

**SUBSTITUTE FOR
HOUSE BILL NO. 5383**

[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

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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 1b, 10c, 10h, 11, 11c, 12, 18e, and 20a

(MCL 247.651b, 247.660c, 247.660h, 247.661, 247.661c, 247.662,

247.668e, and 247.670a), section 1b as amended by 1989

PA 188, section 10c as amended by 1990 PA 73, section 10h as amended by 1982 PA 438, section 11 as

amended by 2000 PA 188, sections 11c and 12 as amended by 1997 PA 79, and section 18e as amended by 1985 PA 201, and by adding section 10p.]

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1b. (1) The state transportation department shall bear
2 the entire cost of maintaining, in accordance with standards and
3 specifications of the department, all state trunk line highways
4 including highways within incorporated cities and villages except
5 that the cost of maintaining additional width for local purposes
6 as provided in section 1c shall be borne by the city or village.
7 ~~For the purposes of this act except for sections 11 and 12,~~
8 ~~maintaining of state trunk line highways shall include, by way of~~
9 ~~enumeration but not limitation, snow removal, street cleaning and~~

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1 ~~drainage, seal coating, patching and ordinary repairs, erection~~
2 ~~and maintenance of traffic signs and markings, freeway lighting~~
3 ~~for traffic safety in cities and villages having a population of~~
4 ~~less than 30,000 and the trunk line share of the erection and~~
5 ~~maintenance of traffic signals, but shall not include street~~
6 ~~lighting, resurfacing, new curb and gutter structures for~~
7 ~~widening. On and after January 1, 1970, maintaining of state~~
8 ~~trunk line highways shall include all freeway lighting for traf-~~
9 ~~fic safety.~~

10 (2) Notwithstanding any provision of law to the contrary, as
11 part of the construction or reconstruction of a state trunk line
12 highway which abuts a location designated as a national historic
13 landmark pursuant to the national historic preservation act,
14 Public Law 89-665, 80 Stat. 915, and 36 C.F.R. part 65, the
15 department may include within the project, expenditures deemed
16 necessary to mitigate the adverse impact of the state trunk line
17 highway on the aesthetic and historic character of that abutting
18 area. The installation or maintenance of lighting to preserve
19 the aesthetic and historic character of the abutting area shall
20 not impose a duty on the department to provide or maintain light-
21 ing for the improved portion of the highway designed for vehicu-
22 lar travel.

23 (3) The state transportation department shall not use funds
24 allocated under this act for the development or construction of a
25 service plaza.

26 Sec. 10c. As used in this act:

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1 (a) "Urban or rural area" means a contiguous developed area,
2 including the immediate surrounding area, where transportation
3 services should reasonably be provided presently or in the
4 future; the area within the jurisdiction of an eligible authori-
5 ty; or for the purpose of receiving funds for public transporta-
6 tion, a contiguous developed area having a population of less
7 than 50,000 population that has an urban public transportation
8 program approved by the state transportation department and for
9 which the state transportation commission determines that public
10 transportation services should reasonably be provided presently
11 or in the future.

12 (b) "Eligible authority" means an authority organized pursu-
13 ant to the metropolitan transportation authorities act of 1967,
14 Act No. 204 of the Public Acts of 1967, as amended, being sec-
15 tions 124.401 to 124.426 of the Michigan Compiled Laws.

16 (c) "Eligible governmental agency" means a county, city, or
17 village or an authority created pursuant to ~~Act No. 55 of the~~
18 ~~Public Acts of 1963, as amended, being sections 124.351 to~~
19 ~~124.359 of the Michigan Compiled Laws~~ 1963 PA 55, MCL 124.351 TO
20 124.359; the urban cooperation act of 1967, ~~Act No. 7 of the~~
21 ~~Public Acts of the Extra Session of 1967, being sections 124.501~~
22 ~~to 124.512 of the Michigan Compiled Laws~~ 1967 (EX SESS) PA 7,
23 MCL 124.501 TO 124.512; ~~Act No. 8 of the Public Acts of the~~
24 ~~Extra Session of 1967, being sections 124.531 to 124.536 of the~~
25 ~~Michigan Compiled Laws~~ 1967 (EX SESS) PA 8, MCL 124.1 TO 124.13;
26 ~~Act No. 35 of the Public Acts of 1951, as amended, being~~
27 ~~sections 124.1 to 124.13 of the Michigan Compiled Laws~~ 1951 PA

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1 35, MCL 124.1 TO 124.13; the public transportation authority act,
2 ~~Act No. 196 of the Public Acts of 1986, being sections 124.451~~
3 ~~to 124.479 of the Michigan Compiled Laws~~ 1986 PA 196, MCL
4 124.451 TO 124.479; or the revenue bond act of 1933, ~~Act No. 94~~
5 ~~of the Public Acts of 1933, as amended, being sections 141.101 to~~
6 ~~141.140 of the Michigan Compiled Laws~~ 1933 PA 94, MCL 141.101 TO
7 141.140.

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

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

15 (f) "Demand actuated vehicle" means a bus or smaller transit
16 vehicle operated for providing group rides to members of the gen-
17 eral public paying fares individually, and on demand rather than
18 in regularly scheduled route service.

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

21 (h) "Public transportation", "comprehensive transportation",
22 "public transportation service", "comprehensive transportation
23 service", "public transportation purpose", or "comprehensive
24 transportation purpose" means the movement of people and goods by
25 publicly or privately owned water vehicle, bus, railroad car,
26 aircraft, rapid transit vehicle, taxicab, or other conveyance
27 which provides general or special service to the public, but not

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1 including charter or sightseeing service or transportation which
2 is exclusively for school purposes. Public transportation,
3 public transportation services, or public transportation pur-
4 poses; and comprehensive transportation, comprehensive transpor-
5 tation services, or comprehensive transportation purposes as
6 defined in this subdivision are declared by law to be transporta-
7 tion purposes within the meaning of section 9 of article IX of
8 the state constitution of 1963.

