~

22 ~~(b) Michigan trucking association.~~

23 ~~(c) Michigan association of counties.~~

24 ~~(d) Michigan townships association.~~

25 ~~(e) Michigan state chamber of commerce.~~

26 ~~(f) Michigan tourist association.~~

- 1 ~~(g) County road association of Michigan.~~
2 ~~(h) Michigan public transit association.~~
3 ~~(i) Michigan association of railroads.~~
4 ~~(j) Michigan municipal league.~~
5 ~~(k) Michigan motor bus association.~~
6 ~~(l) Area agency for aging.~~
7 ~~(m) Michigan association of railroad passengers.~~
8 ~~(n) Nonmotorized advisory commission.~~
9 ~~(o) Michigan association of airport executives.~~
10 ~~(p) American association of aviation businesses.~~
11 ~~(q) American association of retired persons.~~
12 ~~(r) Michigan council for independent living.~~
13 ~~(s) Associated underground contractors of Michigan.~~
14 ~~(t) Asphalt pavers association of Michigan.~~
15 ~~(u) Michigan concrete pavers association.~~
16 ~~(5) The state transportation department shall provide quali-~~
17 ~~fied staff, needs, technical oversight, and fiscal analysis sub-~~
18 ~~committees, and provide by September 30, 1998, a recommended work~~
19 ~~program to the study committee to enable the committee to carry~~
20 ~~out its functions.~~
21 ~~(6) By a majority vote of the study committee, the committee~~
22 ~~shall report to the governor, the state transportation commis-~~
23 ~~sion, and the legislature on the identified capital and mainte-~~
24 ~~nance needs, transportation investment and maintenance priori-~~
25 ~~ties, relative use of transportation systems, responsibilities~~
26 ~~for the identified needs including economic development needs,~~
27 ~~transportation funding options, historical transportation~~

~~1 financing patterns as they relate to total statewide fiscal
2 resources, and strategies for maximizing the returns on transpor=
3 tation investments. All studies and reports relating to highways
4 shall be reported according to functional and legal
5 classification. The committee shall publish a preliminary report
6 of the data and findings by January 1, 2000. The committee,
7 after holding appropriate public hearings, shall recommend, if it
8 considers it necessary, alterations of formulas for transporta=
9 tion funding and alterations to the distributions of transporta=
10 tion responsibilities by July 1, 2000. The report and recommen=
11 dations shall also include any positions which a minority of the
12 study committee support.~~

13 (1) AS USED IN THIS SECTION:

14 (A) "ANNUAL ROAD AND BRIDGE PROGRAM" MEANS THAT LIST OF
15 HIGHWAY, ROAD, STREET, AND BRIDGE CONSTRUCTION AND MAINTENANCE
16 SCHEDULED FOR FUNDING, IN WHOLE OR IN PART WITH STATE OR FEDERAL
17 FUNDS, IN THE CURRENT FISCAL YEAR.

18 (B) "ARTERIAL" MEANS THOSE HIGHWAYS, ROADS, AND STREETS THAT
19 ARE CERTIFIED BY THE AGENCY HAVING JURISDICTION OVER THAT ROAD
20 AND BY THE DEPARTMENT AS MEETING THE CRITERIA FOR ARTERIAL ROADS
21 AS ESTABLISHED BY THE COUNCIL.

22 (C) "ASSET MANAGEMENT" MEANS AN ONGOING PROCESS OF PHYSICAL
23 INVENTORY AND ASSESSMENT, AND ANALYSIS OF THE CURRENT CONDITION
24 AND FACILITY VALUE OF ANY HIGHWAY, ROAD, STREET, OR BRIDGE.

25 (D) "BRIDGE" MEANS A STRUCTURE INCLUDING SUPPORTS ERECTED
26 OVER A DEPRESSION OR AN OBSTRUCTION, SUCH AS WATER, A HIGHWAY, OR
27 A RAILWAY, FOR THE PURPOSES OF CARRYING TRAFFIC OR OTHER MOVING

1 LOADS, AND HAVING AN OPENING MEASURING ALONG THE CENTER OF THE
2 ROADWAY OF MORE THAN 20 FEET BETWEEN UNDERCOPINGS OF ABUTMENTS OR
3 SPRING LINES OF ARCHES, OR EXTREME ENDS OF OPENINGS FOR MULTIPLE
4 BOXES WHERE THE CLEAR DISTANCE BETWEEN OPENINGS IS LESS THAN 1/2
5 OF THE SMALLER CONTIGUOUS OPENING.

6 (E) "COLLECTOR" MEANS THOSE HIGHWAYS, ROADS, AND STREETS
7 THAT ARE CERTIFIED BY THE AGENCY HAVING JURISDICTION OVER THAT
8 ROAD AND BY THE DEPARTMENT AS MEETING THE CRITERIA FOR COLLECTOR
9 ROADS AS ESTABLISHED BY THE COUNCIL.

10 (F) "COUNCIL" MEANS THE TRANSPORTATION ASSET MANAGEMENT
11 COUNCIL CREATED BY THIS SECTION.

12 (G) "DEPARTMENT" MEANS THE STATE TRANSPORTATION DEPARTMENT.

13 (H) "FIVE-YEAR ROAD AND BRIDGE PROGRAM" MEANS A COMPILATION
14 OF PROPOSED ROAD AND BRIDGE PROJECTS ANTICIPATED BY A ROAD AGENCY
15 DURING A GIVEN 5-YEAR PERIOD OF TIME.

16 (I) "FUNCTIONAL CLASSIFICATION" MEANS THAT CLASSIFICATION
17 PROCESS REQUIRED BY FEDERAL LAW.

18 (J) "LOCAL" MEANS THOSE PUBLIC HIGHWAYS, ROADS, OR STREETS
19 THAT ARE NOT CERTIFIED BY THE AGENCY HAVING JURISDICTION OVER
20 THOSE ROADS AND BY THE DEPARTMENT AS MEETING THE CRITERIA FOR
21 EITHER ARTERIAL OR COLLECTOR ROADS AS ESTABLISHED BY THE
22 COUNCIL.

23 (K) "MANAGEMENT SYSTEMS" MEANS A DECISION SUPPORT TOOL OR
24 TOOLS DESIGNED TO FACILITATE THE MONITORING OF VARIOUS ASPECTS OF
25 THE TRANSPORTATION INFRASTRUCTURE.

1 (l) "PERFORMANCE MEASURES" MEANS A MATHEMATICAL METHOD OF
2 EVALUATION TO DETERMINE CURRENT STATUS OF A SPECIFIC ASPECT OF
3 THE TRANSPORTATION INFRASTRUCTURE.

4 (m) "STANDARDS" MEANS AN IDENTIFIED LEVEL OF ADEQUACY.

5 (n) "STATE LONG-RANGE PLAN" MEANS THAT PLAN REQUIRED BY 23
6 U.S.C. 135.

7 (o) "STATEWIDE GOALS AND OBJECTIVES" MEANS THOSE GOALS AND
8 OBJECTIVES CONTAINED WITHIN THE STATE LONG-RANGE PLAN.

9 (p) "URBAN AREA LONG-RANGE PLANS" MEANS THOSE PLANS REQUIRED
10 BY 23 U.S.C. 134.

11 (2) A TRANSPORTATION ASSET MANAGEMENT COUNCIL IS CREATED TO
12 CONSIST OF NOT MORE THAN 4 PERSONS APPOINTED BY THE GOVERNOR, 1
13 EACH FROM A LIST OF 3 RECOMMENDATIONS SUPPLIED BY THE DEPARTMENT,
14 THE MICHIGAN MUNICIPAL LEAGUE, THE COUNTY ROAD ASSOCIATION OF
15 MICHIGAN, AND THE ASSOCIATION OF VARIOUS METROPOLITAN PLANNING
16 ORGANIZATIONS. THE DEPARTMENT SHALL PROVIDE QUALIFIED STAFF AND
17 TECHNICAL OVERSIGHT TO THE COUNCIL. FUNDING NECESSARY TO SUPPORT
18 OPERATION OF THE COUNCIL SHALL BE PROVIDED BY APPROPRIATIONS FROM
19 THE MICHIGAN TRANSPORTATION FUND TO THE STATE TRUNK LINE FUND.
20 THE COUNCIL SHALL MEET AT LEAST ANNUALLY OR MORE FREQUENTLY AS
21 NEEDED TO CONSIDER THOSE MATTERS THAT MAY AFFECT THE FUTURE PRO-
22 VISION OF TRANSPORTATION IN THIS STATE OR ANY OTHER ISSUES CON-
23 SIDERED NECESSARY BY THE MEMBERS OF THE COUNCIL.

24 (3) THE COUNCIL SHALL BE RESPONSIBLE FOR THE FOLLOWING:

25 (A) DETERMINING CRITERIA NECESSARY FOR THE SOCIAL AND ECO-
26 NOMIC ANALYSIS OF AND THE STATEWIDE REGIONAL CORRIDOR
27 CLASSIFICATION FOR THE ROAD SYSTEM IN THIS STATE.

1 (B) ESTABLISHING A RANKING METHOD FOR THE ROAD SYSTEM IN
2 THIS STATE BASED ON THE CRITERIA DETERMINED UNDER SUBDIVISION (A)
3 AND THE CLASSIFICATION SYSTEM ESTABLISHED IN THIS SECTION.

4 (C) DETERMINING CRITERIA FOR THE IDENTIFICATION OF A SYSTEM
5 OF ARTERIAL AND COLLECTOR HIGHWAYS, ROADS, AND STREETS AND THE
6 STANDARDS AND PERFORMANCE MEASURES FOR EACH CLASSIFICATION OF
7 ARTERIALS AND COLLECTORS.

8 (D) IDENTIFYING ESSENTIAL TRANSPORTATION DATA NECESSARY FOR
9 ASSET MANAGEMENT AND ESTABLISHING QUALITY CONTROL STANDARDS TO
10 ENSURE UNIFORMITY AND CONSISTENCY OF THAT DATA.

11 (E) ESTABLISHING REPORTING TIMES AND METHODS FOR THE VARIOUS
12 ROAD AGENCIES.

13 (4) THE COUNCIL SHALL DEVELOP SPECIFIC CRITERIA FOR DETER-
14 MINING THE APPROPRIATE CLASSIFICATION FOR EACH ROAD IN THIS STATE
15 AND DISSEMINATE THE CRITERIA TO THE DEPARTMENT, THE COUNTY ROAD
16 COMMISSIONS OR COUNTY ROAD AGENCIES, AND THE CITIES AND VILLAGES
17 WITHIN 12 MONTHS AFTER THE EFFECTIVE DATE OF THIS SUBSECTION.
18 THE COUNCIL SHALL, AT A MINIMUM, REVIEW THE CRITERIA AND STAN-
19 DARDS EVERY 5 YEARS AND MAKE ANY NECESSARY ADJUSTMENTS.
20 STANDARDS FOR ARTERIALS AND COLLECTORS SHALL BE CONSISTENT WITH
21 ACCEPTED NATIONAL GUIDELINES. CRITERIA FOR FUNCTIONAL CLASSIFI-
22 CATION SHALL BE CONSISTENT WITH FEDERAL GUIDELINES.

23 (5) WITHIN 1 YEAR AFTER THE EFFECTIVE DATE OF THIS SUBSEC-
24 TION AND EACH YEAR THEREAFTER, THE DEPARTMENT, COUNTY ROAD COM-
25 MISSIONS OR COUNTY ROAD AGENCIES, AND CITIES AND VILLAGES SHALL
26 CERTIFY A SYSTEM OF ARTERIAL AND COLLECTOR ROADS AND STREETS FROM
27 THE HIGHWAYS, ROADS, AND STREETS UNDER THEIR JURISDICTION. THE

1 CLASSIFICATION SHALL BE BASED UPON CRITERIA DEVELOPED BY THE
2 COUNCIL.

3 (6) WITHIN 1 YEAR AFTER THE DATE OF RECEIPT OF CRITERIA FOR
4 CLASSIFICATION OF HIGHWAYS, ROADS, STREETS, AND BRIDGES FROM THE
5 COUNCIL, THE DEPARTMENT, COUNTY ROAD COMMISSIONS OR COUNTY ROAD
6 AGENCIES, AND CITIES AND VILLAGES SHALL CERTIFY A SYSTEM OF ARTE-
7 RIAL, COLLECTOR, AND LOCAL ROADS AND STREETS AND SUBMIT THE CER-
8 TIFIED SYSTEM TO THE COUNCIL FOR REVIEW.

9 (7) WITHIN 1 YEAR AFTER RECEIPT OF THE CERTIFIED SYSTEM FROM
10 A ROAD AGENCY, THE DEPARTMENT SHALL APPROVE, IN WHOLE OR IN PART,
11 THE CERTIFIED SYSTEM AS SUPPLIED BY THE ROAD AGENCY AS BEING CON-
12 SISTENT WITH THE CRITERIA FOR ARTERIALS, COLLECTORS, OR LOCAL
13 ROADS AS ESTABLISHED BY THE COUNCIL. ONCE APPROVED, THE SYSTEM
14 SHALL BECOME PART OF THE MICHIGAN ARTERIAL NETWORK OR THE
15 MICHIGAN COLLECTOR NETWORK.

16 (8) THE DEPARTMENT, COUNTY ROAD COMMISSIONS OR COUNTY ROAD
17 AGENCIES, AND CITIES AND VILLAGES SHALL DEVELOP AND MAINTAIN A
18 CONTINUOUS SYSTEM CONDITION ANALYSIS THROUGH THE USE OF PAVEMENT,
19 BRIDGE, MAINTENANCE, CONGESTION, AND SAFETY MANAGEMENT SYSTEMS.
20 THE SYSTEM CONDITION ANALYSIS SHALL BE BASED ON THE STANDARDS AND
21 PERFORMANCE MEASURES AS DETERMINED BY THE COUNCIL AND RELATED TO
22 ACHIEVING STATEWIDE TRANSPORTATION GOALS AND OBJECTIVES.

