

SENATE 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, 18b, 18e, and 20a (MCL 247.651b, 247.660c, 247.660h, 247.661, 247.661c, 247.662, 247.668b, 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 sections 18b and 18e as amended by 1985 PA 201.

**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~~  
10 ~~drainage, seal coating, patching and ordinary repairs, erection~~

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

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

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

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

26       (a) "Urban or rural area" means a contiguous developed area,  
27 including the immediate surrounding area, where transportation

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

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

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

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

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

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

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

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

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

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

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

12 (j) "Governmental unit" means the state transportation  
13 department, ~~state highway commission or~~ the state transporta-  
14 tion commission, ~~or~~ a county road commission, A CITY, OR A  
15 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 PRESERVE  
20 THE INTEGRITY OF THE EXISTING ROADWAY SYSTEM. PRESERVATION DOES  
21 NOT INCLUDE NEW CONSTRUCTION OF HIGHWAYS, ROADS, STREETS, OR  
22 BRIDGES, A PROJECT THAT INCREASES THE CAPACITY OF A HIGHWAY  
23 FACILITY TO ACCOMMODATE THAT PART OF TRAFFIC HAVING NEITHER AN  
24 ORIGIN NOR DESTINATION WITHIN THE LOCAL AREA, WIDENING OF A LANE  
25 WIDTH OR MORE, OR ADDING TURN LANES OF MORE THAN 1/2 MILE IN  
26 LENGTH. PRESERVATION INCLUDES, BUT IS NOT LIMITED TO, 1 OR MORE  
27 OF THE FOLLOWING:

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1 (i) MAINTENANCE.

2 (ii) CAPITAL PREVENTIVE TREATMENTS.

3 (iii) SAFETY PROJECTS.

4 (iv) RECONSTRUCTION.

5 (v) RESURFACING.

6 (vi) RESTORATION.

7 (vii) REHABILITATION.

8 (viii) WIDENING OF LESS THAN THE WIDTH OF 1 LANE.

9 (ix) ADDING AUXILIARY WEAVING, CLIMBING, OR SPEED CHANGE  
10 LANES.

11 (x) MODERNIZING INTERSECTIONS.

12 (xi) ADDING AUXILIARY TURNING LANES OF 1/2 MILE OR LESS.

13 (M) "MAINTENANCE" MEANS ROUTINE MAINTENANCE OR PREVENTIVE  
14 MAINTENANCE, OR BOTH. MAINTENANCE DOES NOT INCLUDE CAPITAL PRE-  
15 VENTIVE TREATMENTS, RESURFACING, RECONSTRUCTION, RESTORATION,  
16 REHABILITATION, SAFETY PROJECTS, WIDENING OF LESS THAN 1 LANE  
17 WIDTH, ADDING AUXILIARY TURN LANES OF 1/2 MILE OR LESS, ADDING  
18 AUXILIARY WEAVING, CLIMBING, OR SPEED-CHANGE LANES, MODERNIZING  
19 INTERSECTIONS, OR THE UPGRADING OF AGGREGATE SURFACE ROADS TO  
20 HARD SURFACE ROADS. MAINTENANCE OF STATE TRUNK LINE HIGHWAYS  
21 DOES NOT INCLUDE STREETLIGHTING EXCEPT FOR FREEWAY LIGHTING FOR  
22 TRAFFIC SAFETY PURPOSES.

23 (N) "ROUTINE MAINTENANCE" MEANS ACTIONS PERFORMED ON A REGU-  
24 LAR OR CONTROLLABLE BASIS OR IN RESPONSE TO UNCONTROLLABLE EVENTS  
25 UPON A HIGHWAY, ROAD, STREET, OR BRIDGE. ROUTINE MAINTENANCE  
26 INCLUDES, BUT IS NOT LIMITED TO, 1 OR MORE OF THE FOLLOWING:

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- 1           (i) SNOW AND ICE REMOVAL.
- 2           (ii) POTHOLE PATCHING.
- 3           (iii) UNPLUGGING DRAIN FACILITIES.
- 4           (iv) REPLACING DAMAGED SIGN AND PAVEMENT MARKINGS.
- 5           (v) REPLACING DAMAGED GUARDRAILS.
- 6           (vi) REPAIRING STORM DAMAGE.
- 7           (vii) REPAIR, REPLACEMENT, OR OPERATION OF TRAFFIC SIGNAL
- 8 SYSTEMS.
- 9           (viii) EMERGENCY ENVIRONMENTAL CLEANUP.
- 10          (ix) EMERGENCY REPAIRS.
- 11          (x) EMERGENCY MANAGEMENT OF ROAD CLOSURES THAT RESULT FROM
- 12 UNCONTROLLABLE EVENTS.
- 13          (xi) CLEANING STREETS AND ASSOCIATED DRAINAGE.
- 14          (xii) INSTALLING TRAFFIC SIGNS AND SIGNAL DEVICES.
- 15          (xiii) MOWING ROADSIDE.
- 16          (xiv) CONTROL OF ROADSIDE BRUSH AND VEGETATION.
- 17          (xv) CLEANING ROADSIDE.
- 18          (xvi) REPAIRING LIGHTING.
- 19          (xvii) GRADING.
- 20          (O) "PREVENTIVE MAINTENANCE" MEANS A PLANNED STRATEGY OF
- 21 COST-EFFECTIVE TREATMENTS TO AN EXISTING ROADWAY SYSTEM AND ITS
- 22 APPURTENANCES THAT PRESERVE ASSETS BY RETARDING DETERIORATION AND
- 23 MAINTAINING FUNCTIONAL CONDITION WITHOUT SIGNIFICANTLY INCREASING
- 24 STRUCTURAL CAPACITY. PREVENTIVE MAINTENANCE INCLUDES, BUT IS NOT
- 25 LIMITED TO, 1 OR MORE OF THE FOLLOWING:
- 26          (i) PAVEMENT CRACK SEALING.