9 (i) "State transportation commission" means the state trans-
10 portation commission or the state highway commission as estab-
11 lished in section 28 of article V of the state constitution of
12 1963.

13 (j) "Governmental unit" means the state transportation
14 department, state highway commission or the state transportation
15 commission, ~~or~~ a county road commission, A CITY, OR A VILLAGE.

16 (k) "Department" or "department of transportation" means the
17 state transportation department, which may be referred to admin-
18 istratively as the department of transportation.

19 (l) "PRESERVATION" MEANS AN ACTIVITY UNDERTAKEN TO PROVIDE
20 AND MAINTAIN SERVICEABLE ROADWAYS. PRESERVATION DOES NOT INCLUDE
21 NEW CONSTRUCTION OF HIGHWAYS, ROADS, STREETS, OR BRIDGES, A
22 PROJECT THAT INCREASES THE CAPACITY OF A HIGHWAY FACILITY TO
23 ACCOMMODATE THAT PART OF TRAFFIC HAVING NEITHER AN ORIGIN NOR
24 DESTINATION WITHIN THE LOCAL AREA, WIDENING OF [] A LANE
25 WIDTH [OR MORE], ADDING TURN LANES OF MORE THAN 1/2 MILE IN LENGTH,
OR
26 IMPROVEMENTS TO BUILDINGS OWNED OR OPERATED BY THE DEPARTMENT, A
27 COUNTY ROAD COMMISSION, A COUNTY DEPARTMENT OF PUBLIC WORKS, OR A

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1 CITY OR VILLAGE. PRESERVATION INCLUDES, BUT IS NOT LIMITED TO, 1
2 OR MORE OF THE FOLLOWING:

3 (i) MAINTENANCE.

4 (ii) [CAPITAL PREVENTIVE TREATMENTS].

5 (iii) GRADING.

6 (iv) SAFETY PROJECTS.

7 (v) RECONSTRUCTION.

8 (vi) RESURFACING.

9 (vii) RESTORATION.

10 (viii) REHABILITATION.

11 (ix) ANY ROAD OR BRIDGE PROJECT THAT IS ELIGIBLE FOR FEDERAL
12 HIGHWAY FUNDS.

13 (M) "MAINTENANCE" MEANS REACTIVE MAINTENANCE, ROUTINE MAIN-
14 TENANCE, OR BOTH REACTIVE AND ROUTINE MAINTENANCE. MAINTENANCE
15 DOES NOT INCLUDE [CAPITAL PREVENTIVE TREATMENTS], RESURFACING,
RECONSTRUC-

16 TION, RESTORATION, REHABILITATION, OR THE UPGRADING OF AGGREGATE
17 SURFACE ROADS TO HARD SURFACE ROADS.

18 (N) "REACTIVE MAINTENANCE" MEANS ACTION PERFORMED IN
19 RESPONSE TO UNCONTROLLABLE EVENTS UPON THE CONDITION OF A HIGH-
20 WAY, ROAD, STREET, OR BRIDGE. REACTIVE MAINTENANCE INCLUDES, BUT
21 IS NOT LIMITED TO, 1 OR MORE OF THE FOLLOWING:

22 (i) SNOW AND ICE REMOVAL.

23 (ii) POTHOLE PATCHING.

24 (iii) UNPLUGGING DRAIN FACILITIES.

25 (iv) REPLACING DAMAGED SIGN AND PAVEMENT MARKINGS.

26 (v) REPLACING DAMAGED GUARDRAILS.

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- 1 (vi) REPAIRING STORM DAMAGE.
- 2 (vii) REPAIR OR REPLACEMENT OF DAMAGED TRAFFIC SIGNALS.
- 3 (viii) EMERGENCY ENVIRONMENTAL CLEANUP.
- 4 (ix) EMERGENCY REPAIRS.
- 5 (x) EMERGENCY MANAGEMENT OF ROAD CLOSURES THAT RESULT FROM
- 6 UNCONTROLLABLE EVENTS.
- 7 (O) "ROUTINE MAINTENANCE" MEANS ACTIONS PERFORMED ON A REGU-
- 8 LAR OR CONTROLLABLE BASIS IN ORDER TO KEEP A HIGHWAY, ROAD,
- 9 STREET, OR BRIDGE SAFE AND FIT FOR TRAVEL. ROUTINE MAINTENANCE
- 10 INCLUDES, BUT IS NOT LIMITED TO, 1 OR MORE OF THE FOLLOWING:
- 11 (i) CLEANING STREETS AND ASSOCIATED DRAINAGE.
- 12 (ii) INSTALLING TRAFFIC SIGNS.
- 13 (iii) MOWING ROADSIDE.
- 14 (iv) CONTROL OF ROADSIDE BRUSH AND VEGETATION.
- 15 (v) CLEANING ROADSIDE.
- 16 (vi) REPAIRING LIGHTING.
- 17 (vii) GRADING SHOULDERS.
- 18 (viii) UPGRADING TRAFFIC SIGNALS.
- 19 (P) ["CAPITAL PREVENTIVE TREATMENTS"] MEANS A PLANNED STRATEGY
- OF
- 20 COST-EFFECTIVE TREATMENTS TO AN EXISTING ROADWAY SYSTEM AND ITS
- 21 APPURTENANCES THAT PRESERVE ASSETS BY RETARDING DETERIORATION AND
- 22 MAINTAINING FUNCTIONAL CONDITION WITHOUT SIGNIFICANTLY INCREASING
- 23 STRUCTURAL CAPACITY. PREVENTIVE MAINTENANCE INCLUDES, BUT IS NOT
- 24 LIMITED TO, 1 OR MORE OF THE FOLLOWING:
- 25 (i) PAVEMENT CRACK SEALING.
- 26 (ii) MICRO SURFACING.