23 (9) THE DATA REQUIREMENTS FOR MAINTAINING AN ONGOING TRANS-
24 PORTATION ASSET MANAGEMENT PROCESS SHALL BE IDENTIFIED BY THE
25 COUNCIL. THE COUNCIL SHALL BE RESPONSIBLE FOR ESTABLISHING AND
26 DEFINING THE DATA NEEDED; THE QUALITY CONTROL STANDARDS NECESSARY
27 TO ENSURE THAT THE DATA BEING COLLECTED BY THE VARIOUS ENTITIES

1 IS COMPATIBLE AND UNIFORM; AND REPORTING FREQUENCY AND FORMAT.
2 THE PROCESS USED TO COLLECT DATA, THE DATA COLLECTED, AND STAN-
3 DARDS ESTABLISHED SHALL, AT A MINIMUM, BE CONSISTENT WITH ANY
4 EXISTING FEDERAL REQUIREMENTS AND REGULATIONS, AND EXISTING GOV-
5 ERNMENT ACCOUNTING STANDARDS. EACH ROAD AGENCY SHALL BE RESPON-
6 SIBLE FOR THE COLLECTION AND MAINTENANCE OF THE DATA ON THEIR OWN
7 SYSTEM, CONSISTENT WITH THE STANDARDS AND PROCEDURES ESTABLISHED
8 BY THE COUNCIL, NECESSARY FOR CARRYING OUT THE PROVISIONS OF THIS
9 ACT. A ROAD AGENCY MAY CONTRACT WITH ANOTHER ROAD AGENCY FOR
10 THIS PURPOSE. THE COUNCIL SHALL ENSURE THAT THE DATA IS ACCESSI-
11 BLE TO THE GENERAL PUBLIC, THE GOVERNOR, THE COMMISSION, THE LEG-
12 ISLATURE, AND THE VARIOUS TRANSPORTATION AGENCIES THROUGH A CEN-
13 TRALIZED DATA SOURCE. FAILURE OF A ROAD AGENCY TO MAKE DATA
14 AVAILABLE FOR THIS PURPOSE WILL RESULT IN THE WITHHOLDING OF
15 FUNDS UNTIL SUCH TIME AS THAT ROAD AGENCY COMPLIES WITH THIS
16 REQUIREMENT.

17 (10) THE DEPARTMENT, EACH COUNTY ROAD COMMISSION OR COUNTY
18 ROAD AGENCY, AND CITY AND VILLAGE OF THIS STATE SHALL ANNUALLY
19 PREPARE A 5-YEAR HIGHWAY, STREET, AND BRIDGE CONSTRUCTION AND
20 MAINTENANCE PROGRAM, BASED ON LONG-RANGE PLANS, AND DEVELOPED
21 THROUGH THE USE OF THE MANAGEMENT SYSTEMS REQUIRED BY THIS
22 SECTION. PROJECTS CONTAINED IN EACH AGENCY'S ANNUAL 5-YEAR PRO-
23 GRAM SHALL BE CONSISTENT WITH THE GOALS AND OBJECTIVES OF THE
24 STATE LONG-RANGE PLAN AND THE URBAN LONG-RANGE PLANS. PROJECTS
25 INCLUDED IN ANY AGENCY'S 5-YEAR ROAD AND BRIDGE PROGRAM SHALL
26 CONSIST OF THOSE HIGHWAY, ROAD, STREET, AND BRIDGE PRESERVATION
27 AND IMPROVEMENT PROJECTS CONSISTENT WITH CURRENT PROVISIONS OF

1 STATE AND FEDERAL LAW. EACH AGENCY SHALL, WHERE POSSIBLE, SECURE
2 CONSTRUCTION WARRANTIES OF NOT LESS THAN 5-YEAR FULL REPLACEMENT
3 GUARANTEE TO COVER THE DESIGN AND CONSTRUCTION OF ROADS AND
4 BRIDGES. A PROJECT, FUNDED IN WHOLE OR PART, WITH STATE OR FED-
5 ERAL FUNDS, SHALL BE INCLUDED IN ANY AGENCY'S ANNUAL 5-YEAR ROAD
6 AND BRIDGE PROGRAM, IF THE PROJECT IS INCONSISTENT WITH THE PRO-
7 VISIONS OF THIS ACT OR FEDERAL LAW.

8 (11) THE DEPARTMENT, EACH COUNTY ROAD COMMISSION OR COUNTY
9 ROAD AGENCY, AND CITY AND VILLAGE SHALL KEEP ACCURATE AND UNIFORM
10 RECORDS ON ALL ROAD, STREET, AND BRIDGE WORK AND FUNDS EXPENDED
11 FOR THOSE PURPOSES BASED ON STANDARDS PROVIDED BY THE COUNCIL.
12 EACH ROAD AGENCY SHALL ANNUALLY REPORT TO THE COUNCIL THE MILEAGE
13 AND CONDITION OF EACH SEGMENT OF THE ROAD SYSTEM UNDER THEIR
14 JURISDICTION AND THE RECEIPTS AND DISBURSEMENTS OF ROAD AND
15 STREET FUNDS IN THE MANNER PRESCRIBED BY THE COUNCIL.

16 (12) THE COUNCIL SHALL REPORT ANNUALLY TO THE GOVERNOR, THE
17 COMMISSION, AND THE STATE LEGISLATURE, DESCRIBING THE PROGRESS
18 MADE BY THE DEPARTMENT, THE COUNTY ROAD COMMISSIONS OR COUNTY
19 ROAD AGENCIES, AND THE CITIES AND VILLAGES IN CARRYING OUT THE
20 ADOPTED HIGHWAY, STREET, AND BRIDGE PROGRAMS. THIS REPORT SHALL
21 CONTAIN AN ACCOUNT OF ALL EXPENDITURES OF FUNDS ALLOCATED FROM
22 THE MICHIGAN TRANSPORTATION FUND. THE COUNCIL SHALL INCLUDE IN
23 THE ANNUAL REPORT TO THE GOVERNOR, THE COMMISSION, AND THE STATE
24 LEGISLATURE A SUMMARY OF THE PROGRAM OF IMPROVEMENTS SCHEDULED
25 FOR THE NEXT FISCAL YEAR BY THE DEPARTMENT, THE COUNTY ROAD COM-
26 MISSIONS OR COUNTY ROAD AGENCIES, AND THE CITIES AND VILLAGES.
27 IT SHALL ALSO NOTE THE AGENCIES NOT IN COMPLIANCE WITH THIS ACT.

1 (13) ALL DISTRIBUTIONS AND RETURN OF FUNDS PROVIDED FOR IN
2 THIS ACT SHALL BE WITHHELD FROM THE DEPARTMENT, ELIGIBLE AUTHORI-
3 TIES, COUNTY ROAD COMMISSIONS OR COUNTY ROAD AGENCIES, CITIES AND
4 VILLAGES, OR OTHER ELIGIBLE GOVERNMENTAL AGENCIES FOR FAILURE TO
5 COMPLY WITH THE REQUIREMENTS OF THIS SECTION. THE WITHHOLDING
6 SHALL CONTINUE FOR THE PERIOD OF NONCOMPLIANCE. DETERMINATION OF
7 THE NEED TO WITHHOLD REVENUE SHALL BE MADE BY THE COMMISSION UPON
8 RECOMMENDATION FROM THE COUNCIL.

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

1 of 1927 PA 150, MCL 207.101 to 207.202, 1933 PA 254, MCL 475.1 to
2 479.43, and sections 801 to 810 of the Michigan vehicle code,
3 1949 PA 300, MCL 257.801 to 257.810. Funds appropriated for nec-
4 essary expenses shall be based upon established cost allocation
5 methodology that reflects actual costs. Beginning with the
6 fiscal year ending September 30, 1998 and the next 2 succeeding
7 fiscal years thereafter, funds appropriated for these administra-
8 tive expenses for all state agencies and departments, other than
9 the department, the commission, the department of environmental
10 quality expedited permit processing program for road agencies,
11 the department of state, and the attorney general shall be phased
12 out until further funds are no longer appropriated for this
13 purpose. All money in the Michigan transportation fund is appor-
14 tioned and appropriated ~~, for the fiscal years ending September~~
15 ~~30, 1993 through September 30, 2000,~~ in the following manner:

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

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

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

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

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

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

8 (g) \$36,775,000.00 to the state trunk line fund for subse-
9 quent deposit in the transportation economic development fund,
10 EXCEPT THAT BEGINNING OCTOBER 1, 2000, \$5,000,000.00 TO THE STATE
11 TRUNK LINE FUND FOR DEBT SERVICE ON STATE TRUNK LINE FUND
12 PROJECTS UNDERTAKEN AS PART OF THE BUILD MICHIGAN III BONDING
13 PROGRAM, and, as of September 30, 1997, with first priority for
14 allocation to debt service on bonds issued to fund transportation
15 economic development fund projects. In addition, beginning
16 October 1, 1997, \$3,500,000.00 is appropriated from the Michigan
17 transportation fund to the state trunk line fund for subsequent
18 deposit in the transportation economic development fund to be
19 used for economic development road projects in any of the tar-
20 geted industries described in section 9(1)(a) of 1987 PA 231,
21 MCL 247.909.

22 (H) NOT LESS THAN \$33,000,000.00 AS MAY BE ANNUALLY APPRO-
23 PRIATED EACH FISCAL YEAR TO THE LOCAL PROGRAM FUND CREATED IN
24 SECTION 11E.

25 (I) ~~(h)~~ The balance of the Michigan transportation fund as
26 follows, after deduction of the amounts appropriated in
27 subdivisions (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 (2) ~~-(3)-~~ The money appropriated pursuant to this section
8 shall be used for the purposes as provided in this act and any
9 other applicable act. Subject to the requirements of section 9b,
10 the 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 (3) ~~-(5)-~~ Thirty-one and one-half percent of the funds
23 appropriated to this state from the federal government pursuant
24 to 23 U.S.C. 157, commonly known as minimum guarantee funds,
25 shall be allocated to the transportation economic development
26 fund, if such an allocation is consistent with federal law.
27 These funds shall be distributed 16-1/2% for development projects

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

7 Sec. 10a. (1) Annually the state transportation department
8 shall determine the miles of state trunk line highways, county
9 primary and local roads, and city and village major and local
10 streets transferred to and from state, county, city, or village
11 jurisdiction during the preceding period of July 1 to June 30.
12 In each year after that determination, the transferred mileage
13 shall be accumulated and added to the mileage transferred in each
14 subsequent July 1 to June 30 period.

15 ~~(2) The current average revenue worth per mile of a county~~
16 ~~primary road and a county local road shall be determined annually~~
17 ~~by dividing the total county primary and local road mileages~~
18 ~~respectively as of the first day of the preceding July 1 to June~~
19 ~~30 period into the total amount of Michigan transportation funds~~
20 ~~returned to counties pursuant to this act for use on county pri-~~
21 ~~mary and local roads respectively during that period, except~~
22 ~~money returned to counties pursuant to section 12(2) and (3).~~

23 ~~(3) The total amount of money to be transferred from and to~~
24 ~~the state trunk line fund, the counties, cities, and villages~~
25 ~~shall be determined annually by multiplying the current revenue~~
26 ~~worth per mile of a county primary road and a county local road~~
27 ~~respectively by the number of accumulated miles in each category~~

1 transferred from and to state, county, city, or village
2 jurisdiction. If the transferred facility becomes classified as
3 part of the local road or street system of the receiving juris-
4 diction, the transfer of money shall be calculated on the basis
5 of the revenue worth per mile of a county local road. In any
6 other category of jurisdictional transfer, the transfer of money
7 shall be calculated on the basis of the revenue worth per mile of
8 a county primary road.

9 (4) For jurisdictional transfers made from the state to a
10 county, city, or village after July 1, 1992, the amount in the
11 state trunk line fund to be transferred shall be transferred to
12 the county, city, or village receiving jurisdiction. If the
13 transferred highway is then classified as part of the local road
14 or street system of the receiving jurisdiction, the transfer of
15 money to the receiving jurisdiction shall be calculated on the
16 basis of the revenue worth per mile of a county local road as
17 determined in subsection (2). If the transferred highway is then
18 classified as part of the primary road or major street system of
19 the receiving jurisdiction, the transfer of money to the receiv-
20 ing jurisdiction shall be calculated on the basis of the revenue
21 worth per mile of a county primary road as determined in
22 subsection (2). This subsection and subsection (5) shall not be
23 construed to effect contracts entered into before or after the
24 effective date of this subsection pursuant to Act No. 166 of the
25 Public Acts of 1965, being sections 408.551 to 408.558 of the
26 Michigan Compiled Laws, for the maintenance of a transferred
27 highway.