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- 1           (ii) MICRO SURFACING.
- 2           (iii) CHIP SEALING.
- 3           (iv) CONCRETE JOINT RESEALING.
- 4           (v) CONCRETE JOINT REPAIR.
- 5           (vi) FILLING SHALLOW PAVEMENT CRACKS.
- 6           (vii) PATCHING CONCRETE.
- 7           (viii) SHOULDER RESURFACING.
- 8           (ix) CONCRETE DIAMOND GRINDING.
- 9           (x) DOWEL BAR RETROFIT.
- 10          (xi) BITUMINOUS OVERLAYS OF 1-1/2 INCHES OR LESS IN  
11 THICKNESS.
- 12          (xii) RESTORATION OF DRAINAGE.
- 13          (xiii) BRIDGE CRACK SEALING.
- 14          (xiv) BRIDGE JOINT REPAIR.
- 15          (xv) BRIDGE SEISMIC RETROFIT.
- 16          (xvi) BRIDGE SCOUR COUNTERMEASURES.
- 17          (xvii) BRIDGE PAINTING.
- 18          (xviii) POLLUTION PREVENTION.
- 19          (xix) NEW TREATMENTS AS THEY MAY BE DEVELOPED.
- 20          (P) "COUNTY ROAD COMMISSION" MEANS THE BOARD OF COUNTY ROAD  
21 COMMISSIONERS ELECTED OR APPOINTED PURSUANT TO SECTION 6 OF CHAP-  
22 TER IV OF 1909 PA 283, MCL 224.6, OR, IN THE CASE OF A CHARTER  
23 COUNTY WITH A POPULATION OF 2,000,000 OR MORE WITH AN ELECTED  
24 COUNTY EXECUTIVE THAT DOES NOT HAVE A BOARD OF COUNTY ROAD COM-  
25 MISSIONERS, THE COUNTY EXECUTIVE FOR MINISTERIAL FUNCTIONS AND  
26 THE COUNTY COMMISSION PROVIDED FOR IN SECTION 14(1)(D) OF 1966  
27 PA 293, MCL 45.514, FOR LEGISLATIVE FUNCTIONS.

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1 (Q) "CAPITAL PREVENTIVE TREATMENTS" MEANS ANY PREVENTIVE  
2 MAINTENANCE CATEGORY PROJECT ON STATE TRUNK LINE HIGHWAYS THAT  
3 QUALIFIES UNDER THE DEPARTMENT'S CAPITAL PREVENTIVE MAINTENANCE  
4 PROGRAM.

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

11 (a) The estimated amount of money in the comprehensive  
12 transportation fund to be distributed in the following fiscal  
13 year and the amount of money in the comprehensive transportation  
14 fund to be distributed to each eligible authority, each intercity  
15 carrier, each eligible governmental agency, and the state trans-  
16 portation department; the estimated amount of money in the state  
17 trunk line fund to be distributed to the state transportation  
18 department for the ~~maintenance~~ PRESERVATION, as defined in  
19 section ~~11~~ 10C, of state trunk line highways; and the estimated  
20 amount of money in the state trunk line fund to be distributed to  
21 the state transportation department for all other purposes in the  
22 following fiscal year. The report shall further subdivide the  
23 money to be distributed to each eligible authority, each inter-  
24 city carrier, each eligible governmental agency, the state trans-  
25 portation department from the comprehensive transportation fund,  
26 the state transportation department from the state trunk line  
27 fund for the ~~maintenance~~ PRESERVATION of state trunk line

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1 highways, and the state transportation department from the state  
2 trunk line fund for all other purposes specifying how much of  
3 that money is proposed to be expended for either capital acquisi-  
4 tions, including demonstration projects, or for operating  
5 expenses, including demonstration projects.

6 (b) An account of all expenditures of funds distributed from  
7 the state trunk line fund and the comprehensive transportation  
8 fund to the state transportation department, eligible authori-  
9 ties, intercity carriers, and eligible governmental agencies, and  
10 the progress made by the state transportation department, eligi-  
11 ble authorities, intercity carriers, and eligible governmental  
12 agencies in carrying out the approved transportation programs in  
13 the preceding fiscal year through the use of those funds. The  
14 progress report shall be made based on information supplied to  
15 the state transportation department on forms authorized by the  
16 federal department of transportation. For those eligible author-  
17 ities, intercity carriers, and eligible governmental agencies not  
18 receiving federal funds pursuant to the urban mass transportation  
19 act of 1964, Public Law 88-365, the progress report shall be made  
20 upon forms supplied by the state transportation department. The  
21 progress report shall also contain the whole amount of the  
22 expenses of the state transportation department for the fiscal  
23 year.

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

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

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

6 (2) The financial transactions and accounts related to dis-  
7 tributions made from the comprehensive transportation fund to an  
8 eligible authority created under the metropolitan transportation  
9 authorities act of 1967, ~~Act No. 204 of the Public Acts of 1967,~~  
10 ~~as amended, being sections 124.401 to 124.425 of the Michigan~~  
11 ~~Compiled Laws~~ 1967 PA 204, MCL 124.401 TO 124.426, shall be  
12 audited pursuant to that act. The cost of the audit shall be  
13 paid by the eligible authority. The financial transactions and  
14 accounts related to distributions made from the fund to an eligi-  
15 ble governmental agency, other than a county, shall be audited in  
16 accordance with the uniform budgeting and accounting act, ~~Act~~  
17 ~~No. 2 of the Public Acts of 1968, as amended, being sections~~  
18 ~~141.421 to 141.440a of the Michigan Compiled Laws~~ 1968 PA 2,  
19 MCL 141.421 TO 141.440A. The financial transactions and accounts  
20 related to distributions made from the fund to a county which is  
21 an eligible governmental agency shall be audited in accordance  
22 with ~~Act No. 71 of the Public Acts of 1919, as amended, being~~  
23 ~~sections 21.41 to 21.54 of the Michigan Compiled Laws~~ 1919  
24 PA 71, MCL 21.41 TO 21.55. The financial transactions and  
25 accounts relative to distributions made to an intercity carrier  
26 shall be audited by an independent certified public accountant in  
27 accordance with instructions promulgated by the department of

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1 treasury. A copy of the complete audit report and management  
2 letter shall be submitted by the eligible authority, intercity  
3 carrier, or eligible governmental agency to the state transporta-  
4 tion department. The department of treasury shall develop mini-  
5 mum audit standards and requirements.