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- 1 (iii) CHIP SEALING.
- 2 (iv) CONCRETE JOINT RESEALING.
- 3 (v) CONCRETE JOINT REPAIR.
- 4 (vi) FILLING SHALLOW PAVEMENT CRACKS.
- 5 (vii) PATCHING CONCRETE.
- 6 (viii) SHOULDER RESURFACING.
- 7 (ix) CONCRETE DIAMOND GRINDING.
- 8 (x) DOWEL BAR RETROFIT.
- 9 (xi) BITUMINOUS OVERLAYS OF THICKNESS LESS THAN 1-1/2
- 10 INCHES.
- 11 (xii) RESTORATION OF DRAINAGE.
- 12 (xiii) BRIDGE CRACK SEALING.
- 13 (xiv) BRIDGE JOINT REPAIR.
- 14 (xv) BRIDGE SEISMIC RETROFIT.
- 15 (xvi) BRIDGE SCOUR COUNTERMEASURES.
- 16 (xvii) BRIDGE PAINTING.
- 17 (xviii) POLLUTION PREVENTION.
- 18 (xix) NEW TREATMENTS AS THEY MAY BE DEVELOPED.
[(Q) "COUNTY ROAD COMMISSION" MEANS THE BOARD OF COUNTY ROAD
COMMISSIONERS ELECTED OR APPOINTED PURSUANT TO SECTION 6 OF CHAPTER
IV OF 1909 PA 283, MCL 224.6, OR, IN THE CASE OF A CHARTER COUNTY
WITH A POPULATION OF 2,000,000 OR MORE WITH AN ELECTED COUNTY
EXECUTIVE THAT DOES NOT HAVE A BOARD OF COUNTY ROAD COMMISSIONERS,
THE COUNTY EXECUTIVE FOR MINISTERIAL FUNCTIONS AND THE COUNTY
COMMISSION PROVIDED FOR IN SECTION 14(1)(D) OF 1966 PA 293, MCL
45.514, FOR LEGISLATIVE FUNCTIONS.]
- 19 Sec. 10h. (1) By May 1 of each year the state transporta-
- 20 tion commission shall report to each member of the legislature,
- 21 the governor, and the auditor general its recommendations for a
- 22 transportation program which the state transportation commission
- 23 acts on under section 10e(10). The report shall specify the
- 24 following:
- 25 (a) The estimated amount of money in the comprehensive
- 26 transportation fund to be distributed in the following fiscal
- 27 year and the amount of money in the comprehensive transportation

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

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

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

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

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

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

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

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

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

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1 SEC. 10P. A GOVERNMENTAL UNIT SHALL USE THE DEFINITIONS OF
2 "MAINTENANCE" AND ["CAPITAL PREVENTIVE TREATMENTS"] IN SECTION 10C
TO
3 DESCRIBE ITS DUTIES IN ALL CONTRACTS BETWEEN THE GOVERNMENTAL
4 UNIT AND THE DEPARTMENT, A COUNTY ROAD COMMISSION, A CITY, A VIL-
5 LAGE, OR A TOWNSHIP FOR MAINTENANCE, [CAPITAL PREVENTIVE
TREATMENTS], OR
6 BOTH MAINTENANCE AND [CAPITAL PREVENTIVE TREATMENTS. A GOVERNMENTAL
UNIT THAT CURRENTLY PERFORMS THE FOLLOWING MAINTENANCE SERVICES ON
LOCAL, COUNTY, AND STATE ROADS SHALL NOT BE PRECLUDED FROM
PERFORMING THOSE SERVICES BASED ON THE DEFINITION DEFINED IN SECTION
10C(P):
(i) PAVEMENT CRACK SEALING.
(ii) MICRO SURFACING.
(iii) CHIP SEALING.
(iv) CONCRETE JOINT REPAIR.
(v) FILLING SHALLOW PAVEMENT CRACKS.
(vi) PATCHING CONCRETE.
(vii) RESTORATION OF DRAINAGE.
(viii) BRIDGE CRACK SEALING.
(ix) BRIDGE JOINT REPAIR.]

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

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

17 (i) For the payment of contributions required to be made by
18 the state highway commission or the state transportation commis-
19 sion under contracts entered into before July 18, 1979, under
20 1941 PA 205, MCL 252.51 to 252.64, which contributions have been
21 pledged before July 18, 1979, for the payment of the principal
22 and interest on bonds issued under 1941 PA 205, MCL 252.51 to
23 252.64, for the payment of which a sufficient sum is irrevocably
24 appropriated.

25 (ii) For the payment of the principal and interest upon
26 bonds designated "State of Michigan, State Highway Commissioner,

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27 Highway Construction Bonds, Series I", dated September 1, 1956,
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1 in the aggregate principal amount of \$25,000,000.00, issued
2 pursuant to former 1955 PA 87 and the resolution of the state
3 administrative board adopted August 6, 1956, for the payment of
4 which a sufficient sum is irrevocably appropriated.

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

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

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1 (c) For the transfer of funds appropriated pursuant to
2 section 10(1)(a) to the railroad grade crossing account in the
3 state trunk line fund for expenditure to meet the cost, in whole
4 or in part, of providing for the improvement, installation, and
5 retirement of new or existing safety devices or other rail grade
6 crossing improvements at rail grade crossings on public roads and
7 streets under the jurisdiction of the state, counties, or cities
8 and villages. Projects shall be selected for funding in accord-
9 ance with the following:

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

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

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

23 (iv) If federal funds from the railroad-highway grade cross-
24 ing improvement program or other comparable federal programs have
25 been exhausted, funds deposited pursuant to this subdivision
26 shall be used to fund 100% of grade crossing projects that

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1 receive the highest priority of unfunded projects pursuant to
2 criteria established by the department.