1 (2) IF THE DEPARTMENT SUCCESSFULLY NEGOTIATES A MEMORANDUM
2 OF AGREEMENT WITH A COUNTY, CITY, OR VILLAGE TRANSFERRING A POR-
3 TION OF THE MILEAGE CURRENTLY UNDER THE JURISDICTION OF THAT
4 COUNTY, CITY, OR VILLAGE TO THE JURISDICTION OF THE DEPARTMENT,
5 THE DEPARTMENT SHALL TRANSFER AN AMOUNT FROM THE SHARE OF THE
6 MICHIGAN TRANSPORTATION FUND ALLOCATED FOR DISTRIBUTION TO THAT
7 COUNTY, CITY, OR VILLAGE. EXCEPT AS OTHERWISE PROVIDED IN SUB-
8 SECTION (3), THE AMOUNT TO BE TRANSFERRED SHALL BE CALCULATED AS
9 FOLLOWS:

10 (A) IF THE MILEAGE TO BE TRANSFERRED IS PRESENTLY DESIGNATED
11 AS COUNTY PRIMARY, THE AMOUNT SHALL BE THE PRODUCT OF THE AVERAGE
12 AMOUNT ACTUALLY EXPENDED ON ALL COUNTY PRIMARY ROADS IN THAT
13 COUNTY OVER THE PREVIOUS 3 YEARS MULTIPLIED BY THE PROPORTION
14 THAT THE MILEAGE BEING TRANSFERRED BEARS TO THE TOTAL MILES OF
15 COUNTY PRIMARY ROADS IN THE COUNTY BEFORE THE TRANSFER.

16 (B) IF THE MILEAGE TO BE TRANSFERRED IS PRESENTLY DESIGNATED
17 AS COUNTY LOCAL, THE AMOUNT SHALL BE THE PRODUCT OF THE AVERAGE
18 AMOUNT ACTUALLY EXPENDED ON ALL COUNTY LOCAL ROADS IN THAT COUNTY
19 OVER THE PREVIOUS 3 YEARS MULTIPLIED BY THE PROPORTION THAT THE
20 MILEAGE BEING TRANSFERRED BEARS TO THE TOTAL MILES OF COUNTY
21 LOCAL ROADS IN THE COUNTY BEFORE THE TRANSFER.

22 (C) IF THE MILEAGE TO BE TRANSFERRED IS PRESENTLY DESIGNATED
23 AS CITY MAJOR, THE AMOUNT SHALL BE THE PRODUCT OF THE AVERAGE
24 AMOUNT ACTUALLY EXPENDED ON ALL CITY MAJOR STREETS IN THAT CITY
25 OR VILLAGE OVER THE PREVIOUS 3 YEARS MULTIPLIED BY THE PROPORTION
26 THAT THE MILEAGE BEING TRANSFERRED BEARS TO THE TOTAL MILES OF
27 CITY MAJOR STREETS IN THAT CITY OR VILLAGE BEFORE THE TRANSFER.

1 (D) IF THE MILEAGE TO BE TRANSFERRED IS PRESENTLY DESIGNATED
2 AS CITY LOCAL, THE AMOUNT SHALL BE THE PRODUCT OF THE AVERAGE
3 AMOUNT ACTUALLY EXPENDED ON ALL CITY LOCAL STREETS IN THAT CITY
4 OR VILLAGE OVER THE PREVIOUS 3 YEARS MULTIPLIED BY THE PROPORTION
5 THAT THE MILEAGE BEING TRANSFERRED BEARS TO THE TOTAL MILES OF
6 CITY LOCAL STREETS IN THAT CITY OR VILLAGE BEFORE THE TRANSFER.

7 (3) IF AN AGREEMENT IS NEGOTIATED TRANSFERRING MILEAGE
8 BETWEEN ANY OF THE ROAD AGENCIES INCLUDING THE STATE, COUNTY ROAD
9 COMMISSIONS, OR CITIES AND VILLAGES, THAT CONTRACTUAL AGREEMENT
10 WILL GOVERN THE TRANSFER AND THE SUBSEQUENT SHARE OF MICHIGAN
11 TRANSPORTATION FUNDS DISTRIBUTED TO THE PARTIES PARTICIPATING IN
12 THAT AGREEMENT.

13 (4) ~~(5)~~ In cities and villages with a population of 25,000
14 or more, trunk line mileage that is transferred to local juris-
15 diction after July 1, 1992 and is then classified as a major
16 street shall be certified at twice its measured length.

17 (5) ~~(6)~~ The transfer of funds under this section shall be
18 included each year in the October appropriation of the Michigan
19 transportation fund.

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

26 (a) The estimated amount of money in the comprehensive
27 transportation fund to be distributed in the following fiscal

1 year and the amount of money in the comprehensive transportation
2 fund to be distributed to each eligible authority, each intercity
3 carrier, each eligible governmental agency, and the state trans-
4 portation department; the estimated amount of money in the state
5 trunk line fund to be distributed to the state transportation
6 department for the maintenance, as defined in section 11, of
7 state trunk line highways; and the estimated amount of money in
8 the state trunk line fund to be distributed to the state trans-
9 portation department for all other purposes in the following
10 fiscal year. The report shall further subdivide the money to be
11 distributed to each eligible authority, each intercity carrier,
12 each eligible governmental agency, the state transportation
13 department from the comprehensive transportation fund, the state
14 transportation department from the state trunk line fund for the
15 maintenance of state trunk line highways, and the state transpor-
16 tation department from the state trunk line fund for all other
17 purposes specifying how much of that money is proposed to be
18 expended for either capital acquisitions, including demonstration
19 projects, or for operating expenses, including demonstration
20 projects.

21 (b) An account of all expenditures of funds distributed from
22 the state trunk line fund and the comprehensive transportation
23 fund to the state transportation department, eligible authori-
24 ties, intercity carriers, and eligible governmental agencies, and
25 the progress made by the state transportation department, eligi-
26 ble authorities, intercity carriers, and eligible governmental
27 agencies in carrying out the approved transportation programs in

1 the preceding fiscal year through the use of those funds. The
2 progress report shall be made based on information supplied to
3 the state transportation department on forms authorized by the
4 federal department of transportation. For those eligible author-
5 ities, intercity carriers, and eligible governmental agencies not
6 receiving federal funds pursuant to the urban mass transportation
7 act of 1964, Public Law 88-365, the progress report shall be made
8 upon forms supplied by the state transportation department. The
9 progress report shall also contain the whole amount of the
10 expenses of the state transportation department for the fiscal
11 year.

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

14 (d) The status of all multiyear funding commitments.

15 (e) An account of the state transportation department's com-
16 pliance in the preceding year with the requirements of section
17 11(2) and (3). The report shall also specify the justification
18 for a waiver of the requirement of section 11(3), if that
19 requirement was waived.

20 (2) The financial transactions and accounts related to dis-
21 tributions made from the comprehensive transportation fund to an
22 eligible authority created under the metropolitan transportation
23 authorities act of 1967, ~~Act No. 204 of the Public Acts of~~
24 ~~1967, as amended, being sections 124.401 to 124.425 of the~~
25 ~~Michigan Compiled Laws 1967 PA 204, MCL 124.401 TO 124.426,~~
26 shall be audited pursuant to that act. The cost of the audit
27 shall be paid by the eligible authority. The financial

1 transactions and accounts related to distributions made from the
2 fund to an eligible governmental agency, other than a county,
3 shall be audited in accordance with the uniform budgeting and
4 accounting act, ~~Act No. 2 of the Public Acts of 1968, as~~
5 ~~amended, being sections 141.421 to 141.440a of the Michigan~~
6 ~~Compiled Laws 1968 PA 2, MCL 141.421 TO 141.440A.~~ The financial
7 transactions and accounts related to distributions made from the
8 fund to a county ~~which~~ THAT is an eligible governmental agency
9 shall be audited in accordance with ~~Act No. 71 of the Public~~
10 ~~Acts of 1919, as amended, being sections 21.41 to 21.54 of the~~
11 ~~Michigan Compiled Laws 1919 PA 71, MCL 21.41 TO 21.55.~~ The
12 financial transactions and accounts relative to distributions
13 made to an intercity carrier shall be audited by an independent
14 certified public accountant in accordance with instructions
15 promulgated by the department of treasury. A copy of the com-
16 plete audit report and management letter shall be submitted by
17 the eligible authority, intercity carrier, or eligible governmen-
18 tal agency to the ~~state transportation~~ department. The depart-
19 ment of treasury shall develop minimum audit standards and
20 requirements.

21 ~~(3) There is hereby established a task force composed of~~
22 ~~the Michigan public transit association, the Michigan motorbus~~
23 ~~association, the Michigan rail users and supporters association,~~
24 ~~the Michigan railroad association, a representative of a~~
25 ~~state-owned or leased short line railroad, and the office of~~
26 ~~auditor general or a certified public accountant appointed by the~~

~~1 auditor general, to assist the department in the development of
2 the progress report requirements outlined in subsection (1)(b).~~

3 Sec. 10o. (1) Twenty-three to twenty-seven percent of the
4 DOT-FHWA highway research, planning, and construction federal
5 funds appropriated to this state from the federal government for
6 road and bridge construction shall be allocated to programs
7 administered by local jurisdictions after deduction of the
8 following:

9 (a) Funds that are specifically allocated at the federal
10 level to the state or local jurisdictions.

11 (b) Funds allocated by the department to the state and to
12 local jurisdictions through a competitive process.

13 (2) Federal aid excluded from the calculation of funding
14 allocated to programs administered by local jurisdictions in sub-
15 section (1) includes, but is not limited to, congestion mitiga-
16 tion and air quality funds, federal bridge funds, transportation
17 enhancement funds, funds distributed at the discretion of the
18 United States secretary of transportation, and congressionally
19 designated funds.

20 (3) The funds shall be distributed to eligible local agen-
21 cies for transportation purposes in a manner consistent with
22 state and federal law.

23 (4) It is the intent of the legislature that federal aid to
24 highways allocated to local jurisdictions in subsection (1) be
25 distributed in a manner that produces a 25% average allocation of
26 applicable funds to programs for local jurisdictions in each
27 fiscal year through the fiscal year ending September 30, 2000.

1 Beginning in the fiscal year ending September 30, 1999, the
2 average allocation of applicable federal aid to highway funds to
3 programs for local jurisdictions shall be the average of the
4 amount distributed to local jurisdictions under subsection (1)
5 and similarly calculated distributions in each succeeding fiscal
6 year. THE AVERAGE ALLOCATION PERCENTAGE DESCRIBED IN THIS SUB-
7 SECTION SHALL BE ADJUSTED TO REFLECT ANY VOLUNTARY AGREEMENTS
8 MADE BY THE DEPARTMENT WITH LOCAL JURISDICTIONS REGARDING THE
9 TRANSFER OF FEDERAL AID ELIGIBLE ROADWAYS OR THE STATE BUYOUT OF
10 LOCAL FEDERAL AID.

11 SEC. 10P. (1) A TRANSIT FORMULA COUNCIL IS CREATED TO CON-
12 SIST OF 8 PERSONS, 2 FROM THE DEPARTMENT, 2 FROM THE MICHIGAN
13 PUBLIC TRANSIT ASSOCIATION, 2 FROM MASSTRANS, AND 2 APPOINTED BY
14 THE GOVERNOR FROM RURAL TRANSIT SYSTEMS WHO ARE NOT A MEMBER OF
15 EITHER THE MICHIGAN PUBLIC TRANSIT ASSOCIATION OR MASSTRANS. THE
16 DEPARTMENT SHALL FACILITATE THE MEETINGS OF THE COUNCIL AND PRO-
17 VIDE QUALIFIED STAFF AND TECHNICAL SUPPORT AS NECESSARY.

18 (2) THE COUNCIL SHALL BE RESPONSIBLE FOR RECOMMENDING A NEW
19 FORMULA FOR THE DISTRIBUTION OF STATE FUNDS FOR THE DELIVERY OF
20 PUBLIC TRANSIT SERVICES. THE NEW FORMULA SHALL INCLUDE EFFI-
21 CIENCY AND EFFECTIVENESS FACTORS IN THE DISTRIBUTION OF THE STATE
22 FUNDS. NOT LESS THAN 50% OF THE DISTRIBUTION UNDER THE NEW FOR-
23 MULA SHALL BE BASED UPON EFFICIENCY AND EFFECTIVENESS FACTORS.
24 THE COUNCIL SHALL UTILIZE THE RECOMMENDATIONS DEVELOPED BY THE
25 PUBLIC ACT 51 TRANSIT COMMITTEE AS THE BASIS FOR DEVELOPING THE
26 NEW FORMULA. THE COUNCIL MAY MAKE OTHER RECOMMENDATIONS

1 REGARDING THE DELIVERY OF PUBLIC TRANSIT SERVICES AS AGREED TO BY
2 THE MEMBERS OF THE COUNCIL.

3 (3) WITHIN 1 YEAR AFTER THE EFFECTIVE DATE OF THE AMENDATORY
4 ACT THAT ADDED THIS SECTION, A WRITTEN REPORT RECOMMENDING A NEW
5 FORMULA FOR THE DISTRIBUTION OF STATE FUNDING FOR PUBLIC TRANSIT
6 SERVICES SHALL BE PROVIDED TO THE GOVERNOR, THE SPEAKER OF THE
7 HOUSE OF REPRESENTATIVES, AND THE SENATE MAJORITY LEADER BY THE
8 COUNCIL. THE REPORT MUST BE SIGNED BY AT LEAST 1 REPRESENTATIVE
9 OF EACH OF THE GROUPS REPRESENTED ON THE COUNCIL. IF A WRITTEN
10 REPORT IS NOT COMPLETED AND PRESENTED WITHIN 1 YEAR AFTER THE
11 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION,
12 STATE FUNDS SHALL NOT BE SPENT BY THE DEPARTMENT FOR THE PURPOSES
13 OF SECTION 10E(4)(A) UNTIL THE DATE A REPORT IS COMPLETED AND
14 PRESENTED AS PRESCRIBED BY THIS SUBSECTION.

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

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

25 (i) For the payment of contributions required to be made by
26 the state highway commission or the state transportation
27 commission under contracts entered into before July 18, 1979,

1 under 1941 PA 205, MCL 252.51 to 252.64, which contributions have
2 been pledged before July 18, 1979, for the payment of the princi-
3 pal and interest on bonds issued under 1941 PA 205, MCL 252.51 to
4 252.64, for the payment of which a sufficient sum is irrevocably
5 appropriated.