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

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

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

24 (i) For the payment of contributions required to be made by  
25 the state highway commission or the state transportation commis-  
26 sion under contracts entered into before July 18, 1979, under  
27 1941 PA 205, MCL 252.51 to 252.64, which contributions have been

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

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

12 (iii) For the payment of the principal and interest on bonds  
13 issued under section 18b for transportation purposes other than  
14 comprehensive transportation purposes as defined by law and the  
15 payment of contributions of the state highway commission or state  
16 transportation commission to be made pursuant to contracts  
17 entered into under section 18d, which contributions are pledged  
18 to the payment of principal and interest on bonds issued under  
19 the authorization of section 18d and contracts executed pursuant  
20 to that section. A sufficient portion of the fund is irrevocably  
21 appropriated to pay, when due, the principal and interest on  
22 bonds or notes issued under section 18b for purposes other than  
23 comprehensive transportation purposes as defined by law, and to  
24 pay the annual contributions of the state highway commission and  
25 the state transportation commission as are pledged for the pay-  
26 ment of bonds issued pursuant to contracts authorized by section  
27 18d.

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

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

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

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

24           (iii) Consistent with the other requirements for these  
25 funds, the first priority for funds deposited pursuant to this  
26 subdivision for rail grade crossing improvements and retirement  
27 shall be to match federal funds from the railroad-highway grade

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1 crossing improvement program or other comparable federal  
2 programs.

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

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

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

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1 railroad-highway grade crossing improvement program, except for  
2 the following:

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

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

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

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

26 (e) For the ~~maintenance~~ PRESERVATION of state trunk line  
27 highways and bridges.

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

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

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

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

20 (2) Notwithstanding any other provision of this act, at  
21 least 90% of state revenue appropriated annually to the state  
22 trunk line fund less the amounts described in subdivisions (a) to  
23 (i) shall be expended annually by the state transportation  
24 department for the ~~maintenance~~ PRESERVATION of highways, roads,  
25 streets, and bridges and for the payment of debt service on  
26 bonds, notes, or other obligations described in subsection (1)(a)  
27 issued after July 1, 1983, for the purpose of providing funds for

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

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

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

26 (c) Amounts expended for the construction of a highway,  
27 street, road, or bridge to 1 or more of the following or for the

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1 payment of debt service on bonds, notes, or other obligations  
2 issued after July 1, 1983, for the purpose of providing funds for  
3 the construction of a highway, street, road, or bridge to 1 or  
4 more of the following:

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

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

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

15 (e) Amounts expended for the operating expenses of the state  
16 transportation department other than the units of the department  
17 performing the functions assigned on January 1, 1983 to the  
18 bureau of highways.

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

21 (g) Amounts expended for the purposes described in subsec-  
22 tion (5).

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

26 (i) Upon the affirmative recommendation of the director of  
27 the state transportation department and the approval by

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1 resolution of the state transportation commission, those amounts  
2 expended for projects vital to the economy of ~~the~~ THIS state, a  
3 region, or local area or the safety of the public. The resolu-  
4 tion shall state the cost of the project exempted from this  
5 subsection.

6 (3) Notwithstanding any other provision of this act, the  
7 state transportation department shall expend annually at least  
8 90% of the federal revenue distributed to the credit of the state  
9 trunk line fund in that year, except for federal revenue expended  
10 for the purposes described in subsection (2)(b), (c), (f), and  
11 (i) AND FOR THE PAYMENT OF NOTES ISSUED UNDER SECTION 18B(9) on  
12 the ~~maintenance~~ PRESERVATION of highways, roads, streets, and  
13 bridges. The requirement of this subsection shall be waived if  
14 compliance would cause ~~the~~ THIS state to be ineligible accord-  
15 ing to federal law for federal revenue, but only to the extent  
16 necessary to make ~~the~~ THIS state eligible according to federal  
17 law for that revenue.

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

19 ~~(a) "Maintenance" and "maintaining" mean snow removal;~~  
20 ~~street cleaning and drainage; seal coating; patching and ordinary~~  
21 ~~repairs; erection and maintenance of traffic signs and markings;~~  
22 ~~safety projects; and the preservation, reconstruction, resurfac-~~  
23 ~~ing, restoration, and rehabilitation of highways, roads, streets,~~  
24 ~~and bridges. For the purposes of this section, maintenance and~~  
25 ~~maintaining shall not be limited to the repair and replacement of~~  
26 ~~a road but shall include maintaining the original intent of a~~  
27 ~~construction project. If traffic patterns indicate that this~~

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

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

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

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

18 ~~(4) -(5)-~~ Notwithstanding any other provision of this sec-  
19 tion, the state transportation department may loan money to  
20 county road commissions, cities, and villages for paying capital  
21 costs of transportation purposes described in the second para-  
22 graph of section 9 of article IX of the state constitution of  
23 1963 from the proceeds of bonds or notes issued pursuant to sec-  
24 tion 18b or from the state trunk line fund. Loans made directly  
25 from the state trunk line fund shall be made only after provision  
26 of funds for the purposes specified in subsection (1)(a) to (f).

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1 LOANS DESCRIBED IN THIS SUBSECTION ARE NOT SUBJECT TO THE REVISED  
2 MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO 141.2821.

3 (5) ~~(6)~~ County road commissions, cities, and villages may  
4 borrow money from the proceeds of bonds or notes issued under  
5 section 18b or the state trunk line fund for the purposes set  
6 forth in subsection ~~(5)~~ (4) that shall be repayable, with  
7 interest, 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 (6) ~~(7)~~ Loans made pursuant to subsection ~~(5)~~ (4) if  
23 required by the state transportation department may be payable by  
24 deduction by the state treasurer, upon direction of the state  
25 transportation department, from the periodic disbursements of any  
26 money returned by the state under this act to the county road  
27 commission, city, or village, but only after sufficient money has

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

16 (7) ~~-(8)-~~ The amount borrowed by a county road commission,  
17 city, or village pursuant to subsection ~~-(6)-~~ (5) shall not be  
18 included in, or charged against, any constitutional, statutory,  
19 or charter debt limitation of the county, city, or village and  
20 shall not be included in the determination of the maximum annual  
21 principal and interest requirements of, or the limitations upon,  
22 the maximum annual principal and interest incurred under 1941  
23 PA 205, MCL 252.51 to 252.64, 1943 PA 143, MCL 141.251 to  
24 141.254, 1952 PA 175, MCL 247.701 to 247.707, or section 18c or  
25 18d.