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

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

23 (A) For new railroad crossings, these funds may be used for
24 the crossing surface, active and passive traffic control devices,
25 pavement marking, and other improvements necessitated by the new
26 crossing.

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1 (B) These funds may be used for the modification,
2 relocation, or modernization of railroad grade crossing
3 facilities necessitated by roadway improvement projects.

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

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

20 (e) For the maintenance of state trunk line highways and
21 bridges.

22 (f) For the opening, widening, improving, construction, and
23 reconstruction of state trunk line highways and bridges, includ-
24 ing the acquisition of necessary rights of way and the work inci-
25 dental to that opening, widening, improving, construction, or
26 reconstruction. Those sums in the state trunk line fund not
27 otherwise appropriated, distributed, determined, or set aside by

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1 law shall be used for the construction or reconstruction of the
2 national system of interstate and defense highways, referred to
3 in this act as "the interstate highway system" to the extent nec-
4 essary to match federal aid funds as the federal aid funds become
5 available for that purpose; and, for the construction and recon-
6 struction of the state trunk line system.

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

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1 county road commission, city, or village to the state
2 transportation department, with interest, within 15 years after
3 advancement, from any available revenue sources of the county
4 road commission, city, or village or, if provided in the con-
5 tract, by deduction from the periodic disbursements of any money
6 returned by the state to the county road commission, city, or
7 village.

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

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

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1 but only to the extent necessary, this subsection shall not
2 prohibit the use of any amount of money restricted as to use by
3 section 9 of article IX of the state constitution of 1963 and
4 deposited in the state trunk line fund for the payment of debt
5 service on bonds, notes, or other obligations pledging for the
6 payment thereof money restricted as to use by section 9 of arti-
7 cle IX of the state constitution of 1963 and deposited in the
8 state trunk line fund, whenever issued, as specified under sub-
9 section (1)(a). The amounts which are deducted from the state
10 trunk line fund for the purpose of the calculation required by
11 this subsection are as follows:

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

15 (b) Amounts expended to provide the state matching require-
16 ment for projects on the national highway system and for the pay-
17 ment of debt service on bonds, notes, or other obligations issued
18 after July 1, 1983, for the purpose of providing funds for the
19 state matching requirements for projects on the national highway
20 system.

21 (c) Amounts expended for the construction of a highway,
22 street, road, or bridge to 1 or more of the following or for the
23 payment of debt service on bonds, notes, or other obligations
24 issued after July 1, 1983, for the purpose of providing funds for
25 the construction of a highway, street, road, or bridge to 1 or
26 more of the following:

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

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

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

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

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

17 (g) Amounts expended for the purposes described in subsec-
18 tion (5).

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

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

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1 resolution shall state the cost of the project exempted from this
2 subsection.

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

14 ~~(4) As used in this section:~~

15 ~~(a) "Maintenance" and "maintaining" mean snow removal;~~
16 ~~street cleaning and drainage; seal coating; patching and ordinary~~
17 ~~repairs; erection and maintenance of traffic signs and markings;~~
18 ~~safety projects; and the preservation, reconstruction, resurfac-~~
19 ~~ing, restoration, and rehabilitation of highways, roads, streets,~~
20 ~~and bridges. For the purposes of this section, maintenance and~~
21 ~~maintaining shall not be limited to the repair and replacement of~~
22 ~~a road but shall include maintaining the original intent of a~~
23 ~~construction project. If traffic patterns indicate that this~~
24 ~~intent is no longer being met, the department may expend funds to~~
25 ~~take corrective action and continue to fulfill its obligation of~~
26 ~~maintaining the department's original objective for the~~
27 ~~construction project. However, maintenance and maintaining do~~

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1 ~~not include projects which increase the capacity of a highway~~
2 ~~facility to accommodate that part of the traffic having neither~~
3 ~~origin nor destination within the local area.~~

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

8 ~~(c) "Maintenance" and "maintaining" do not include the~~
9 ~~upgrading of aggregate surface roads to hard surface roads.~~

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

14 ~~(4) —(5)—~~ Notwithstanding any other provision of this sec-
15 tion, the state transportation department may loan money to
16 county road commissions, cities, and villages for paying capital
17 costs of transportation purposes described in the second para-
18 graph of section 9 of article IX of the state constitution of
19 1963 from the proceeds of bonds or notes issued pursuant to sec-
20 tion 18b or from the state trunk line fund. Loans made directly
21 from the state trunk line fund shall be made only after provision
22 of funds for the purposes specified in subsection (1)(a) to (f).

23 ~~(5) —(6)—~~ County road commissions, cities, and villages may
24 borrow money from the proceeds of bonds or notes issued under
25 section 18b or the state trunk line fund for the purposes set
26 forth in subsection ~~—(5)—~~ (4) that shall be repayable, with
27 interest, from 1 or more of the following:

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

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

15 (6) ~~(7)~~ Loans made pursuant to subsection ~~(5)~~ (4) if
16 required by the state transportation department may be payable by
17 deduction by the state treasurer, upon direction of the state
18 transportation department, from the periodic disbursements of any
19 money returned by the state under this act to the county road
20 commission, city, or village, but only after sufficient money has
21 been returned to the county road commission, city, or village to
22 provide for the payment of contractual obligations incurred or to
23 be incurred and principal and interest on notes and bonds issued
24 or to be issued under 1941 PA 205, MCL 252.51 to 252.64, 1943
25 PA 143, MCL 141.251 to 141.254, 1952 PA 175, MCL 247.701 to
26 247.707, or section 18c or 18d. The interest rates and payment
27 schedules of any loans made from the proceeds of bonds or notes

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1 issued pursuant to section 18b shall be established by the state
2 transportation department to conform as closely as practicable to
3 the interest rate and repayment schedules on the bonds or notes
4 issued to make the loans. However, the state transportation
5 department may allow for the deferral of the first payment of
6 interest or principal on the loans for a period of not to exceed
7 1 year after the respective first payment of interest or princi-
8 pal on the bonds or notes issued to make the loans.