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

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

1 payment of bonds issued pursuant to contracts authorized by
2 section 18d.

3 (b) For the transfer of funds appropriated pursuant to sec-
4 tion 10(1)(g) to the transportation economic development fund,
5 but the transfer shall be reduced each fiscal year by the amount
6 of debt service to be paid in that year from the state trunk line
7 fund for bonds, notes, or other obligations issued to fund
8 projects of the transportation economic development fund, which
9 amount shall be certified by the department.

10 (c) For the transfer of funds appropriated pursuant to sec-
11 tion 10(1)(a) to the railroad grade crossing account in the state
12 trunk line fund for expenditure to meet the cost, in whole or in
13 part, of providing for the improvement, installation, and retire-
14 ment of new or existing safety devices or other rail grade cross-
15 ing improvements at rail grade crossings on public roads and
16 streets under the jurisdiction of the state, counties, or cities
17 and villages. Projects shall be selected for funding in accord-
18 ance with the following:

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

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

26 (iii) Consistent with the other requirements for these
27 funds, the first priority for funds deposited pursuant to this

1 subdivision for rail grade crossing improvements and retirement
2 shall be to match federal funds from the railroad-highway grade
3 crossing improvement program or other comparable federal
4 programs.

5 (iv) If federal funds from the railroad-highway grade cross-
6 ing improvement program or other comparable federal programs have
7 been exhausted, funds deposited pursuant to this subdivision
8 shall be used to fund 100% of grade crossing projects that
9 receive the highest priority of unfunded projects pursuant to
10 criteria established by the department.

11 (v) State railroad grade crossing funds shall not be used,
12 either as 100% of project cost or to match federal
13 railroad-highway grade crossing improvement funds, for a crossing
14 that is determined by the department pursuant to the criteria
15 established by the department to be a lower priority than other
16 projects that have not yet been funded. However, if sufficient
17 funds are available, these state railroad grade crossing account
18 funds may be used for not more than 50% of a project's cost for a
19 crossing that is determined by the department pursuant to the
20 criteria established by the department to be a lower priority if
21 the balance of not less than 50% of the project's cost is pro-
22 vided by the road authority, railroad, or other sources.

23 (vi) The type of railroad grade crossing improvement,
24 installation, relocation, or retirement of grade crossing sur-
25 faces, active and passive traffic control devices, pavement mark-
26 ing, or other related work shall be eligible for these railroad
27 grade crossing account funds in the same manner as the project

1 type eligibility provided by the federal funds from the
2 railroad-highway grade crossing improvement program, except for
3 the following:

4 (A) For new railroad crossings, these funds may be used for
5 the crossing surface, active and passive traffic control devices,
6 pavement marking, and other improvements necessitated by the new
7 crossing.

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

11 (C) If the department and the road authority with jurisdic-
12 tion over a public road or street crossing formally agree that
13 the grade crossing should be eliminated by permanent closing of
14 the public road or street, the road authority making the closing
15 shall receive \$5,000.00 from the railroad grade crossing
16 account. In addition, any connecting road improvements necessi-
17 tated by the grade crossing closure are reimbursable on an actual
18 cost basis not to exceed \$10,000.00 per crossing closed. The
19 physical removal of the crossing, roadway within railroad rights
20 of way and street termination treatment will be negotiated
21 between the road authority and railroad company. The funds pro-
22 vided to the road authority as a result of the crossing closure
23 will be credited to its account representing the same road or
24 street system on which the crossing is located.

25 ~~(vii) This subdivision shall apply through September 30,~~
26 ~~2000.~~

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

3 (e) For the maintenance of state trunk line highways and
4 bridges.

5 (f) For the opening, widening, improving, construction, and
6 reconstruction of state trunk line highways and bridges, includ-
7 ing the acquisition of necessary rights of way and the work inci-
8 dental to that opening, widening, improving, construction, or
9 reconstruction. Those sums in the state trunk line fund not oth-
10 erwise appropriated, distributed, determined, or set aside by law
11 shall be used for the construction or reconstruction of the
12 national system of interstate and defense highways, referred to
13 in this act as "the interstate highway system" to the extent nec-
14 essary to match federal aid funds as the federal aid funds become
15 available for that purpose; and, for the construction and recon-
16 struction of the state trunk line system.

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

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

17 (h) For providing inventories of supplies and materials
18 required for the activities of the state transportation
19 department. The state transportation department may purchase
20 supplies and materials for these purposes, with payment to be
21 made out of the state trunk line fund to be charged on the basis
22 of issues from inventory in accordance with the accounting and
23 purchasing laws of the state.

24 (2) Notwithstanding any other provision of this act, at
25 least 90% of state revenue appropriated annually to the state
26 trunk line fund less the amounts described in subdivisions (a) to
27 (i) shall be expended annually by the state transportation

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

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

24 (b) Amounts expended to provide the state matching require-
25 ment for projects on the national highway system and for the pay-
26 ment of debt service on bonds, notes, or other obligations issued
27 after July 1, 1983, for the purpose of providing funds for the

1 state matching requirements for projects on the national highway
2 system.

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

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

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

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

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

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

25 (g) Amounts expended for the purposes described in subsec-
26 tion (5).

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

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

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

21 (4) As used in this section:

22 (a) "Maintenance" and "maintaining" mean snow removal;
23 street cleaning and drainage; seal coating; patching and ordinary
24 repairs; erection and maintenance of traffic signs and markings;
25 safety projects; and the preservation, reconstruction, resurfac-
26 ing, restoration, and rehabilitation of highways, roads, streets,
27 and bridges. For the purposes of this section, maintenance and

1 maintaining shall not be limited to the repair and replacement of
2 a road but shall include maintaining the original intent of a
3 construction project. If traffic patterns indicate that this
4 intent is no longer being met, the department may expend funds to
5 take corrective action and continue to fulfill its obligation of
6 maintaining the department's original objective for the construc-
7 tion project. However, maintenance and maintaining do not
8 include projects which increase the capacity of a highway facil-
9 ity to accommodate that part of the traffic having neither origin
10 nor destination within the local area.

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

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

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

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

1 trunk line fund shall be made only after provision of funds for
2 the purposes specified in subsection (1)(a) to (f).

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

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

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

22 (7) Loans made pursuant to subsection (5) if required by the
23 state transportation department may be payable by deduction by
24 the state treasurer, upon direction of the state transportation
25 department, from the periodic disbursements of any money returned
26 by the state under this act to the county road commission, city,
27 or village, but only after sufficient money has been returned to

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

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

25 (9) The county road commission, city, or village ~~shall not~~
26 ~~be~~ IS NOT required to seek or obtain the approval of the
27 electors, the municipal finance commission or its successor

1 agency, or, except as provided in this subsection, the department
2 of treasury to borrow money pursuant to subsection (6). The bor-
3 rowing ~~shall not be~~ IS NOT subject to the municipal finance
4 act, 1943 PA 202, MCL 131.1 to 139.3, or to section 5(g) of the
5 home rule city act, 1909 PA 279, MCL 117.5. The state transpor-
6 tation department shall give at least 10 days' notice to the
7 state treasurer of its intention to make a loan under subsection
8 (5). If the state treasurer gives notice to the director of the
9 state transportation department within 10 days of receiving the
10 notice from the state transportation department, that, based upon
11 the then existing financial or credit situation of the county
12 road commission, city, or village, it would not be in the best
13 interests of the state to make a loan under subsection (5) to the
14 county road commission, city, or village, the loan shall not be
15 made unless the state treasurer, after a hearing, if requested by
16 the affected county road commission, city, or village, subse-
17 quently gives notice to the director of the state transportation
18 department that the loan may be made on the conditions that the
19 state treasurer specifies.

20 (10) The state transportation commission may borrow money
21 and issue bonds and notes under, and pursuant to the requirements
22 of, section 18b to make loans to county road commissions, cities,
23 and villages for the purposes described in the second paragraph
24 of section 9 of article IX of the state constitution of 1963, as
25 provided in subsection (5). A single issue of bonds or notes may
26 be issued for the purposes specified in subsection (5) and for
27 the other purposes specified in section 18b. The house and

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

6 (11) The director of the state transportation department,
7 after consultation with representatives of the interests of
8 county road commissions, cities, and villages, shall establish,
9 by intergovernmental communication, procedures for the implemen-
10 tation and administration of the loan program established under
11 subsections (5) to (10).

12 (12) 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
16 section 14(5) if more than 10% per year is expended for adminis-
17 trative expenses. As used in this subsection, "administrative
18 expenses" means those expenses that are not assigned including,
19 but not limited to, specific road construction or maintenance
20 projects and are often referred to as general or supportive
21 services. Administrative expenses shall not include net equip-
22 ment expense, net capital outlay, debt service principal and
23 interest, and payments to other state or local offices which are
24 assigned, but not limited to, specific road construction projects
25 or maintenance activities.

1 (13) Any performance audits of the department shall be
2 conducted according to government auditing standards issued by
3 the United States general accounting office.

4 (14) THE DEPARTMENT SHALL HAVE EXCLUSIVE AUTHORITY OVER THE
5 OPENING, WIDENING, AND IMPROVEMENT OF STATE TRUNK LINE HIGHWAYS.
6 THE DEPARTMENT SHALL BE EXEMPT FROM COMPLYING WITH LOCAL ORDI-
7 NANCES FOR THE PURPOSE OF CARRYING OUT ITS RESPONSIBILITIES UNDER
8 THIS ACT INCLUDING THE PLACING AND CONSTRUCTION OF ROADWAYS AND
9 THEIR APPURTENANCES, INCLUDING BRIDGES, GARAGES, STATIONS,
10 DEPOTS, LIGHTING, LANDSCAPING, SIGNS, DRAINAGE STRUCTURES, AND
11 ALL OTHER FEATURES NECESSARY TO TRANSPORTATION PURPOSES.

12 Sec. 11b. (1) During each April, there is appropriated to a
13 critical bridge fund from the Michigan transportation fund,
14 \$5,000,000.00. The money appropriated to a critical bridge fund
15 and the interest accruing to that fund shall be expended for a
16 critical bridge program to be administered by the department to
17 provide financial assistance to highway authorities for the
18 improvement or reconstruction of existing bridges or for the con-
19 struction of bridges to replace existing bridges in whole or in
20 part. This section is not subject to section 12(15) or section
21 13(5).

22 ~~-(2) The state transportation commission shall borrow money~~
23 ~~and issue notes or bonds in an amount of not less than~~
24 ~~\$30,000,000.00 to supplement the funding provided for the local~~
25 ~~bridge program under subsection (1). The bonds or notes issued~~
26 ~~pursuant to this subsection may be issued by the commission for~~
27 ~~any purpose for which other critical bridge funds may be used~~

1 ~~under this section. The bonds or notes authorized by this~~
2 ~~subsection shall be issued by resolution of the state transporta-~~
3 ~~tion commission consistent with the requirements of section 18b.~~

4 (2) ~~(3)~~ The state transportation department shall promul-
5 gate rules pursuant to ~~Act No. 306 of the Public Acts of 1969,~~
6 ~~as amended, being sections 24.201 to 24.328 of the Michigan~~
7 ~~Compiled Laws~~ THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA
8 306, MCL 24.201 TO 24.328, governing the administration of the
9 critical bridge program. The rules shall set forth the eligibil-
10 ity criteria for financial assistance under the program and other
11 matters related to the program as the department considers neces-
12 sary and desirable. The department shall take into consideration
13 the availability of federal aid and other financial resources of
14 the highway authority responsible for the bridge, the importance
15 of the bridge to the highway, road, or street network, and the
16 condition of the existing bridge. The department shall not
17 receive more than 38.4% of the critical bridge funds available
18 during a 5-year period for expenditures on the state trunk line
19 system.

20 Sec. 12. (1) The amount distributed to the county road com-
21 missions shall be returned to the county treasurers in the
22 manner, for the purposes, and under the terms and conditions
23 specified in this section. The department and the county road
24 association of Michigan shall jointly develop incentives for
25 counties to establish statewide purchasing pools for the more
26 efficient use of Michigan transportation funds.

1 (2) Each county road commission shall be reimbursed in an
2 amount up to \$10,000.00 per year for the sum paid to a licensed
3 professional engineer employed or retained by the county road
4 commission in the previous year. The sum shall be returned to
5 each county road commission certified by the state transportation
6 department as complying with this subsection regarding the
7 employment of an engineer.

8 (3) An amount equal to 1% of the total amount returned to
9 the county road commissions from the Michigan transportation fund
10 during the prior calendar year shall be withheld annually from
11 the counties' November monthly distribution provided for in sec-
12 tion 17, and the amount shall be returned to the county road com-
13 missions for snow removal purposes as provided in section 12a.

14 (4) An amount equal to 10% of the total amount returned to
15 the county road commissions from the Michigan transportation fund
16 shall be returned to each county road commission having county
17 primary, or county local road, or both, mileage in the urban
18 areas as determined pursuant to section 12b. This sum shall be
19 distributed pursuant to section 12b. The return shall be in
20 addition to the amounts provided in subsections (6) and (7) and
21 for the purposes stated in those subsections.

22 (5) An amount equal to 4% of the total amount returned to
23 the county road commissions from the Michigan transportation fund
24 shall be returned to the county road commissions in the same per-
25 centages as provided in subsection (7). All money returned to
26 the county road commissions as provided in this subsection shall
27 be expended by the county road commissions for the maintenance,

1 improvement, construction, reconstruction, acquisition, and
2 extension of county local road systems and shall be in addition
3 to the amounts provided in subsection (7).