26 (8) ~~-(9)-~~ The county road commission, city, or village is  
27 not required to seek or obtain the approval of the electors, the

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1 municipal finance commission or its successor agency, or, except  
2 as provided in this subsection, the department of treasury to  
3 borrow money pursuant to subsection ~~(6)~~ (5). The borrowing is  
4 not subject to the ~~municipal finance act, 1943 PA 202, MCL 131.1~~  
5 ~~to 139.3~~ REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101  
6 TO 141.2821, or to section 5(g) of the home rule city act, 1909  
7 PA 279, MCL 117.5. The state transportation department shall  
8 give at least 10 days' notice to the state treasurer of its  
9 intention to make a loan under subsection ~~(5)~~ (4). If the  
10 state treasurer gives notice to the director of the state trans-  
11 portation department within 10 days of receiving the notice from  
12 the state transportation department, that, based upon the then  
13 existing financial or credit situation of the county road commis-  
14 sion, city, or village, it would not be in the best interests of  
15 the state to make a loan under subsection ~~(5)~~ (4) to the county  
16 road commission, city, or village, the loan shall not be made  
17 unless the state treasurer, after a hearing, if requested by the  
18 affected county road commission, city, or village, subsequently  
19 gives notice to the director of the state transportation depart-  
20 ment that the loan may be made on the conditions that the state  
21 treasurer specifies.

22 (9) ~~(10)~~ The state transportation commission may borrow  
23 money and issue bonds and notes under, and pursuant to the  
24 requirements of, section 18b to make loans to county road commis-  
25 sions, cities, and villages for the purposes described in the  
26 second paragraph of section 9 of article IX of the state  
27 constitution of 1963, as provided in subsection ~~(5)~~ (4). A

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1 single issue of bonds or notes may be issued for the purposes  
2 specified in subsection ~~-(5)-~~ (4) and for the other purposes  
3 specified in section 18b. The house and senate transportation  
4 appropriations subcommittees shall be notified by the department  
5 if there are extras and overruns sufficient to require approval  
6 of either the state administrative board or the commission, or  
7 both, on any contract between the department and a local road  
8 agency or a private business.

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

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

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1 are assigned, but not limited to, specific road construction  
2 projects or ~~maintenance~~ PRESERVATION activities.

3 (12) ~~(13)~~ Any performance audits of the department shall  
4 be conducted according to government auditing standards issued by  
5 the United States general accounting office.

6 (13) CONTRACTS ENTERED INTO TO ADVANCE MONEY TO A COUNTY  
7 ROAD COMMISSION, CITY, OR VILLAGE UNDER SUBSECTION (1)(G) ARE NOT  
8 SUBJECT TO THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34,  
9 MCL 141.2101 TO 141.2821.

10 Sec. 11c. All federal aid construction projects, all other  
11 projects of the department concerning highways, streets, roads,  
12 and bridges, whose cost exceeds \$100,000.00 for construction or  
13 ~~maintenance~~ PRESERVATION as defined in section ~~11~~ 10C, shall  
14 be performed by contract awarded by competitive bidding unless  
15 the department shall affirmatively find that under the circum-  
16 stances relating to those projects, some other method is in the  
17 public interest. All of those findings shall be reported to the  
18 state transportation commission 90 days before work is commenced  
19 and promptly in writing to the appropriations committees of the  
20 senate and house of representatives. However, in a case in which  
21 the department determines emergency action is required, the  
22 reports need not be filed before work is commenced but shall be  
23 promptly filed. Local road agencies that make a decision not to  
24 perform construction or ~~maintenance~~ PRESERVATION projects  
25 exceeding \$100,000.00 shall contract for this work through com-  
26 petitive bidding.

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1           Sec. 12. (1) The amount distributed to the county road  
2 commissions shall be returned to the county treasurers in the  
3 manner, for the purposes, and under the terms and conditions  
4 specified in this section. The department and the county road  
5 association of Michigan shall jointly develop incentives for  
6 counties to establish statewide purchasing pools for the more  
7 efficient use of Michigan transportation funds.

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

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

21           (4) An amount equal to 10% of the total amount returned to  
22 the county road commissions from the Michigan transportation fund  
23 shall be returned to each county road commission having county  
24 primary, or county local road, or both, mileage in the urban  
25 areas as determined pursuant to section 12b. This sum shall be  
26 distributed pursuant to section 12b. The return shall be in

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1 addition to the amounts provided in subsections (6) and (7) and  
2 for the purposes stated in those subsections.

3 (5) An amount equal to 4% of the total amount returned to  
4 the county road commissions from the Michigan transportation fund  
5 shall be returned to the county road commissions in the same per-  
6 centages as provided in subsection (7). All money returned to  
7 the county road commissions as provided in this subsection shall  
8 be expended by the county road commissions for the ~~maintenance~~  
9 PRESERVATION, ~~improvement,~~ construction, ~~reconstruction,~~  
10 acquisition, and extension of county local road systems and shall  
11 be in addition to the amounts provided in subsection (7).

12 (6) Seventy-five percent of the remainder of the total  
13 amount to be returned to the counties shall be expended by each  
14 county road commission for the ~~maintenance~~ PRESERVATION,  
15 ~~improvement,~~ construction, ~~reconstruction,~~ acquisition, and  
16 extension of the county primary road system, including the acqui-  
17 sition of a necessary right of way for the system, work inciden-  
18 tal to the system, and a roadside park or motor parkway appurte-  
19 nant to the system, and shall be returned to the counties as  
20 follows:

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

26 (b) One-tenth of the amount in the same proportion that the  
27 total mileage in the county primary road system of each county

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

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

5 (7) The balance of the remainder of the total amount to be  
6 returned to counties shall be expended by each county road com-  
7 mission for the ~~maintenance~~ PRESERVATION, ~~improvement~~, con-  
8 struction, ~~reconstruction~~, acquisition, and extension of the  
9 county local road system as defined by this act, including the  
10 acquisition of a necessary right of way for the system, work  
11 incidental to the system, and a roadside park or motor parkway  
12 appurtenant to the system, and shall be returned to the counties  
13 as follows:

14 (a) Sixty-five percent of the amount in the same proportion  
15 that the total mileage in the county local road system of each  
16 county bears to the total mileage in all of the county local road  
17 systems of the state.

18 (b) Thirty-five percent of the amount in the same proportion  
19 that the total population outside of incorporated municipalities  
20 in each county bears to the total population outside of incorpo-  
21 rated municipalities in all of the counties of the state, accord-  
22 ing to the most recent statewide federal census as certified at  
23 the beginning of the state fiscal year.