9 (7) ~~(8)~~ The amount borrowed by a county road commission,
10 city, or village pursuant to subsection ~~(6)~~ (5) shall not be
11 included in, or charged against, any constitutional, statutory,
12 or charter debt limitation of the county, city, or village and
13 shall not be included in the determination of the maximum annual
14 principal and interest requirements of, or the limitations upon,
15 the maximum annual principal and interest incurred under 1941
16 PA 205, MCL 252.51 to 252.64, 1943 PA 143, MCL 141.251 to
17 141.254, 1952 PA 175, MCL 247.701 to 247.707, or section 18c or
18 18d.

19 (8) ~~(9)~~ The county road commission, city, or village is
20 not required to seek or obtain the approval of the electors, the
21 municipal finance commission or its successor agency, or, except
22 as provided in this subsection, the department of treasury to
23 borrow money pursuant to subsection ~~(6)~~ (5). The borrowing is
24 not subject to the municipal finance act, 1943 PA 202, MCL 131.1
25 to 139.3, THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL
26 141.2101 TO 141.2821, or to section 5(g) of the home rule city
27 act, 1909 PA 279, MCL 117.5. The state transportation department

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1 shall give at least 10 days' notice to the state treasurer of its
2 intention to make a loan under subsection ~~-(5)-~~ (4). If the
3 state treasurer gives notice to the director of the state trans-
4 portation department within 10 days of receiving the notice from
5 the state transportation department, that, based upon the then
6 existing financial or credit situation of the county road commis-
7 sion, city, or village, it would not be in the best interests of
8 the state to make a loan under subsection ~~-(5)-~~ (4) to the county
9 road commission, city, or village, the loan shall not be made
10 unless the state treasurer, after a hearing, if requested by the
11 affected county road commission, city, or village, subsequently
12 gives notice to the director of the state transportation depart-
13 ment that the loan may be made on the conditions that the state
14 treasurer specifies.

15 (9) ~~-(10)-~~ The state transportation commission may borrow
16 money and issue bonds and notes under, and pursuant to the
17 requirements of, section 18b to make loans to county road commis-
18 sions, cities, and villages for the purposes described in the
19 second paragraph of section 9 of article IX of the state consti-
20 tution of 1963, as provided in subsection ~~-(5)-~~ (4). A single
21 issue of bonds or notes may be issued for the purposes specified
22 in subsection ~~-(5)-~~ (4) and for the other purposes specified in
23 section 18b. The house and senate transportation appropriations
24 subcommittees shall be notified by the department if there are
25 extras and overruns sufficient to require approval of either the
26 state administrative board or the commission, or both, on any

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1 contract between the department and a local road agency or a
2 private business.

3 (10) ~~(11)~~ The director of the state transportation depart-
4 ment, after consultation with representatives of the interests of
5 county road commissions, cities, and villages, shall establish,
6 by intergovernmental communication, procedures for the implemen-
7 tation and administration of the loan program established under
8 subsections ~~(5)~~ (4) to ~~(10)~~ (9).

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

23 (12) ~~(13)~~ Any performance audits of the department shall
24 be conducted according to government auditing standards issued by
25 the United States general accounting office.

26 Sec. 11c. All federal aid construction projects, all other
27 projects of the department concerning highways, streets, roads,

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1 and bridges, whose cost exceeds \$100,000.00 for construction or
2 maintenance as defined in section ~~11~~ 10C, shall be performed by
3 contract awarded by competitive bidding unless the department
4 shall affirmatively find that under the circumstances relating to
5 those projects, some other method is in the public interest. All
6 of those findings shall be reported to the state transportation
7 commission 90 days before work is commenced and promptly in writ-
8 ing to the appropriations committees of the senate and house of
9 representatives. However, in a case in which the department
10 determines emergency action is required, the reports need not be
11 filed before work is commenced but shall be promptly filed.
12 Local road agencies that make a decision not to perform construc-
13 tion or maintenance projects exceeding \$100,000.00 shall contract
14 for this work through competitive bidding.

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

22 (2) Each county road commission shall be reimbursed in an
23 amount up to \$10,000.00 per year for the sum paid to a licensed
24 professional engineer employed or retained by the county road
25 commission in the previous year. The sum shall be returned to
26 each county road commission certified by the state transportation

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1 department as complying with this subsection regarding the
2 employment of an engineer.

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

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

17 (5) An amount equal to 4% of the total amount returned to
18 the county road commissions from the Michigan transportation fund
19 shall be returned to the county road commissions in the same per-
20 centages as provided in subsection (7). All money returned to
21 the county road commissions as provided in this subsection shall
22 be expended by the county road commissions for the maintenance,
23 improvement, construction, reconstruction, acquisition, and
24 extension of county local road systems and shall be in addition
25 to the amounts provided in subsection (7).