4 (6) Seventy-five percent of the remainder of the total
5 amount to be returned to the counties shall be expended by each
6 county road commission for the maintenance, improvement, con-
7 struction, reconstruction, acquisition, and extension of the
8 county primary road system, including the acquisition of a neces-
9 sary right of way for the system, work incidental to the system,
10 and a roadside park or motor parkway appurtenant to the system,
11 and shall be returned to the counties as follows:

12 (a) Three-fourths of the amount in proportion to the amount
13 received within the respective county during the 12 months next
14 preceding the date of each monthly distribution, as specific
15 taxes upon registered motor vehicles under the Michigan vehicle
16 code, 1949 PA 300, MCL 257.1 to 257.923.

17 (b) One-tenth of the amount in the same proportion that the
18 total mileage in the county primary road system of each county
19 bears to the total mileage in all of the county primary road sys-
20 tems of the state.

21 (c) One eighty-third of the remaining 15% of the amount to
22 each county.

23 (7) The balance of the remainder of the total amount to be
24 returned to counties shall be expended by each county road com-
25 mission for the maintenance, improvement, construction, recon-
26 struction, acquisition, and extension of the county local road
27 system as defined by this act, including the acquisition of a

1 necessary right of way for the system, work incidental to the
2 system, and a roadside park or motor parkway appurtenant to the
3 system, and shall be returned to the counties as follows:

4 (a) Sixty-five percent of the amount in the same proportion
5 that the total mileage in the county local road system of each
6 county bears to the total mileage in all of the county local road
7 systems of the state.

8 (b) Thirty-five percent of the amount in the same proportion
9 that the total population outside of incorporated municipalities
10 in each county bears to the total population outside of incorpo-
11 rated municipalities in all of the counties of the state, accord-
12 ing to the most recent statewide federal census as certified at
13 the beginning of the state fiscal year.

14 (8) Money deposited in, or becoming a part of the county
15 road funds of a board of county road commissioners shall be
16 expended first for the payment of principal and interest on the
17 bonds, for the payment of contractual contributions pledged for
18 the payment of bonds, for debt service requirements for the pay-
19 ment of contractual contributions pledged for the payment of
20 bonds, and for debt service requirements for the payment of notes
21 and loans in the following order of priority:

22 (a) For the payment of contributions required to be made by
23 a board of county road commissioners under a contract entered
24 into under 1941 PA 205, MCL 252.51 to 252.64, which contributions
25 have been pledged for the payment of the principal and interest
26 on bonds issued under that act, or for the payment of total debt

1 service requirements upon notes issued by a board of county road
2 commissioners under 1943 PA 143, MCL 141.251 to 141.254.

3 (b) For the payment of principal and interest upon bonds
4 issued under section 18c, and the payment of contributions of a
5 board of county road commissioners to be made pursuant to con-
6 tracts entered into under section 18d, which contributions are
7 pledged to the payment of principal and interest on bonds issued
8 after June 30, 1957, under the authorization of section 18c and
9 contracts executed pursuant to its provisions.

10 (c) For the payment of principal and interest upon loans
11 received pursuant to section 11(7), to the extent other funds
12 have not been made available for that payment.

13 (9) Not to exceed 30% per year of the amount returned to a
14 county for use on the county primary road system may be expended,
15 with or without matching, on the county local road system of that
16 county. Not to exceed 15% per year of the amount returned to a
17 county for expenditure on the county local road system may be
18 used, with or without matching, on the county primary road system
19 of that county, and not to exceed an additional 15% per year of
20 the amount returned to a county for expenditure on the county
21 local road system, may, in case of an emergency or with the
22 approval of the state transportation department, be expended,
23 with or without matching, on the county primary road system of
24 that county. An amount returned to a county for and on account
25 of county local roads, under this section, in excess of the total
26 amount paid into the county treasury each year by all of the
27 townships of that county for and on account of the county local

1 roads pursuant to section 14(6) may be transferred to and
2 expended on the county primary road system of that county.

3 (10) Not less than 20% per year of the funds returned to a
4 county by this section shall be expended for snow and ice remov-
5 al, the construction or reconstruction of a new highway or exist-
6 ing highway, and the acquisition of a necessary right of way for
7 those highways, and work incidental to those highways, or for the
8 servicing of bonds issued by the county for these purposes.

9 Surplus funds may be expended for the development, construction,
10 or repair of an off-street parking facility.

11 (11) Not more than 5% per year of the funds returned to a
12 county for the county primary road system and the county local
13 road system shall be expended for the maintenance, improvement,
14 or acquisition of appurtenant roadside parks and motor parkways.

15 (12) Funds returned to a county shall be expended by the
16 county road commission for the purposes provided in this section
17 and shall be deposited by the county treasurer in a designated
18 county depository, in a separate account to the credit of the
19 county road fund, and shall be paid out only upon the order of
20 the county road commission, and interest accruing on the money
21 shall become a part of, and be deposited with the county road
22 fund.

23 (13) In a county to which the funds are returned the func-
24 tion of the county road commission shall be limited to the forma-
25 tion of policy and the performance of the official duties imposed
26 by law and delegated by the county board of commissioners. A
27 member of the county road commission shall not be employed

1 individually in any other capacity for other duties with the
2 county road commission.

3 (14) A county road commission may enter into an agreement
4 with a county road commission of an adjacent county and with a
5 city or village to perform work on a highway, road, or street,
6 and with the state transportation department with respect to a
7 state trunk line and connecting links of the state trunk line
8 within the limits of the county or adjacent to the county. The
9 agreement may provide for the performance by each contracting
10 party of the work contemplated by the contract including engi-
11 neering services and the acquisition of rights of way in connec-
12 tion with the work contemplated, by purchase or condemnation, by
13 any of the contracting parties in its own name and the agreement
14 may provide for joint participation in the costs.

15 (15) Money distributed from the Michigan transportation fund
16 may be expended for construction purposes on county local roads
17 only to the extent matched by money from other sources. However,
18 Michigan transportation funds may be expended for the construc-
19 tion of bridges on the county local roads in an amount not to
20 exceed 75% of the cost of the construction of local road
21 bridges. This subsection does not apply to section 11b.

22 (16) Notwithstanding any other provision of this act, at
23 least 90% of the state revenue returned annually to the county
24 road commission from the Michigan transportation fund less the
25 amounts described in subdivisions (a) to (e) shall be expended
26 annually by the county road commission for the maintenance of
27 highways, roads, streets, and bridges, and for the payment of

1 contractual contributions pledged for the payment of bonds or
2 portions of bonds, debt service requirements for the payment of
3 bonds or portions of bonds, and debt service requirements for the
4 payment of notes and loans or portions of notes and loans issued
5 or received after July 1, 1983, for the purpose of providing
6 funds for the maintenance of highways, roads, streets, and
7 bridges. If an appropriate certificate is filed under subsection
8 ~~(19)~~ (20) but only to the extent necessary, this subsection
9 shall not prohibit the use of any amount of state revenue
10 returned annually to the county road commissions for the payment
11 of contractual contributions pledged for the payment of bonds,
12 for debt service requirements for the payment of bonds, and for
13 debt service requirements for the payment of notes or loans,
14 whenever issued or received, as specified under subsection (8).
15 The amounts which are deducted from the state revenue returned to
16 a county road commission from the Michigan transportation fund,
17 for the purpose of the calculation required by this subsection
18 are as follows:

19 (a) Amounts expended for the purposes described in subsec-
20 tion (8) for bonds, notes, loans, or other obligations issued or
21 received before July 2, 1983.

22 (b) Amounts expended for the administrative costs of the
23 county road commission.

24 (c) Amounts expended for capital outlay projects for equip-
25 ment and buildings, and for the payment of contractual contribu-
26 tions pledged for the payment of bonds, for debt service
27 requirements for the payment of bonds, and for debt service

1 requirements for the payment of notes and loans issued or
2 received after July 1, 1983, for the purpose of providing funds
3 for capital outlay projects for equipment and buildings.

4 (d) Amounts expended for projects vital to the economy of
5 the local area or the safety of the public in the local area.
6 Before these amounts can be deducted, the governing body over the
7 county road commission or the county road commission, as applica-
8 ble, shall pass a resolution approving these projects. This res-
9 olution shall state which projects will be funded and the cost of
10 each project. A copy of each approved resolution shall be for-
11 warded immediately to the department.

12 (e) Amounts expended in urban areas as determined pursuant
13 to section 12b.

14 (17) As used in this subsection, "urban routes" means those
15 portions of 2 lane county primary roads within an urban area
16 ~~which has~~ THAT HAVE average daily traffic in excess of 15,000.
17 Notwithstanding any other provision of this act, except as pro-
18 vided in this subsection, a county road commission shall expend
19 annually at least 90% of the federal revenue distributed to the
20 use of the county road commission for highways, roads, streets,
21 and bridges, less the amount expended on urban routes for other
22 than maintenance purposes and the amount expended for
23 hard-surfacing of gravel roads on the federal-aid system, on the
24 maintenance of highways, roads, streets, and bridges. A county
25 road commission may expend in a year less than 90% of the federal
26 revenue distributed to the use of the county road commission for
27 highways, roads, streets, and bridges, less the amount expended

1 on urban routes for other than maintenance purposes and the
2 amount expended for hard-surfacing of gravel roads on the
3 federal-aid system, on the maintenance of highways, roads,
4 streets, and bridges, if that year is part of a 3-year period in
5 which at least 90% of the total federal revenue distributed in
6 the 3-year period to the use of the county road commission for
7 highways, roads, streets, and bridges, less the amount expended
8 on urban routes for other than maintenance purposes and the
9 amount expended for hard-surfacing of gravel roads on the
10 federal-aid system, is expended on the maintenance of highways,
11 roads, streets, and bridges. If a county road commission expends
12 in a year less than 90% of the federal revenue distributed to the
13 use of the county road commission for highways, roads, streets,
14 and bridges, less the amount expended on urban routes for other
15 than maintenance purposes and the amount expended for
16 hard-surfacing of gravel roads on the federal-aid system, on the
17 maintenance of highways, roads, streets, and bridges and that
18 year is not a part of a 3-year period in which at least 90% of
19 the total federal revenue distributed in the 3-year period to the
20 use of the county road commission for highways, roads, streets,
21 and bridges, less the amount expended on urban routes for other
22 than maintenance purposes and the amount expended for
23 hard-surfacing of gravel roads on the federal-aid system, is
24 expended on the maintenance of highways, roads, streets, and
25 bridges, the county road commission shall expend in each year
26 subsequent to the 3-year period 100%, or less in 1 year if
27 sufficient for the purposes of this subsection, of the federal

1 revenue distributed to the use of the county road commission for
2 highways, roads, streets, and bridges, less the amount expended
3 on urban routes for other than maintenance purposes and the
4 amount expended for hard-surfacing of gravel roads on the
5 federal-aid system, on the maintenance of highways, roads,
6 streets, and bridges until the average percentage spent on the
7 maintenance of highways, roads, streets, and bridges in the
8 3-year period and the subsequent years, less the amount expended
9 on urban routes for other than maintenance purposes and the
10 amount expended for hard-surfacing of gravel roads on the
11 federal-aid system, is at least 90%. A year may be included in
12 only one 3-year period for the purposes of this subsection. The
13 requirements of this subsection shall be waived if compliance
14 would cause the county road commission to be ineligible according
15 to federal law for federal revenue, but only to the extent neces-
16 sary to make the county road commission eligible according to
17 federal law for that revenue. For the purpose of the calcula-
18 tions required by this subsection, the amount expended on urban
19 routes by a county road commission for other than maintenance
20 purposes and the amount expended for hard-surfacing of gravel
21 roads on the federal-aid system shall be deducted from the total
22 federal revenue distributed to the use of the county road
23 commission.

24 (18) ALL FEDERAL AID CONSTRUCTION PROJECTS AND ALL OTHER
25 PROJECTS OF THE COUNTY ROAD COMMISSIONS CONCERNING HIGHWAYS,
26 STREETS, ROADS, AND BRIDGES, WHOSE COST EXCEEDS \$100,000.00 FOR
27 CONSTRUCTION OR MAINTENANCE AS DEFINED IN SUBSECTION (19), SHALL

1 BE PERFORMED BY CONTRACT AWARDED BY COMPETITIVE BIDDING UNLESS
2 THE COUNTY ROAD COMMISSION SHALL PUBLICLY AND AFFIRMATIVELY FIND
3 THAT UNDER THE CIRCUMSTANCES RELATING TO THOSE PROJECTS, SOME
4 OTHER METHOD IS IN THE PUBLIC INTEREST AND THIS FINDING IS
5 AFFIRMED BY THE DEPARTMENT. ALL OF THOSE FINDINGS SHALL BE
6 REPORTED IN WRITING WITHIN 90 DAYS BEFORE WORK COMMENCES TO THE
7 APPROPRIATIONS COMMITTEES OF THE SENATE AND HOUSE OF
8 REPRESENTATIVES. HOWEVER, IN A CASE IN WHICH THE COUNTY ROAD
9 COMMISSION DETERMINES EMERGENCY ACTION IS REQUIRED, THE REPORTS
10 NEED NOT BE FILED BEFORE WORK IS COMMENCED BUT SHALL BE PROMPTLY
11 FILED. A COUNTY ROAD AGENCY THAT MAKES A DECISION NOT TO PERFORM
12 CONSTRUCTION OR MAINTENANCE PROJECTS EXCEEDING \$100,000.00 SHALL
13 CONTRACT FOR THIS WORK THROUGH COMPETITIVE BIDDING.