24 (8) Money deposited in, or becoming a part of the county  
25 road funds of a board of county road commissioners shall be  
26 expended first for the payment of principal and interest on the  
27 bonds, for the payment of contractual contributions pledged for

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1 the payment of bonds, for debt service requirements for the  
2 payment of contractual contributions pledged for the payment of  
3 bonds, and for debt service requirements for the payment of notes  
4 and loans in the following order of priority:

5 (a) For the payment of contributions required to be made by  
6 a board of county road commissioners under a contract entered  
7 into under 1941 PA 205, MCL 252.51 to 252.64, which contributions  
8 have been pledged for the payment of the principal and interest  
9 on bonds issued under that act, or for the payment of total debt  
10 service requirements upon notes issued by a board of county road  
11 commissioners under 1943 PA 143, MCL 141.251 to 141.254.

12 (b) For the payment of principal and interest upon bonds  
13 issued under section 18c, and the payment of contributions of a  
14 board of county road commissioners to be made pursuant to con-  
15 tracts entered into under section 18d, which contributions are  
16 pledged to the payment of principal and interest on bonds issued  
17 after June 30, 1957, under the authorization of section 18c and  
18 contracts executed pursuant to its provisions.

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

22 (9) Not to exceed 30% per year of the amount returned to a  
23 county for use on the county primary road system may be expended,  
24 with or without matching, on the county local road system of that  
25 county. Not to exceed 15% per year of the amount returned to a  
26 county for expenditure on the county local road system may be  
27 used, with or without matching, on the county primary road system

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1 of that county, and not to exceed an additional 15% per year of  
2 the amount returned to a county for expenditure on the county  
3 local road system, may, in case of an emergency or with the  
4 approval of the state transportation department, be expended,  
5 with or without matching, on the county primary road system of  
6 that county. An amount returned to a county for and on account  
7 of county local roads, under this section, in excess of the total  
8 amount paid into the county treasury each year by all of the  
9 townships of that county for and on account of the county local  
10 roads pursuant to section 14(6) may be transferred to and  
11 expended on the county primary road system of that county.

12 (10) Not less than 20% per year of the funds returned to a  
13 county by this section shall be expended for snow and ice remov-  
14 al, the construction or reconstruction of a new highway or exist-  
15 ing highway, and the acquisition of a necessary right of way for  
16 those highways, and work incidental to those highways, or for the  
17 servicing of bonds issued by the county for these purposes.  
18 Surplus funds may be expended for the development, construction,  
19 or repair of an off-street parking facility.

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

24 (12) Funds returned to a county shall be expended by the  
25 county road commission for the purposes provided in this section  
26 and shall be deposited by the county treasurer in a designated  
27 county depository, in a separate account to the credit of the

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1 county road fund, and shall be paid out only upon the order of  
2 the county road commission, and interest accruing on the money  
3 shall become a part of, and be deposited with the county road  
4 fund.

5 (13) In a county to which the funds are returned the func-  
6 tion of the county road commission shall be limited to the forma-  
7 tion of policy and the performance of the official duties imposed  
8 by law and delegated by the county board of commissioners. A  
9 member of the county road commission shall not be employed indi-  
10 vidually in any other capacity for other duties with the county  
11 road commission.

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

24 (15) Money distributed from the Michigan transportation fund  
25 may be expended for construction purposes on county local roads  
26 only to the extent matched by money from other sources. However,  
27 Michigan transportation funds may be expended for the

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1 construction of bridges on the county local roads in an amount  
2 not to exceed 75% of the cost of the construction of local road  
3 bridges. This subsection does not apply to section 11b.

4 (16) Notwithstanding any other provision of this act, at  
5 least 90% of the state revenue returned annually to the county  
6 road commission from the Michigan transportation fund less the  
7 amounts described in subdivisions (a) to (e) shall be expended  
8 annually by the county road commission for the ~~maintenance~~  
9 PRESERVATION of highways, roads, streets, and bridges, and for  
10 the payment of contractual contributions pledged for the payment  
11 of bonds or portions of bonds, debt service requirements for the  
12 payment of bonds or portions of bonds, and debt service require-  
13 ments for the payment of notes and loans or portions of notes and  
14 loans issued or received after July 1, 1983, for the purpose of  
15 providing funds for the ~~maintenance~~ PRESERVATION of highways,  
16 roads, streets, and bridges. If an appropriate certificate is  
17 filed under subsection (19) but only to the extent necessary,  
18 this subsection shall not prohibit the use of any amount of state  
19 revenue returned annually to the county road commissions for the  
20 payment of contractual contributions pledged for the payment of  
21 bonds, for debt service requirements for the payment of bonds,  
22 and for debt service requirements for the payment of notes or  
23 loans, whenever issued or received, as specified under subsection  
24 (8). The amounts which are deducted from the state revenue  
25 returned to a county road commission from the Michigan transpor-  
26 tation fund, for the purpose of the calculation required by this  
27 subsection are as follows:

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1 (a) Amounts expended for the purposes described in  
2 subsection (8) for bonds, notes, loans, or other obligations  
3 issued or received before July 2, 1983.

4 (b) Amounts expended for the administrative costs of the  
5 county road commission.

6 (c) Amounts expended for capital outlay projects for equip-  
7 ment and buildings, and for the payment of contractual contribu-  
8 tions pledged for the payment of bonds, for debt service require-  
9 ments for the payment of bonds, and for debt service requirements  
10 for the payment of notes and loans issued or received after  
11 July 1, 1983, for the purpose of providing funds for capital  
12 outlay projects for equipment and buildings.

13 (d) Amounts expended for projects vital to the economy of  
14 the local area or the safety of the public in the local area.  
15 Before these amounts can be deducted, the governing body over the  
16 county road commission or the county road commission, as applica-  
17 ble, shall pass a resolution approving these projects. This res-  
18 olution shall state which projects will be funded and the cost of  
19 each project. A copy of each approved resolution shall be for-  
20 warded immediately to the department.