26 (6) Seventy-five percent of the remainder of the total
27 amount to be returned to the counties shall be expended by each

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1 county road commission for the maintenance, improvement,
2 construction, reconstruction, acquisition, and extension of the
3 county primary road system, including the acquisition of a neces-
4 sary right of way for the system, work incidental to the system,
5 and a roadside park or motor parkway appurtenant to the system,
6 and shall be returned to the counties as follows:

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

12 (b) One-tenth of the amount in the same proportion that the
13 total mileage in the county primary road system of each county
14 bears to the total mileage in all of the county primary road sys-
15 tems of the state.

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

18 (7) The balance of the remainder of the total amount to be
19 returned to counties shall be expended by each county road com-
20 mission for the maintenance, improvement, construction, recon-
21 struction, acquisition, and extension of the county local road
22 system as defined by this act, including the acquisition of a
23 necessary right of way for the system, work incidental to the
24 system, and a roadside park or motor parkway appurtenant to the
25 system, and shall be returned to the counties as follows:

26 (a) Sixty-five percent of the amount in the same proportion
27 that the total mileage in the county local road system of each

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1 county bears to the total mileage in all of the county local road
2 systems of the state.

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

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

17 (a) For the payment of contributions required to be made by
18 a board of county road commissioners under a contract entered
19 into under 1941 PA 205, MCL 252.51 to 252.64, which contributions
20 have been pledged for the payment of the principal and interest
21 on bonds issued under that act, or for the payment of total debt
22 service requirements upon notes issued by a board of county road
23 commissioners under 1943 PA 143, MCL 141.251 to 141.254.

24 (b) For the payment of principal and interest upon bonds
25 issued under section 18c, and the payment of contributions of a
26 board of county road commissioners to be made pursuant to
27 contracts entered into under section 18d, which contributions are

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1 pledged to the payment of principal and interest on bonds issued
2 after June 30, 1957, under the authorization of section 18c and
3 contracts executed pursuant to its provisions.

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

7 (9) Not to exceed 30% per year of the amount returned to a
8 county for use on the county primary road system may be expended,
9 with or without matching, on the county local road system of that
10 county. Not to exceed 15% per year of the amount returned to a
11 county for expenditure on the county local road system may be
12 used, with or without matching, on the county primary road system
13 of that county, and not to exceed an additional 15% per year of
14 the amount returned to a county for expenditure on the county
15 local road system, may, in case of an emergency or with the
16 approval of the state transportation department, be expended,
17 with or without matching, on the county primary road system of
18 that county. An amount returned to a county for and on account
19 of county local roads, under this section, in excess of the total
20 amount paid into the county treasury each year by all of the
21 townships of that county for and on account of the county local
22 roads pursuant to section 14(6) may be transferred to and
23 expended on the county primary road system of that county.

24 (10) Not less than 20% per year of the funds returned to a
25 county by this section shall be expended for snow and ice remov-
26 al, the construction or reconstruction of a new highway or
27 existing highway, and the acquisition of a necessary right of way

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1 for those highways, and work incidental to those highways, or for
2 the servicing of bonds issued by the county for these purposes.
3 Surplus funds may be expended for the development, construction,
4 or repair of an off-street parking facility.

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

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

17 (13) In a county to which the funds are returned the func-
18 tion of the county road commission shall be limited to the forma-
19 tion of policy and the performance of the official duties imposed
20 by law and delegated by the county board of commissioners. A
21 member of the county road commission shall not be employed indi-
22 vidually in any other capacity for other duties with the county
23 road commission.

24 (14) A county road commission may enter into an agreement
25 with a county road commission of an adjacent county and with a
26 city or village to perform work on a highway, road, or street,
27 and with the state transportation department with respect to a

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1 state trunk line and connecting links of the state trunk line
2 within the limits of the county or adjacent to the county. The
3 agreement may provide for the performance by each contracting
4 party of the work contemplated by the contract including engi-
5 neering services and the acquisition of rights of way in connec-
6 tion with the work contemplated, by purchase or condemnation, by
7 any of the contracting parties in its own name and the agreement
8 may provide for joint participation in the costs.

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

16 (16) Notwithstanding any other provision of this act, at
17 least 90% of the state revenue returned annually to the county
18 road commission from the Michigan transportation fund less the
19 amounts described in subdivisions (a) to (e) shall be expended
20 annually by the county road commission for the ~~maintenance~~
21 PRESERVATION of highways, roads, streets, and bridges, and for
22 the payment of contractual contributions pledged for the payment
23 of bonds or portions of bonds, debt service requirements for the
24 payment of bonds or portions of bonds, and debt service require-
25 ments for the payment of notes and loans or portions of notes and
26 loans issued or received after July 1, 1983, for the purpose of
27 providing funds for the ~~maintenance~~ PRESERVATION of highways,

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

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

16 (b) Amounts expended for the administrative costs of the
17 county road commission.

18 (c) Amounts expended for capital outlay projects for equip-
19 ment and buildings, and for the payment of contractual contribu-
20 tions pledged for the payment of bonds, for debt service require-
21 ments for the payment of bonds, and for debt service requirements
22 for the payment of notes and loans issued or received after
23 July 1, 1983, for the purpose of providing funds for capital
24 outlay projects for equipment and buildings.

25 (d) Amounts expended for projects vital to the economy of
26 the local area or the safety of the public in the local area.
27 Before these amounts can be deducted, the governing body over the

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1 county road commission or the county road commission, as
2 applicable, shall pass a resolution approving these projects.
3 This resolution shall state which projects will be funded and the
4 cost of each project. A copy of each approved resolution shall
5 be forwarded immediately to the department.

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

8 (17) As used in this subsection, "urban routes" means those
9 portions of 2 lane county primary roads within an urban area
10 which has average daily traffic in excess of 15,000.