14 (19) ~~(18)~~ As used in this section:

15 (a) "Maintenance" and "maintaining" mean snow removal; erec-
16 tion of traffic control devices and traffic signals and payment
17 of monthly electrical costs for those signals; street cleaning
18 and drainage; seal coating; patching and ordinary repairs; erec-
19 tion and maintenance of traffic signs and markings; safety
20 projects ~~which~~ THAT do not increase through traffic capacity;
21 and the preservation, reconstruction, resurfacing, restoration,
22 and rehabilitation of highways, roads, streets, and bridges.
23 However, maintenance and maintaining do not include projects
24 ~~which~~ THAT increase the capacity of a highway facility to
25 accommodate that part of the traffic having neither origin nor
26 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 (20) ~~(19)~~ A county road commission shall certify, which
6 certification shall, for purposes of the validity of bonds and
7 notes, be conclusive as to the matters stated therein, to the
8 state transportation department on or before the issuance of any
9 bonds or notes issued after July 1, 1983, pursuant to 1943 PA
10 143, MCL 141.251 to 141.254, 1941 PA 205, MCL 252.51 to 252.64,
11 or section 18c or 18d, for purposes other than the maintenance of
12 highways, roads, streets, and bridges and purposes other than the
13 purposes specified in subsection (16)(c) that its average annual
14 debt service requirements for all bonds and notes or portions of
15 bonds and notes issued after July 1, 1983, for purposes other
16 than the maintenance of highways, roads, streets, and bridges and
17 other than for the purposes specified in subsection (16)(c),
18 including the bond or note to be issued does not exceed 10% of
19 the funds returned to the county road commission pursuant to this
20 act, less the amounts specified in subsection (16)(a), (b), and
21 (c) during the last completed fiscal year of the county road
22 commission. If the purpose for which the bonds or notes are
23 issued is changed after the issuance of the notes or bonds, the
24 change shall be made in such a manner to maintain compliance with
25 the certification required by this subsection, as of the date the
26 certificate was originally issued, but ~~no~~ such A change shall
27 NOT invalidate or otherwise affect the bonds or notes with

1 respect to which the certificate was issued or the obligation to
2 pay debt service on the bonds or notes.

3 (21) ~~-(20)-~~ In each charter county to which funds are
4 returned under this section, the responsibility for road improve-
5 ment, maintenance, and traffic operation work, and the develop-
6 ment, construction, or repair of off-road parking facilities and
7 construction or repair of road lighting shall be coordinated by a
8 single administrator to be designated by the county executive who
9 shall be responsible for and shall represent the charter county
10 in transactions with the state transportation department pursuant
11 to this act.

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

26 (23) ~~-(22)-~~ In addition to the financial compliance audits
27 required by law, the department of treasury shall conduct

1 performance audits and make investigations of the disposition of
2 all state funds received by county road commissions, county
3 boards of commissioners, or any other county governmental agency
4 acting as the county road authority, for transportation purposes
5 to determine compliance with the terms and conditions of this
6 act. Performance audits shall be conducted according to govern-
7 ment auditing standards issued by the United States general
8 accounting office. The department of treasury shall provide 6
9 months notice to the county road commission or county board of
10 commissioners, as applicable, of the standards to be used for
11 audits performed under this subsection ~~prior to~~ BEFORE the
12 fiscal year in which the audit is conducted. The department
13 shall notify the county road commission or county board of com-
14 missioners of any subsequent changes to the standards. County
15 road commissions or county boards of commissioners, as applica-
16 ble, shall make available to the department of treasury the per-
17 tinent records for the audit.

18 Sec. 13. (1) The amount distributed to cities and villages
19 shall be returned to the treasurers of the cities and villages in
20 the manner, for the purposes, and under the terms and conditions
21 specified in this section. As used in this section, "population"
22 means the population according to the most recent statewide fed-
23 eral census as certified at the beginning of the state fiscal
24 year, except that, if a municipality has been newly incorporated
25 since completion of the census, the population of the municipal-
26 ity for purposes of the distribution of funds before completion
27 of the next census shall be the population as determined by

1 special federal census, if there is a census, and if not, by the
2 population as determined by the official census in connection
3 with the incorporation, if there is such a census and, if not, by
4 a special state census to be taken at the expense of the munici-
5 pality by the secretary of state pursuant to section 6 of the
6 home rule city act, 1909 PA 279, MCL 117.6. The amount received
7 by the newly incorporated municipality shall be in place of any
8 other direct distribution of funds from the Michigan transporta-
9 tion fund. The population of the newly incorporated municipality
10 as determined under this section shall be added to the total pop-
11 ulation of all incorporated cities and villages in the state in
12 computing the amounts to be returned under this section to each
13 municipality in the state. Major street mileage, local street
14 mileage, and equivalent major mileage, if applicable, shall be
15 determined by the state transportation department before the next
16 month for which distribution is made following the effective date
17 of incorporation of a newly incorporated municipality.

18 (2) From the amount available for distribution to cities and
19 villages during each December, an amount equal to 0.7% of the
20 total amount returned to all cities and villages under subsec-
21 tions (3) and (4) during the previous calendar year shall be
22 withheld. The amount withheld shall be used to partially reim-
23 burse those cities and villages located in those counties that
24 are eligible for snow removal funds pursuant to section 12a and
25 that have costs for winter maintenance on major and local streets
26 that are greater than the statewide average. The distributions
27 shall be made annually during February and shall be calculated

1 separately for the major and local street systems but may be paid
2 in a combined warrant. The distribution to a city or village
3 shall be equal to 1/2 of its winter maintenance expenditures
4 after deducting the product of its total earnings under subsec-
5 tions (3) and (4) multiplied by 2 times the average municipal
6 winter maintenance factor. Winter maintenance expenditures shall
7 be determined from the street financial reports for the most cur-
8 rent fiscal years ending before July 1. A city or village that
9 does not submit a street financial report for the fiscal year
10 ending before July 1 by the subsequent December 31 shall be inel-
11 igible for the winter maintenance payment that is to be based on
12 that street financial report. The average municipal winter main-
13 tenance factor shall be determined annually by the state trans-
14 portation department by dividing the total expenditures of all
15 cities and villages on winter maintenance of streets and highways
16 by the total amount earned by all cities and villages under sub-
17 sections (3) and (4) during the 12 months. If the sum of the
18 distributions to be made under this subsection exceeds the amount
19 withheld, the distributions to each eligible city and village
20 shall be reduced proportionately. If the sum is less than the
21 amount withheld, the balance shall be added to the amount avail-
22 able for distribution under subsections (3) and (4) during the
23 next month. The distributions shall be for use on the major and
24 local street systems respectively and shall be subject to the
25 same provisions as funds returned under subsections (3) and (4).
26 (3) Seventy-five percent of the remaining amount to be
27 returned to the cities and villages, after deducting the amounts

1 withheld pursuant to subsection (2), shall be returned 60% in the
2 same proportion that the population of each bears to the total
3 population of all cities and villages, and 40% in the same pro-
4 portion that the equivalent major mileage in each bears to the
5 total equivalent major mileage in all cities and villages. As
6 used in this section, "equivalent major mileage" means the sum of
7 2 times the state trunk line mileage certified by the state
8 transportation department as of March 31 of each year, as being
9 within the boundaries of each city and village having a popula-
10 tion of 25,000 or more, plus the major street mileage in each
11 city and village, multiplied by the following factor:

12 1.0 for cities and villages of 2,000 or less population;

13 1.1 for cities and villages from 2,001 to 10,000 population;

14 1.2 for cities and villages from 10,001 to 20,000 population;

15 1.3 for cities and villages from 20,001 to 30,000 population;

16 1.4 for cities and villages from 30,001 to 40,000 population;

17 1.5 for cities and villages from 40,001 to 50,000 population;

18 1.6 for cities and villages from 50,001 to 65,000 population;

1 1.7 for cities and villages from 65,001 to 80,000 population;

2 1.8 for cities and villages from 80,001 to 95,000 population;

3 1.9 for cities and villages from 95,001 to 160,000 population;

4 2.0 for cities and villages from 160,001 to 320,000 population;

5 and for cities over 320,000 population, by a factor of 2.1

6 increased successively by 0.1 for each 160,000 population incre-

7 ment over 320,000. The amount returned under this subsection

8 shall be used by each city and village for the following purposes

9 in the following order of priority:

10 (a) For the payment of contributions required to be made by
11 a city or village under the provisions of contracts previously
12 entered into under 1941 PA 205, MCL 252.51 to 252.64, which con-
13 tributions have been previously pledged for the payment of the
14 principal and interest on bonds issued under that act; or for the
15 payment of the principal and interest upon bonds issued by a city
16 or village pursuant to 1952 PA 175, MCL 247.701 to 247.707.

17 (b) Payment of obligations of the city or village on highway
18 projects undertaken by the city or village jointly with the state
19 transportation department.

20 (c) For the payment of principal and interest upon loans
21 received pursuant to section 11(7), to the extent other funds
22 have not been made available for that payment.

23 (d) For the maintenance, improvement, construction,
24 reconstruction, acquisition, and extension of the major street

1 system as defined by this act including the acquisition of a
2 necessary right of way for the system, work incidental to the
3 system, and an appurtenant roadside park or motor parkway, of the
4 city or village and for the payment of the principal and interest
5 on that portion of the city's or village's general obligation
6 bonds which are attributable to the construction or reconstruc-
7 tion of the city's or village's major street system. Not more
8 than 5% per year of the funds returned to a city or village by
9 this subsection shall be expended for the maintenance, improve-
10 ment, or acquisition of appurtenant roadside parks and motor
11 parkways. Surplus funds may be expended for the development,
12 construction, or repair of off-street parking facilities, and the
13 construction or repair of street lighting.

14 (4) The remaining amount to be returned to incorporated
15 cities and villages shall be expended in each city or village for
16 the maintenance, improvement, construction, reconstruction,
17 acquisition, and extension of the local street system of the city
18 or village, as defined by this act, including the acquisition of
19 a necessary right of way for the system, work incidental to the
20 system, and subject to subsection (5), for the payment of the
21 principal and interest on that portion of the city's or village's
22 general obligation bonds which are attributable to the construc-
23 tion or reconstruction of the city's or village's local street
24 system. The amount returned under this subsection shall be
25 returned to the cities and villages 60% in the same proportion
26 that the population of each bears to the total population of all
27 incorporated cities and villages in the state, and 40% in the

1 same proportion that the total mileage of the local street system
2 of each bears to the total mileage in the local street systems of
3 all cities and villages of the state. The payment of the princi-
4 pal and interest upon bonds issued by a city or village pursuant
5 to 1952 PA 175, MCL 247.701 to 247.707, and after that payment,
6 the payment of debt service on loans received under section
7 11(7), shall have priority in the expenditure of money returned
8 under this subsection.

9 (5) Money distributed to each city and village for the main-
10 tenance and improvement of its local street system under this act
11 represents the total responsibility of the state for local street
12 system support. Funds distributed from the Michigan transporta-
13 tion fund shall not be expended for construction purposes on city
14 and village local streets except to the extent matched from local
15 revenues including other money returned to a city or village by
16 the state under the state constitution of 1963 and statutes of
17 the state, from funds that can be raised by taxation in cities
18 and villages for street purposes within the limitations of the
19 state constitution of 1963 and statutes of the state, from spe-
20 cial assessments, or from any other source. This subsection does
21 not apply to section 11b.

22 (6) Money returned under this section to a city or village
23 shall be expended on the major and local street systems of that
24 city or village. However, the first priority shall be the major
25 street system. Money returned for expenditure on the major
26 street system may be expended on the local street system in an
27 amount equal to the amount of local revenues, as provided in

1 subsection (5), expended by the city or village on the major
2 street system or on state trunk line highways, and to the extent
3 that that amount of major street money is not transferred for
4 expenditure on the local street system in that year, major street
5 money received during the next succeeding 2 years may be trans-
6 ferred for expenditure on the local system until the amount so
7 authorized for transfer is fully expended. If a city or village
8 transfers more than 25% of its major street funding for the local
9 street system, the city or village shall adopt a resolution with
10 a copy to the department setting forth all of the following:

11 (a) A list of the major streets in that city or village.

12 (b) A statement that the city or village is adequately main-
13 taining its major streets.

14 (c) The dollar amount of the transfer.

15 (d) The local streets to be funded with the transfer.

16 (7) Not more than 10% per year of all of the funds returned

17 to a city or village from any source for the purposes of this
18 section may be expended for administrative expenses. As used in
19 this subsection, "administrative expenses" means those expenses
20 that are not assigned including, but not limited to, specific
21 road construction or maintenance projects and are often referred
22 to as general or supportive services. Administrative expenses
23 shall not include net equipment expense, net capital outlay, debt
24 service principal and interest, and payments to other state or
25 local offices that are assigned, but not limited to, specific
26 road construction projects or maintenance activities. A city or

1 village which in a year expends more than 10% for administrative
2 expenses shall be subject to section 14(5).

3 (8) In each city and village to which funds are returned
4 under this section, the responsibility for street improvement,
5 maintenance, and traffic operation work, and the development,
6 construction, or repair of off-street parking facilities and con-
7 struction or repair of street lighting shall be coordinated by a
8 single administrator to be designated by the governing body who
9 shall be responsible for and shall represent the municipality in
10 transactions with the state transportation department pursuant to
11 this act.

12 (9) Cities and villages may provide for consolidated street
13 administration. A city or a village may enter into an agreement
14 with other cities or villages, the county road commission, or
15 with the state transportation commission for the performance of
16 street or highway work on a road or street within the limits of
17 the city or village or adjacent to the city or village. The
18 agreement may provide for the performance by any of the contract-
19 ing parties of the work contemplated by the contracts including
20 services and acquisition of rights of way, by purchase or condem-
21 nation by any of the contracting parties in its own name. The
22 agreement may provide for joint participation in the costs if
23 appropriate.