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

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

26 Notwithstanding any other provision of this act, except as  
27 provided in this subsection, a county road commission shall

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1 expend annually at least 90% of the federal revenue distributed  
2 to the use of the county road commission for highways, roads,  
3 streets, and bridges, less the amount expended on urban routes  
4 for other than ~~maintenance~~ PRESERVATION purposes and the amount  
5 expended for hard-surfacing of gravel roads on the federal-aid  
6 system, on the ~~maintenance~~ PRESERVATION of highways, roads,  
7 streets, and bridges. A county road commission may expend in a  
8 year less than 90% of the federal revenue distributed to the use  
9 of the county road commission for highways, roads, streets, and  
10 bridges, less the amount expended on urban routes for other than  
11 ~~maintenance~~ PRESERVATION purposes and the amount expended for  
12 hard-surfacing of gravel roads on the federal-aid system, on the  
13 ~~maintenance~~ PRESERVATION of highways, roads, streets, and  
14 bridges, if that year is part of a 3-year period in which at  
15 least 90% of the total federal revenue distributed in the 3-year  
16 period to the use of the county road commission for highways,  
17 roads, streets, and bridges, less the amount expended on urban  
18 routes for other than ~~maintenance~~ PRESERVATION purposes and the  
19 amount expended for hard-surfacing of gravel roads on the  
20 federal-aid system, is expended on the ~~maintenance~~ PRESERVATION  
21 of highways, roads, streets, and bridges. If a county road com-  
22 mission expends in a year less than 90% of the federal revenue  
23 distributed to the use of the county road commission for high-  
24 ways, roads, streets, and bridges, less the amount expended on  
25 urban routes for other than ~~maintenance~~ PRESERVATION purposes  
26 and the amount expended for hard-surfacing of gravel roads on the  
27 federal-aid system, on the ~~maintenance~~ PRESERVATION of

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1 highways, roads, streets, and bridges and that year is not a part  
2 of a 3-year period in which at least 90% of the total federal  
3 revenue distributed in the 3-year period to the use of the county  
4 road commission for highways, roads, streets, and bridges, less  
5 the amount expended on urban routes for other than ~~maintenance~~  
6 PRESERVATION purposes and the amount expended for hard-surfacing  
7 of gravel roads on the federal-aid system, is expended on the  
8 ~~maintenance~~ PRESERVATION of highways, roads, streets, and  
9 bridges, the county road commission shall expend in each year  
10 subsequent to the 3-year period 100%, or less in 1 year if suffi-  
11 cient for the purposes of this subsection, of the federal revenue  
12 distributed to the use of the county road commission for high-  
13 ways, roads, streets, and bridges, less the amount expended on  
14 urban routes for other than ~~maintenance~~ PRESERVATION purposes  
15 and the amount expended for hard-surfacing of gravel roads on the  
16 federal-aid system, on the ~~maintenance~~ PRESERVATION of high-  
17 ways, roads, streets, and bridges until the average percentage  
18 spent on the ~~maintenance~~ PRESERVATION of highways, roads,  
19 streets, and bridges in the 3-year period and the subsequent  
20 years, less the amount expended on urban routes for other than  
21 ~~maintenance~~ PRESERVATION purposes and the amount expended for  
22 hard-surfacing of gravel roads on the federal-aid system, is at  
23 least 90%. A year may be included in only one 3-year period for  
24 the purposes of this subsection. The requirements of this sub-  
25 section shall be waived if compliance would cause the county road  
26 commission to be ineligible according to federal law for federal  
27 revenue, but only to the extent necessary to make the county road

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1 commission eligible according to federal law for that revenue.  
2 For the purpose of the calculations required by this subsection,  
3 the amount expended on urban routes by a county road commission  
4 for other than ~~maintenance~~ PRESERVATION purposes and the amount  
5 expended for hard-surfacing of gravel roads on the federal-aid  
6 system shall be deducted from the total federal revenue distrib-  
7 uted to the use of the county road commission.

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

9 ~~(a) "Maintenance" and "maintaining" mean snow removal; erec-~~  
10 ~~tion of traffic control devices and traffic signals and payment~~  
11 ~~of monthly electrical costs for those signals; street cleaning~~  
12 ~~and drainage; seal coating; patching and ordinary repairs; erec-~~  
13 ~~tion and maintenance of traffic signs and markings; safety~~  
14 ~~projects which do not increase through traffic capacity; and the~~  
15 ~~preservation, reconstruction, resurfacing, restoration, and reha-~~  
16 ~~bilitation of highways, roads, streets, and bridges. However,~~  
17 ~~maintenance and maintaining do not include projects which~~  
18 ~~increase the capacity of a highway facility to accommodate that~~  
19 ~~part of the traffic having neither origin nor destination within~~  
20 ~~the local area.~~

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

25 ~~(18) (19)~~ A county road commission shall certify, which  
26 certification shall, for purposes of the validity of bonds and  
27 notes, be conclusive as to the matters stated therein, to the

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1 state transportation department on or before the issuance of any  
2 bonds or notes issued after July 1, 1983, pursuant to 1943  
3 PA 143, MCL 141.251 to 141.254, 1941 PA 205, MCL 252.51 to  
4 252.64, or section 18c or 18d, for purposes other than the  
5 ~~maintenance~~ PRESERVATION of highways, roads, streets, and  
6 bridges and purposes other than the purposes specified in  
7 subsection (16)(c) that its average annual debt service require-  
8 ments for all bonds and notes or portions of bonds and notes  
9 issued after July 1, 1983, for purposes other than the  
10 ~~maintenance~~ PRESERVATION of highways, roads, streets, and  
11 bridges and other than for the purposes specified in  
12 subsection (16)(c), including the bond or note to be issued does  
13 not exceed 10% of the funds returned to the county road commis-  
14 sion pursuant to this act, less the amounts specified in  
15 subsection (16)(a), (b), and (c) during the last completed fiscal  
16 year of the county road commission. If the purpose for which the  
17 bonds or notes are issued is changed after the issuance of the  
18 notes or bonds, the change shall be made in such a manner to  
19 maintain compliance with the certification required by this sub-  
20 section, as of the date the certificate was originally issued,  
21 but no such change shall invalidate or otherwise affect the bonds  
22 or notes with respect to which the certificate was issued or the  
23 obligation to pay debt service on the bonds or notes.

24 (19) ~~(20)~~ In each charter county to which funds are  
25 returned under this section, the responsibility for road improve-  
26 ment, ~~maintenance~~ PRESERVATION, and traffic operation work, and  
27 the development, construction, or repair of off-road parking

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1 facilities and construction or repair of road lighting shall be  
2 coordinated by a single administrator to be designated by the  
3 county executive who shall be responsible for and shall represent  
4 the charter county in transactions with the state transportation  
5 department pursuant to this act.