11 Notwithstanding any other provision of this act, except as pro-
12 vided in this subsection, a county road commission shall expend
13 annually at least 90% of the federal revenue distributed to the
14 use of the county road commission for highways, roads, streets,
15 and bridges, less the amount expended on urban routes for other
16 than maintenance purposes and the amount expended for
17 hard-surfacing of gravel roads on the federal-aid system, on the
18 ~~maintenance~~ PRESERVATION of highways, roads, streets, and
19 bridges. A county road commission may expend in a year less than
20 90% of the federal revenue distributed to the use of the county
21 road commission for highways, roads, streets, and bridges, less
22 the amount expended on urban routes for other than ~~maintenance~~
23 PRESERVATION purposes and the amount expended for hard-surfacing
24 of gravel roads on the federal-aid system, on the maintenance of
25 highways, roads, streets, and bridges, if that year is part of a
26 3-year period in which at least 90% of the total federal revenue
27 distributed in the 3-year period to the use of the county road

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

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

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

20 ~~(a) "Maintenance" and "maintaining" mean snow removal; erec-~~
21 ~~tion of traffic control devices and traffic signals and payment~~
22 ~~of monthly electrical costs for those signals; street cleaning~~
23 ~~and drainage; seal coating; patching and ordinary repairs; erec-~~
24 ~~tion and maintenance of traffic signs and markings; safety~~
25 ~~projects which do not increase through traffic capacity; and the~~
26 ~~preservation, reconstruction, resurfacing, restoration, and~~
27 ~~rehabilitation of highways, roads, streets, and bridges.~~

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1 ~~However, maintenance and maintaining do not include projects~~
2 ~~which increase the capacity of a highway facility to accommodate~~
3 ~~that part of the traffic having neither origin nor destination~~
4 ~~within the local area.~~

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

9 (18) ~~(19)~~ A county road commission shall certify, which
10 certification shall, for purposes of the validity of bonds and
11 notes, be conclusive as to the matters stated therein, to the
12 state transportation department on or before the issuance of any
13 bonds or notes issued after July 1, 1983, pursuant to 1943 PA
14 143, MCL 141.251 to 141.254, 1941 PA 205, MCL 252.51 to 252.64,
15 or section 18c or 18d, for purposes other than the maintenance of
16 highways, roads, streets, and bridges and purposes other than the
17 purposes specified in subsection (16)(c) that its average annual
18 debt service requirements for all bonds and notes or portions of
19 bonds and notes issued after July 1, 1983, for purposes other
20 than the maintenance of highways, roads, streets, and bridges and
21 other than for the purposes specified in subsection (16)(c),
22 including the bond or note to be issued does not exceed 10% of
23 the funds returned to the county road commission pursuant to this
24 act, less the amounts specified in subsection (16)(a), (b), and
25 (c) during the last completed fiscal year of the county road
26 commission. If the purpose for which the bonds or notes are
27 issued is changed after the issuance of the notes or bonds, the

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1 change shall be made in such a manner to maintain compliance with
2 the certification required by this subsection, as of the date the
3 certificate was originally issued, but no such change shall
4 invalidate or otherwise affect the bonds or notes with respect to
5 which the certificate was issued or the obligation to pay debt
6 service on the bonds or notes.

7 (19) ~~-(20)-~~ In each charter county to which funds are
8 returned under this section, the responsibility for road improve-
9 ment, maintenance, and traffic operation work, and the develop-
10 ment, construction, or repair of off-road parking facilities and
11 construction or repair of road lighting shall be coordinated by a
12 single administrator to be designated by the county executive who
13 shall be responsible for and shall represent the charter county
14 in transactions with the state transportation department pursuant
15 to this act.

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

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1 local offices which are assigned, but not limited to, specific
2 road construction projects or maintenance activities.

3 (21) ~~-(22)-~~ In addition to the financial compliance audits
4 required by law, the department of treasury shall conduct per-
5 formance audits and make investigations of the disposition of all
6 state funds received by county road commissions, county boards of
7 commissioners, or any other county governmental agency acting as
8 the county road authority, for transportation purposes to deter-
9 mine compliance with the terms and conditions of this act.

10 Performance audits shall be conducted according to government
11 auditing standards issued by the United States general accounting
12 office. The department of treasury shall provide 6 months notice
13 to the county road commission or county board of commissioners,
14 as applicable, of the standards to be used for audits performed
15 under this subsection prior to the fiscal year in which the audit
16 is conducted. The department shall notify the county road com-
17 mission or county board of commissioners of any subsequent
18 changes to the standards. County road commissions or county
19 boards of commissioners, as applicable, shall make available to
20 the department of treasury the pertinent records for the audit.

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4 Sec. 18e. Bonds issued by a governmental unit under this
5 act shall be serial bonds with periodic maturities, or term
6 bonds, with mandatory redemption requirements, or both serial and
7 term bonds, the aggregate of which shall not exceed 30 years, the
8 first of which shall fall due not more than 5 years from the date
9 of issuance. Maturities shall be as established by the resolu-
10 tion or ordinance authorizing the bonds or notes, without regard
11 to the useful lives of the projects financed from the proceeds of
12 the bonds or notes. The bonds shall bear interest, taking into
13 account any discount or premium on the sale of the bonds, at a
14 rate not exceeding the maximum rate permitted by the municipal
15 finance act, ~~Act No. 202 of the Public Acts of 1943, as amended,~~
16 ~~being sections 131.1 to 139.3 of the Michigan Compiled Laws 1943~~
17 PA 202, MCL 131.1 TO 139.3, OR THE REVISED MUNICIPAL ACT, 2001 PA
18 34, MCL 141.2101 TO 141.2821, WHICHEVER APPLIES, may be made
19 redeemable before maturity on those terms and conditions, and
20 with the premium as shall be provided by the proceedings autho-
21 rizing their issuance. Outstanding and authorized bonds issued
22 pursuant to this act may be treated as a single issue for the
23 purpose of fixing maturities. If pursuant to ~~Act No. 175 of the~~
24 ~~Public Acts of 1952, as amended, being sections 247.701 to~~
25 ~~247.707 of the Michigan Compiled Laws 1952 PA 175, MCL 247.701~~
26 TO 247.707, or in ~~Act No. 143 of the Public Acts of 1943, as~~
27 ~~amended, being sections 141.251 to 141.254 of the Michigan~~