24 (10) Interest earned on funds returned to a city or a vil-
25 lage for purposes provided in this section shall be credited to
26 the appropriate street fund.

1 (11) ALL FEDERAL AID CONSTRUCTION PROJECTS AND ALL OTHER
2 PROJECTS OF CITIES AND VILLAGES CONCERNING HIGHWAYS, STREETS,
3 ROADS, AND BRIDGES, WHOSE COST EXCEEDS \$100,000.00 FOR CONSTRUC-
4 TION OR MAINTENANCE, SHALL BE PERFORMED BY CONTRACT AWARDED BY
5 COMPETITIVE BIDDING UNLESS THE CITY OR VILLAGE SHALL PUBLICLY AND
6 AFFIRMATIVELY FIND THAT UNDER THE CIRCUMSTANCES RELATING TO THOSE
7 PROJECTS, SOME OTHER METHOD IS IN THE PUBLIC INTEREST AND THIS
8 FINDING IS AFFIRMED BY THE DEPARTMENT. THE FINDINGS SHALL BE
9 REPORTED IN WRITING WITHIN 90 DAYS BEFORE WORK COMMENCES TO THE
10 APPROPRIATIONS COMMITTEES OF THE SENATE AND HOUSE OF
11 REPRESENTATIVES. HOWEVER, IN A CASE IN WHICH THE CITY OR VILLAGE
12 DETERMINES EMERGENCY ACTION IS REQUIRED, THE REPORTS NEED NOT BE
13 FILED BEFORE WORK IS COMMENCED BUT SHALL BE PROMPTLY FILED. A
14 CITY OR VILLAGE THAT MAKES A DECISION NOT TO PERFORM CONSTRUCTION
15 OR MAINTENANCE PROJECTS EXCEEDING \$100,000.00 SHALL CONTRACT FOR
16 THIS WORK THROUGH COMPETITIVE BIDDING.

17 (12) ~~(11)~~ In addition to the financial compliance audits
18 required by law, the department of treasury shall conduct per-
19 formance audits and make investigations of the disposition of all
20 state funds received by cities and villages for transportation
21 purposes to determine compliance with the terms and conditions of
22 this act. Performance audits shall be conducted according to
23 government auditing standards issued by the United States general
24 accounting office. The department of treasury shall provide
25 notice to cities and villages of the standards to be used for
26 audits under this subsection prior to the fiscal year in which
27 the audit is conducted. The department shall notify cities and

1 villages of any subsequent changes to the standards. Cities and
2 villages shall make available to the department of treasury the
3 pertinent records for the audit.

4 Sec. 14. (1) Each county road commission and city and vil-
5 lage of the state shall ANNUALLY prepare ~~biennial~~ 5-YEAR pri-
6 mary road and major street programs, based on long-range plans,
7 and shall make the programs available for review by the public.

8 (2) Separate accounts shall be kept by cities, villages, and
9 county road commissions of all money returned from the Michigan
10 transportation fund. This subsection shall not be construed to
11 prevent the combining of accounts on which separate bookkeeping
12 records are kept into a single deposit account.

13 (3) All county road commissions and cities and villages
14 shall keep accurate and uniform records on all road and street
15 work and funds, and shall annually report to the state transpor-
16 tation department at the time, in the manner, and on forms pre-
17 scribed by the state transportation department the mileage of
18 each road system under their jurisdiction and the receipts and
19 disbursements of road and street funds. In the annual report,
20 each county road commission shall report on its compliance in the
21 preceding year with the requirements of section 12(16) and (17).
22 The report shall also specify, with respect to section 12(17),
23 the total dollar amount expended for other than maintenance pur-
24 poses which would not have been permissible without the deduction
25 of certain urban route expenditures as permitted under section
26 12(17). The report shall also specify the justification for a

1 waiver of the requirement of section 12(17), if that requirement
2 was waived.

3 (4) The expenditure of adequate amounts, by county road com-
4 missions and the cities and villages, from funds returned by this
5 act, to cover the cost of administration, engineering, and record
6 keeping is hereby authorized, and expenditures for those purposes
7 shall be reported separately by each county road commission,
8 city, and village to the state transportation department.

9 (5) All distributions and returns of funds provided for in
10 this act shall be withheld from the state transportation depart-
11 ment, eligible authorities, county road commissions, cities, vil-
12 lages, or other eligible governmental agencies for failure to
13 comply with any of the requirements of this act, and the with-
14 holding shall continue for the period of noncompliance.

15 (6) Money distributed to county road commissions for the
16 maintenance and improvement of county local road systems pursuant
17 to section 12 represents the total responsibility of the state
18 for local county road support. Additional funds required for the
19 support of county local road systems may be supplied from other
20 money returned to the township governments by the state under the
21 state constitution of 1963 and statutes of the state, or from
22 funds that can be raised by taxation in the townships or counties
23 for road purposes within the limitations of the state constitu-
24 tion of 1963 and statutes of the state.

25 Sec. 18b. (1) The state transportation commission may
26 borrow money and issue notes or bonds for the following
27 purposes:

1 (a) To pay all or any portion of or to make loans, grants,
2 or contract payments to pay all or any portion of any capital
3 costs for the purposes described in section 9 of article IX of
4 the state constitution of 1963.

5 (b) To pay the principal or the principal and interest on
6 notes and, if the state transportation commission considers
7 refunding to be expedient, to refund bonds payable from money in
8 the state trunk line fund or the comprehensive transportation
9 fund or received or to be received from the motor vehicle highway
10 fund or the Michigan transportation fund regardless of when the
11 refunded bonds were issued, by the issuance of new bonds, whether
12 or not the bonds to be refunded have matured or are subject to
13 prior redemption or are to be paid, redeemed, or surrendered at
14 the time of issuance of the refunding bonds; and to issue new
15 bonds partly to refund bonds or pay notes then outstanding and
16 partly for any other transportation purpose authorized by this
17 act.

18 (c) To pay all costs relating to the issuance of the bonds
19 or notes described in this section, including, but not limited
20 to, legal, engineering, accounting, and consulting services,
21 interest on bonds or notes for such period as determined by the
22 state transportation commission in the resolution authorizing the
23 bonds or notes and a reserve for payment of principal, interest,
24 and redemption premiums on the bonds or notes in an amount deter-
25 mined by the state transportation commission in the resolution
26 authorizing the bonds or notes.

1 (2) The refunding bonds described in subsection (1)(b) shall
2 be sold and the proceeds and the earnings or profits from the
3 investment of those proceeds applied in whole or in part to the
4 purchase, redemption, or payment of the principal or the princi-
5 pal and interest of the bonds to be refunded and the refunding
6 bonds issued by the state transportation commission under subsec-
7 tion (1)(b) and the costs described in subsection (1)(c).
8 Refunding notes or bonds shall be considered to be issued for the
9 same purpose or purposes for which the notes or bonds to be
10 refunded were issued.

11 (3) The notes or bonds authorized by this section shall be
12 issued only after authorization by resolution of the state trans-
13 portation commission, which resolution shall contain the
14 following:

15 (a) An irrevocable pledge providing for the payment of the
16 principal and interest on the notes or bonds from money which is
17 restricted as to use by section 9 of article IX of the state con-
18 stitution of 1963 and which is deposited or to be deposited in
19 the comprehensive transportation fund, in the case of bonds or
20 notes issued for comprehensive transportation purposes as defined
21 by law, or in the state trunk line fund, in the case of bonds or
22 notes issued for transportation purposes described in the second
23 paragraph of section 9 of article IX of the state constitution of
24 1963, or in the case of notes or bonds, if the resolution autho-
25 rizing the notes or bonds provides, from money received or to be
26 received by the state transportation department from the proceeds
27 of bonds or renewal notes to be issued after the date of the

1 resolution or from money received or to be received from the
2 proceeds of the grants described in subsection (9). If the reso-
3 lution authorizing the bonds or notes so provides, a portion of
4 the principal or interest on the bonds or notes may be secured by
5 an irrevocable pledge of money deposited in the comprehensive
6 transportation fund or the state trunk line fund, and the balance
7 of the principal and interest secured by an irrevocable pledge of
8 the proceeds of bonds or renewal notes or money received or to be
9 received from the proceeds of the grants described in
10 subsection (9).

11 (b) A brief statement describing the projects for which the
12 notes or bonds are to be issued and in the case of notes or bonds
13 to pay notes or refund bonds, a description of the notes or bonds
14 to be paid or refunded. For purposes of this section and section
15 18k, in connection with bonds issued to fund the loan program
16 established under section ~~11(7)~~ 11(5) to ~~(12)~~ (10), the loan
17 program shall constitute the project, and it shall not be neces-
18 sary to specify the particular item or costs of a particular item
19 to be financed from any particular loan made under the loan
20 program.

21 (c) The estimated cost of the projects or refunding or
22 refinancing.

23 (d) The detail of the notes or bonds including the date of
24 issue, maturity date or dates of the bonds or notes, the maximum
25 interest rate, the dates of payment of interest, the paying
26 agents, the transfer agent or agents, the provisions for
27 registration, the redemption provisions, and the manner of

1 execution or, as provided in subsection (11)(d), the limitations
2 within which such detail may be determined by the person desig-
3 nated by the commission.

4 (4) If after the issuance of notes or bonds, the state
5 transportation commission determines that a project for which the
6 notes or bonds are to be issued should be changed, the state
7 transportation commission, by resolution, adopted after the 30
8 days' notice of intention to adopt the resolution has been given
9 to the appropriations committees of the senate and the house of
10 representatives, shall amend the resolution authorizing the bonds
11 or notes to change the description of the project or projects or
12 to substitute a different project or projects for the project for
13 which the notes or bonds were issued and shall make other revi-
14 sions in the resolution authorizing the notes or bonds with
15 respect to cost as may be necessary to permit the change in or
16 substitution of a project or projects.

17 (5) Before October 1, 1979, the total amount of bonds and
18 notes issued pursuant to this section for comprehensive transpor-
19 tation purposes as defined by law shall not exceed an amount as
20 will be serviced as to maximum principal and interest require-
21 ments by a sum equal to the amount deposited to the credit of the
22 general transportation fund for the fiscal year ending
23 September 30, 1977. After September 30, 1979, the total amount
24 of bonds and notes issued pursuant to this section for comprehen-
25 sive transportation purposes as defined by law shall not exceed
26 an amount as will be serviced, out of state funds only, as to
27 maximum annual principal and interest requirements by an amount

1 equal to 50% of the total amount of money from taxes, the use of
2 which money is restricted by section 9 of article IX of the state
3 constitution of 1963, and which money is deposited in the state
4 treasury to the credit of the comprehensive transportation fund
5 during the state fiscal year immediately preceding the issuance
6 of the bonds or notes.

7 (6) The total amount of bonds and notes issued pursuant to
8 this section for transportation purposes described in the second
9 paragraph of section 9 of article IX of the state constitution of
10 1963 shall not exceed an amount as will be serviced as to the
11 maximum principal and interest requirements by a sum equal to 50%
12 of the total of the amount of money received from taxes, the use
13 of which is restricted by section 9 of article IX of the state
14 constitution of 1963 and which is deposited in the state treasury
15 to the credit of the state trunk line fund during the state
16 fiscal year immediately preceding the issuance of the bonds or
17 notes.

18 (7) The principal or principal and interest or the portion
19 of principal or interest of bonds or notes which are issued in
20 anticipation of the issuance of bonds or renewal notes or of fed-
21 eral grants as provided in subsection (9) and which do not pledge
22 for their payment money in the state trunk line fund or the com-
23 prehensive transportation fund or money received or to be
24 received by the state transportation department from the Michigan
25 transportation fund or the motor vehicle highway fund shall not
26 be considered to be principal and interest requirements subject
27 to the limitation set forth in subsections (5) and (6). The

1 principal of and interest on notes or bonds refunded or for the
2 refunding of which refunding bonds have been sold, whether the
3 bonds to be refunded are to be retired at the time of delivery of
4 the refunding bonds or not, shall not be considered to be princi-
5 pal and interest requirements subject to the limitation set forth
6 in subsections (5) and (6).

7 (8) In computing the maximum annual principal and interest
8 requirements under subsection (6), the total outstanding maximum
9 annual contributions required to be made by the state highway
10 commission and the state transportation commission pursuant to
11 contracts entered into under the authorization of section 18d,
12 which contributions are pledged to the payment of bonds issued
13 under section 18d, shall be included in the amount.

14 (9) The state transportation commission may borrow money and
15 issue notes or bonds in anticipation of the receipt of grants
16 from the United States of America or any agency or instrumental-
17 ity thereof and may pledge for the payment of the principal,
18 interest, and redemption premiums on such notes or bonds 1 or
19 more of the following:

20 (a) The proceeds of any such grant and any investment earn-
21 ings or gain ~~thereon~~ ON THAT GRANT.

22 (b) If deemed advisable by the state transportation commis-
23 sion, money which is restricted as to use by section 9 of article
24 IX of the state constitution of 1963, and which is deposited or
25 to be deposited in the comprehensive transportation fund, in the
26 case of bonds or notes issued for comprehensive transportation
27 purposes as defined by law, or in the state trunk line fund, in

1 the case of bonds or notes issued for transportation purposes
2 described in the second paragraph of section 9 of article IX of
3 the state constitution of 1963.

4 (c) If deemed advisable by the state transportation commis-
5 sion, money received or to be received by the state from the sale
6 of the bonds or notes described in this section to be issued
7 after the issuance of the notes or bonds described in this sub-
8 section and any investment earnings or gain thereon.

9 (10) Bonds or notes may be issued under this section as sep-
10 arate issues or series with different dates of issuance, but the
11 aggregate of the bonds or notes shall be subject to the limita-
12 tions set forth in this section.