6 (20) ~~-(21)-~~ Not more than 10% per year of all of the funds  
7 received by and returned to a county from any source for the pur-  
8 poses of this section may be expended for administrative  
9 expenses. A county that expends more than 10% for administrative  
10 expenses in a year shall be subject to section 14(5) unless a  
11 waiver is granted by the department of treasury. As used in this  
12 subsection, "administrative expenses" means those expenses that  
13 are not assigned including, but not limited to, specific road  
14 construction or ~~maintenance~~ PRESERVATION projects and are often  
15 referred to as general or supportive services. Administrative  
16 expenses shall not include net equipment expense, net capital  
17 outlay, debt service principal and interest, and payments to  
18 other state or local offices which are assigned, but not limited  
19 to, specific road construction projects or ~~maintenance~~  
20 PRESERVATION activities.

21 (21) ~~-(22)-~~ In addition to the financial compliance audits  
22 required by law, the department of treasury shall conduct per-  
23 formance audits and make investigations of the disposition of all  
24 state funds received by county road commissions, county boards of  
25 commissioners, or any other county governmental agency acting as  
26 the county road authority, for transportation purposes to  
27 determine compliance with the terms and conditions of this act.

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1 Performance audits shall be conducted according to government  
2 auditing standards issued by the United States general accounting  
3 office. The department of treasury shall provide 6 months notice  
4 to the county road commission or county board of commissioners,  
5 as applicable, of the standards to be used for audits performed  
6 under this subsection prior to the fiscal year in which the audit  
7 is conducted. The department shall notify the county road com-  
8 mission or county board of commissioners of any subsequent  
9 changes to the standards. County road commissions or county  
10 boards of commissioners, as applicable, shall make available to  
11 the department of treasury the pertinent records for the audit.

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

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

19       (b) To pay the principal or the principal and interest on  
20 notes and, if the state transportation commission considers  
21 refunding to be expedient, to refund bonds payable from money in  
22 the state trunk line fund or the comprehensive transportation  
23 fund or received or to be received from the motor vehicle highway  
24 fund or the Michigan transportation fund regardless of when the  
25 refunded bonds were issued, by the issuance of new bonds, whether  
26 or not the bonds to be refunded have matured or are subject to  
27 prior redemption or are to be paid, redeemed, or surrendered at

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1 the time of issuance of the refunding bonds; and to issue new  
2 bonds partly to refund bonds or pay notes then outstanding and  
3 partly for any other transportation purpose authorized by this  
4 act.

5 (c) To pay all costs relating to the issuance of the bonds  
6 or notes described in this section, including, but not limited  
7 to, legal, engineering, accounting, and consulting services,  
8 interest on bonds or notes for such period as determined by the  
9 state transportation commission in the resolution authorizing the  
10 bonds or notes and a reserve for payment of principal, interest,  
11 and redemption premiums on the bonds or notes in an amount deter-  
12 mined by the state transportation commission in the resolution  
13 authorizing the bonds or notes.

14 (2) The refunding bonds described in subsection (1)(b) shall  
15 be sold and the proceeds and the earnings or profits from the  
16 investment of those proceeds applied in whole or in part to the  
17 purchase, redemption, or payment of the principal or the princi-  
18 pal and interest of the bonds to be refunded and the refunding  
19 bonds issued by the state transportation commission under subsec-  
20 tion (1)(b) and the costs described in subsection (1)(c).  
21 Refunding notes or bonds shall be considered to be issued for the  
22 same purpose or purposes for which the notes or bonds to be  
23 refunded were issued.

24 (3) The notes or bonds authorized by this section shall be  
25 issued only after authorization by resolution of the state trans-  
26 portation commission, which resolution shall contain the  
27 following:

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1           (a) An irrevocable pledge providing for the payment of the  
2 principal and interest on the notes or bonds from money which is  
3 restricted as to use by section 9 of article IX of the state con-  
4 stitution of 1963 and which is deposited or to be deposited in  
5 the comprehensive transportation fund, in the case of bonds or  
6 notes issued for comprehensive transportation purposes as defined  
7 by law, or in the state trunk line fund, in the case of bonds or  
8 notes issued for transportation purposes described in the second  
9 paragraph of section 9 of article IX of the state constitution of  
10 1963, or in the case of notes or bonds, if the resolution autho-  
11 rizing the notes or bonds provides, from money received or to be  
12 received by the state transportation department from the proceeds  
13 of bonds or renewal notes to be issued after the date of the res-  
14 olution or from money received or to be received from the pro-  
15 ceeds of the grants described in subsection (9). If the resolu-  
16 tion authorizing the bonds or notes so provides, a portion of the  
17 principal or interest on the bonds or notes may be secured by an  
18 irrevocable pledge of money deposited in the comprehensive trans-  
19 portation fund or the state trunk line fund, and the balance of  
20 the principal and interest secured by an irrevocable pledge of  
21 the proceeds of bonds or renewal notes or money received or to be  
22 received from the proceeds of the grants described in  
23 subsection (9).

24           (b) A brief statement describing the projects for which the  
25 notes or bonds are to be issued and in the case of notes or bonds  
26 to pay notes or refund bonds, a description of the notes or bonds  
27 to be paid or refunded. For purposes of this section and section

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1 18k, in connection with bonds issued to fund the loan program  
2 established under section ~~11(7) to (12)~~ 11(6) TO (11), the loan  
3 program shall constitute the project, and it shall not be neces-  
4 sary to specify the particular item or costs of a particular item  
5 to be financed from any particular loan made under the loan  
6 program.

7 (c) The estimated cost of the projects or refunding or  
8 refinancing.

9 (d) The detail of the notes or bonds including the date of  
10 issue, maturity date or dates of the bonds or notes, the maximum  
11 interest rate, the dates of payment of interest, the paying  
12 agents, the transfer agent or agents, the provisions for regis-  
13 tration, the redemption provisions, and the manner of execution  
14 or, as provided in subsection (11)(d), the limitations within  
15 which such detail may be determined by the person designated by  
16 the commission.