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1 ~~Compiled Laws~~ 1943 PA 143, MCL 141.251 TO 141.254, the maximum
2 annual principal and interest requirements on bonds issued by
3 governmental units are required to be measured by reference to
4 amounts received from the motor vehicle highway fund, the
5 requirements shall be measured by the receipts from the motor
6 vehicle highway fund, the Michigan transportation fund, or both
7 funds, and if pursuant to this act the maximum annual principal
8 and interest requirements on bonds or notes issued by governmen-
9 tal units are required to be measured by reference to amounts
10 received from the Michigan transportation fund, the requirements
11 shall be measured by the receipts from the motor vehicle highway
12 fund, the Michigan transportation fund, or both funds. The state
13 transportation commission shall certify, which certification
14 shall, for purposes of the validity of bonds, notes, and other
15 obligations, be conclusive as to the matters stated ~~therein~~ IN
16 THE CERTIFICATION, to the state treasury on or before the issu-
17 ance of any bonds, notes, or other obligations issued after
18 July 1, 1983, pursuant to section 18b or 18d for purposes other
19 than the maintenance of highways, roads, streets, and bridges and
20 for purposes other than the purposes specified in section
21 11(2)(b), (c), and (d) that its average annual debt service
22 requirements for all bonds, notes, and other obligations, or por-
23 tions of bonds, notes, and other obligations issued after July 1,
24 1983, for purposes other than the maintenance of highways, roads,
25 streets, and bridges and other than for the purposes specified in
26 section 11(2)(b), (c), and (d), including the bonds, notes, or
27 other obligations to be issued does not exceed 10% of the state

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1 revenue appropriated to the state trunk line fund, less the
2 amounts described in section 11(2)(a) to (g) during the last com-
3 pleted state fiscal year. If the purpose for which the bonds,
4 notes, or other obligations is issued is changed after the issu-
5 ance of the bonds, notes, or other obligations, the change shall
6 be made in such a manner to maintain compliance with the certifi-
7 cation required by the preceding sentence, as of the date the
8 certificate was originally issued, but no such change shall
9 invalidate or otherwise affect the bonds, notes, or other obliga-
10 tions with respect to which the certificate was issued, or the
11 obligation to pay debt service on the bonds, notes, or other
12 obligations. As used in this section, "maintenance" means main-
13 tenance as defined in section ~~11(6)~~ 10C.

14 Sec. 20a. A board of county road commissioners in a county
15 having a population of not less than 500,000 and the township
16 board of a township having a population of not less than 40,000,
17 as determined by the most recent statewide federal census, and
18 which in the prior year and the contract year will have levied a
19 property tax of not less than 1 mill on each dollar of assessed
20 valuation of the township for the improvement or maintenance of
21 county roads within the township, may exercise the provisions of
22 this section only by entering into a written contract of not more
23 than 1 year providing for the maintenance by the township of all
24 or any part of the county local road system within that township,
25 subject to but not limited to the following conditions:

26 (a) The contract shall specify the total amount of money
27 that shall be annually expended by the contracting township for

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1 the maintenance of the local road system or part thereof. The
2 contracting road commission may pay not more than 75% of the
3 amount specified in the contract to the contracting township
4 annually. The contracting road commission shall not pay more
5 than 66% of an amount equal to the average annual amount of funds
6 expended by the county road commission on the local road system
7 located within the contracting township for construction and
8 maintenance purposes over the previous 5-year period from local
9 road funds received by the county under this act. Any funds
10 expended by the contracting road commission on the local road
11 system located within the contracting township in excess of 66%
12 shall be matched by the contracting township. The amount paid
13 the contracting township shall not directly or indirectly include
14 moneys transferred from the primary fund allocation to the county
15 as set forth in section 12(8).

16 (b) The contracting township shall keep separate accounts
17 and accurate and uniform records on all road maintenance work and
18 funds, and shall file with the state highway commission and the
19 contracting county road commission on or before April 1 of each
20 year, on forms to be provided by the state highway commission, a
21 report showing the disposition of funds received and expended for
22 road purposes. The failure of a contracting township to apply
23 moneys returned pursuant to this act to the purposes herein pre-
24 scribed shall result in the forfeiture by the contracting county
25 of any and all funds to which it may have been entitled under
26 this act and all funds so forfeited shall thereafter be
27 apportioned among the other county road commissions in the same

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1 manner and proportion as hereinbefore provided for the
2 distribution of the motor vehicle highway fund.

3 (c) The contract shall require the contracting township to
4 provide insurance covering the contracting road commission's
5 liability for failure to maintain the local roads specified in
6 the contract.

7 (d) The contracting road commission shall determine and
8 specify the equipment and personnel necessary to provide the
9 maintenance as set forth in the contract, and the contract shall
10 not take effect until the contracting township has acquired the
11 necessary equipment and personnel so specified.

12 ~~(e) As used in this section, the term "maintenance" shall~~
13 ~~be construed to include the same meaning as set forth in section~~
14 ~~1b. If the contracting parties intend to give a different mean-~~
15 ~~ing than as set forth in section 1b, the contract shall so~~
16 ~~specify.~~