13 (11) The state transportation commission in determining to
14 issue bonds or notes may do 1 or more of the following:

15 (a) Authorize and enter into insurance contracts, agreements
16 for lines of credit, letters of credit, commitments to purchase
17 obligations, remarketing agreements, reimbursement agreements,
18 and any other transactions to provide security to assure timely
19 payment of any bonds or notes.

20 (b) Authorize payment from the proceeds of the bonds or
21 notes or other funds available, of the cost of issuance, includ-
22 ing, but not limited to, fees for placement, fees or charges for
23 insurance, letters of credit, lines of credit, remarketing agree-
24 ments, reimbursement agreements, or purchase or sales agreements
25 or commitments, or other agreements to provide security to assure
26 timely payment of bonds or notes.

1 (c) Authorize principal and interest to be payable from 1 or
2 more of the following:

3 (i) Money described in subsection (3)(a).

4 (ii) Proceeds of bonds or notes.

5 (iii) ~~Earning~~ EARNINGS on proceeds of bonds or notes or
6 other funds held for payment of bonds or notes.

7 (iv) Proceeds of any other security provided to assure
8 timely payment of the bonds or notes.

9 (v) Proceeds of federal grants and other money described in
10 subsection (9).

11 (vi) Any combination of the sources described in subpara-
12 graphs (i) to (v).

13 (d) Authorize or provide for a person designated by the
14 state transportation commission, but only within limitations
15 ~~which shall be~~ contained in the authorization resolution of the
16 state transportation commission, to do 1 or more of the
17 following:

18 (i) Sell and deliver and receive payment for bonds or
19 notes.

20 (ii) Refund bonds or notes by the delivery of new bonds or
21 notes, whether or not the bonds or notes to be refunded have
22 matured or are subject to redemption prior to maturity on the
23 date of delivery of the refunding bonds or notes.

24 (iii) Deliver bonds or notes partly to refund bonds or notes
25 and partly for any other authorized purposes.

26 (iv) Buy, hold without cancellation, or sell bonds or notes
27 so issued.

1 (v) Approve interest rates or methods for fixing interest
2 rates, prices, discounts, maturities, principal amounts, denomi-
3 nations, dates of issuance, interest payment dates, optional or
4 mandatory redemption or tender rights and obligations to be exer-
5 cised by the state transportation commission or the holder, the
6 place of delivery and payment, and other matters and procedures
7 necessary to complete the transactions authorized.

8 (E) ENTER INTO INTEREST RATE EXCHANGES OR SWAPS, HEDGES, OR
9 SIMILAR AGREEMENTS WITH RESPECT TO ITS BONDS OR NOTES IN THE SAME
10 MANNER AND SUBJECT TO THE SAME LIMITATIONS AND CONDITIONS PRO-
11 VIDED FOR A MUNICIPALITY IN SECTION 15 OF CHAPTER III OF THE
12 MUNICIPAL FINANCE ACT, 1943 PA 202, MCL 133.15.

13 If additionally secured as provided in this subsection, the
14 bonds or notes, notwithstanding other provisions of this act, may
15 be made payable or subject to purchase on demand or prior to
16 maturity at the option of the holder at the time and in the
17 manner as determined by the state transportation commission or
18 the designated person as provided in the resolution authorizing
19 the bonds or notes. Any bonds or notes authorized by this sec-
20 tion may bear no interest or interest at a rate or rates which
21 may be variable but which shall be subject to the limitations
22 provided in section 18e as provided in the resolution authorizing
23 the obligations. If bonds or notes are subject to payment or
24 purchase on demand or prior to maturity at the option of the
25 holder, and the obligation of the state to make payment or effect
26 purchases on demand or prior to maturity, at the option of the
27 holder is limited to the proceeds of 1 or more of the additional

1 security devices described in this subsection and is not payable
2 from constitutionally restricted funds deposited in the compre-
3 hensive transportation fund or the state trunk line fund, for
4 purposes of computing maximum annual principal and interest
5 requirements under subsections (5) and (6), the principal and
6 interest on the bonds or notes subject to payment or purchase on
7 demand or prior redemption at the option of the holder shall be
8 disregarded and the maximum annual principal and interest
9 requirements which would arise with respect to the repayment of
10 the proceeds of the additional security device shall be substi-
11 tuted therefor.

12 Sec. 18e. Bonds issued by a governmental unit under this
13 act shall be serial bonds with periodic maturities, or term
14 bonds, with mandatory redemption requirements, or both serial and
15 term bonds, the aggregate of which shall not exceed 30 years, the
16 first of which shall fall due not more than 5 years from the date
17 of issuance. Maturities shall be as established by the resolu-
18 tion or ordinance authorizing the bonds or notes, without regard
19 to the useful lives of the projects financed from the proceeds of
20 the bonds or notes. The bonds shall bear interest, taking into
21 account any discount or premium on the sale of the bonds, at a
22 rate not exceeding the maximum rate permitted by the municipal
23 finance act, ~~Act No. 202 of the Public Acts of 1943, as amended,~~
24 ~~being sections 131.1 to 139.3 of the Michigan Compiled Laws~~ 1943
25 PA 202, MCL 131.1 TO 139.3, may be made redeemable before matu-
26 rity on those terms and conditions, and with the premium as shall
27 be provided by the proceedings authorizing their issuance.

1 Outstanding and authorized bonds issued pursuant to this act may
2 be treated as a single issue for the purpose of fixing
3 maturities. If pursuant to ~~Act No. 175 of the Public Acts of~~
4 ~~1952, as amended, being sections 247.701 to 247.707 of the~~
5 ~~Michigan Compiled Laws 1952 PA 175, MCL 247.701 TO 247.707, or~~
6 ~~in Act No. 143 of the Public Acts of 1943, as amended, being~~
7 ~~sections 141.251 to 141.254 of the Michigan Compiled Laws 1943~~
8 ~~PA 143, MCL 141.251 TO 141.254, the maximum annual principal and~~
9 ~~interest requirements on bonds issued by governmental units are~~
10 ~~required to be measured by reference to amounts received from the~~
11 ~~motor vehicle highway fund OR THE MICHIGAN TRANSPORTATION FUND,~~
12 ~~the requirements shall be measured by the receipts from the motor~~
13 ~~vehicle highway fund, the Michigan transportation fund, or both~~
14 ~~funds, and if pursuant to this act the maximum annual principal~~
15 ~~and interest requirements on bonds or notes issued by governmen-~~
16 ~~tal units are required to be measured by reference to amounts~~
17 ~~received from the Michigan transportation fund, the requirements~~
18 ~~shall be measured by the receipts from the motor vehicle highway~~
19 ~~fund, the Michigan transportation fund, or both funds. The state~~
20 ~~transportation commission shall certify, which certification~~
21 ~~shall, for purposes of the validity of bonds, notes, and other~~
22 ~~obligations, be conclusive as to the matters stated therein, to~~
23 ~~the state treasury on or before the issuance of any bonds, notes,~~
24 ~~or other obligations PAYABLE FROM THE STATE TRUNK LINE FUND AND~~
25 ~~issued after July 1, 1983, pursuant to section 18b or 18d for~~
26 ~~purposes other than the maintenance of highways, roads, streets,~~
27 ~~and bridges, FUNDING PROJECTS OF THE TRANSPORTATION ECONOMIC~~

1 DEVELOPMENT FUND AND THE RAIL GRADE CROSSING ACCOUNT IN THE STATE
2 TRUNK LINE FUND, and ~~for purposes other than~~ the purposes spec-
3 ified in section 11(2)(b), (c), ~~and~~ (d), (G), AND (I) that its
4 average annual debt service requirements for all bonds, notes,
5 and other obligations, or portions of bonds, notes, and other
6 obligations PAYABLE FROM THE STATE TRUNK LINE FUND AND issued
7 after July 1, 1983, for purposes other than the maintenance of
8 highways, roads, streets, and bridges, FUNDING PROJECTS OF THE
9 TRANSPORTATION ECONOMIC DEVELOPMENT FUND AND THE RAIL GRADE
10 CROSSING ACCOUNT IN THE STATE TRUNK LINE FUND, and ~~other than~~
11 ~~for~~ the purposes specified in section 11(2)(b), (c), ~~and~~ (d),
12 (G), AND (I) including the bonds, notes, or other obligations to
13 be issued does not exceed 10% of the state revenue appropriated
14 to the state trunk line fund, less the amounts described in sec-
15 tion 11(2)(a) to ~~(g)~~ (I) during the last completed state fiscal
16 year. If the purpose for which the bonds, notes, or other obli-
17 gations is issued is changed after the issuance of the bonds,
18 notes, or other obligations, the change shall be made in such a
19 manner to maintain compliance with the certification required by
20 the preceding sentence, as of the date the certificate was origi-
21 nally issued, but no such change shall invalidate or otherwise
22 affect the bonds, notes, or other obligations with respect to
23 which the certificate was issued, or the obligation to pay debt
24 service on the bonds, notes, or other obligations. As used in
25 this section, "maintenance" means maintenance as defined in sec-
26 tion ~~11(6)~~ 11(4).

1 Sec. 25. (1) The truck safety fund is established and shall
2 be maintained in the state treasury. The truck safety fund shall
3 be administered by the office of highway safety planning within
4 the department of state police.

5 (2) The Michigan truck safety commission is established in
6 the office of highway safety planning within the department of
7 state police. The commission shall control the expenditures of
8 the truck safety fund. The commission shall consist of the fol-
9 lowing members:

10 (a) A member of the state transportation commission, or his
11 or her authorized representative who is EITHER a member of the
12 state transportation commission OR AN EMPLOYEE OF THE
13 DEPARTMENT.

14 (b) The director of the office of highway safety planning,
15 within the department of state police.

16 (c) The secretary of state.

17 (d) The commanding officer of the motor carrier division
18 within the department of state police.

19 (e) Seven individuals appointed by the governor with the
20 advice and consent of the senate as follows:

21 (i) One individual representing Michigan community
22 colleges.

23 (ii) One individual representing 4-year colleges or
24 universities.

25 (iii) One individual representing the Michigan trucking
26 association.

1 (iv) One individual representing private motor carriers.

2 (v) One individual representing organized labor.

3 (vi) Two individuals representing the general public.

4 (3) The appointed members of the Michigan truck safety com-
5 mission shall be appointed for 2-year terms. The chairperson of
6 the Michigan truck safety commission shall be elected by a major-
7 ity of the members serving on the Michigan truck safety
8 commission. A vacancy shall be filled for the balance of the
9 unexpired term in the same manner as the original appointment.
10 The business which the Michigan truck safety commission shall
11 perform shall be conducted at a quarterly meeting held in compli-
12 ance with the open meetings act, ~~Act No. 267 of the Public Acts~~
13 ~~of 1976, being sections 15.261 to 15.275 of the Michigan Compiled~~
14 ~~Laws~~ 1976 PA 267, MCL 15.261 TO 15.275. Public notice of the
15 meeting shall be given in the manner required under ~~Act No. 267~~
16 ~~of the Public Acts of 1976~~ THE OPEN MEETINGS ACT, 1976 PA 267,
17 MCL 15.261 TO 15.275. A majority of the commission members serv-
18 ing shall be required to constitute a quorum.

19 (4) The truck safety fund shall be expended in the following
20 order of priority and in the following manner:

21 (a) Not more than 5% but not more than \$100,000.00 of the
22 money deposited in the truck safety fund shall be expended for
23 the fund's administrative expenses. The office of highway safety
24 planning may employ not more than 2 persons to assist in the
25 administration of the fund.

1 (b) Not less than 30%, but not less than \$1,000,000.00 of
2 the balance of the money deposited in the truck safety fund shall
3 be expended for the following purposes:

4 (i) Establishing truck driver safety education programs.

5 (ii) Encouraging, coordinating, and administering grants for
6 research and demonstration projects to develop the application of
7 new ideas and concepts in truck driver safety education as
8 applied to state, as opposed to nationwide, problems.

9 (iii) Applying for, receiving, and accepting any grant,
10 gift, contribution, loan, or other assistance in the form of
11 money, property, labor, and any other form from a public or pri-
12 vate source for the enhancement of truck driver safety education,
13 including matching funds and other assistance from an agency or
14 instrumentality of the United States and doing each thing as is
15 necessary to apply for, receive, and administer that assistance
16 in accordance with the laws of this state.

17 (c) Not less than \$750,000.00 of the balance of the money
18 deposited in the truck safety fund shall be expended for the
19 establishment of special transportation enforcement team opera-
20 tions within the motor carrier division of the department of
21 state police and any expenses incurred by the special transporta-
22 tion enforcement team including, but not limited to, required
23 equipment. The motor carrier division of the department of state
24 police shall submit an annual report of the activities of the
25 special transportation enforcement team operations and expendi-
26 tures of the fund for those operations provided by this
27 subdivision.

1 (d) The balance of the money deposited in the truck safety
2 fund, if any, shall be expended for the following purposes:

3 (i) Investigating, performing data collection and analysis,
4 and making recommendations on truck accidents within this state.

5 (ii) Investigating and making recommendations on the truck
6 safety enforcement procedures of local law enforcement agencies.

7 (iii) Performing other functions considered necessary by the
8 Michigan truck safety commission for the enhancement of truck and
9 truck driver safety within this state.

10 (5) The commission shall make an annual report to the chair-
11 persons of the house transportation and senate transportation and
12 tourism committees on the status of the fund. The report shall
13 be submitted within 45 days after the end of the fiscal year and
14 shall include the year end balance of the fund and the disburse-
15 ments made from the fund during the previous fiscal year.

16 Enacting section 1. Sections 11d and 18l of 1951 PA 451,
17 MCL 247.661d and 247.668l, are repealed.