17 (4) If after the issuance of notes or bonds, the state  
18 transportation commission determines that a project for which the  
19 notes or bonds are to be issued should be changed, the state  
20 transportation commission, by resolution, adopted after the 30  
21 days' notice of intention to adopt the resolution has been given  
22 to the appropriations committees of the senate and the house of  
23 representatives, shall amend the resolution authorizing the bonds  
24 or notes to change the description of the project or projects or  
25 to substitute a different project or projects for the project for  
26 which the notes or bonds were issued and shall make other  
27 revisions in the resolution authorizing the notes or bonds with

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1 respect to cost as may be necessary to permit the change in or  
2 substitution of a project or projects.

3 (5) Before October 1, 1979, the total amount of bonds and  
4 notes issued pursuant to this section for comprehensive transpor-  
5 tation purposes as defined by law shall not exceed an amount as  
6 will be serviced as to maximum principal and interest require-  
7 ments by a sum equal to the amount deposited to the credit of the  
8 general transportation fund for the fiscal year ending  
9 September 30, 1977. After September 30, 1979, the total amount  
10 of bonds and notes issued pursuant to this section for comprehen-  
11 sive transportation purposes as defined by law shall not exceed  
12 an amount as will be serviced, out of state funds only, as to  
13 maximum annual principal and interest requirements by an amount  
14 equal to 50% of the total amount of money from taxes, the use of  
15 which money is restricted by section 9 of article IX of the state  
16 constitution of 1963, and which money is deposited in the state  
17 treasury to the credit of the comprehensive transportation fund  
18 during the state fiscal year immediately preceding the issuance  
19 of the bonds or notes.

20 (6) The total amount of bonds and notes issued pursuant to  
21 this section for transportation purposes described in the second  
22 paragraph of section 9 of article IX of the state constitution of  
23 1963 shall not exceed an amount as will be serviced as to the  
24 maximum principal and interest requirements by a sum equal to 50%  
25 of the total of the amount of money received from taxes, the use  
26 of which is restricted by section 9 of article IX of the state  
27 constitution of 1963 and which is deposited in the state treasury

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1 to the credit of the state trunk line fund during the state  
2 fiscal year immediately preceding the issuance of the bonds or  
3 notes.

4 (7) The principal or principal and interest or the portion  
5 of principal or interest of bonds or notes which are issued in  
6 anticipation of the issuance of bonds or renewal notes or of fed-  
7 eral grants as provided in subsection (9) and which do not pledge  
8 for their payment money in the state trunk line fund or the com-  
9 prehensive transportation fund or money received or to be  
10 received by the state transportation department from the Michigan  
11 transportation fund or the motor vehicle highway fund shall not  
12 be considered to be principal and interest requirements subject  
13 to the limitation set forth in subsections (5) and (6). The  
14 principal of and interest on notes or bonds refunded or for the  
15 refunding of which refunding bonds have been sold, whether the  
16 bonds to be refunded are to be retired at the time of delivery of  
17 the refunding bonds or not, shall not be considered to be princi-  
18 pal and interest requirements subject to the limitation set forth  
19 in subsections (5) and (6).

20 (8) In computing the maximum annual principal and interest  
21 requirements under subsection (6), the total outstanding maximum  
22 annual contributions required to be made by the state highway  
23 commission and the state transportation commission pursuant to  
24 contracts entered into under the authorization of section 18d,  
25 which contributions are pledged to the payment of bonds issued  
26 under section 18d, shall be included in the amount.

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

7           (a) The proceeds of any ~~such~~ grant and any investment  
8 earnings or gain ~~thereon~~ ON THE GRANT.

9           (b) If deemed advisable by the state transportation commis-  
10 sion, money which is restricted as to use by section 9 of article  
11 IX of the state constitution of 1963, and which is deposited or  
12 to be deposited in the comprehensive transportation fund, in the  
13 case of bonds or notes issued for comprehensive transportation  
14 purposes as defined by law, or in the state trunk line fund, in  
15 the case of bonds or notes issued for transportation purposes  
16 described in the second paragraph of section 9 of article IX of  
17 the state constitution of 1963.

18           (c) If deemed advisable by the state transportation commis-  
19 sion, money received or to be received by the state from the sale  
20 of the bonds or notes described in this section to be issued  
21 after the issuance of the notes or bonds described in this sub-  
22 section and any investment earnings or gain thereon.

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

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

3           (a) Authorize and enter into insurance contracts, agreements  
4 for lines of credit, letters of credit, commitments to purchase  
5 obligations, remarketing agreements, reimbursement agreements,  
6 and any other transactions to provide security to assure timely  
7 payment of any bonds or notes.

8           (b) Authorize payment from the proceeds of the bonds or  
9 notes or other funds available, of the cost of issuance, includ-  
10 ing, but not limited to, fees for placement, fees or charges for  
11 insurance, letters of credit, lines of credit, remarketing agree-  
12 ments, reimbursement agreements, or purchase or sales agreements  
13 or commitments, or other agreements to provide security to assure  
14 timely payment of bonds or notes.

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

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

18           (ii) Proceeds of bonds or notes.

19           (iii) Earning on proceeds of bonds or notes or other funds  
20 held for payment of bonds or notes.

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

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

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

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1 (d) Authorize or provide for a person designated by the  
2 state transportation commission, but only within limitations  
3 which shall be contained in the authorization resolution of the  
4 state transportation commission, to do 1 or more of the  
5 following:

6 (i) Sell and deliver and receive payment for bonds or  
7 notes.

8 (ii) Refund bonds or notes by the delivery of new bonds or  
9 notes, whether or not the bonds or notes to be refunded have  
10 matured or are subject to redemption prior to maturity on the  
11 date of delivery of the refunding bonds or notes.

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

14 (iv) Buy, hold without cancellation, or sell bonds or notes  
15 so issued.

16 (v) Approve interest rates or methods for fixing interest  
17 rates, prices, discounts, maturities, principal amounts, denomi-  
18 nations, dates of issuance, interest payment dates, optional or  
19 mandatory redemption or tender rights and obligations to be exer-  
20 cised by the state transportation commission or the holder, the  
21 place of delivery and payment, and other matters and procedures  
22 necessary to complete the transactions authorized.

23 (E) IN CONNECTION WITH OUTSTANDING BONDS, NOTES, OR OTHER  
24 OBLIGATIONS ISSUED UNDER THIS ACT, OR IN CONNECTION WITH THE  
25 ISSUANCE OR PROPOSED ISSUANCE OF BONDS, NOTES, OR OTHER INDEBTED-  
26 NESS, THE STATE TRANSPORTATION COMMISSION MAY AUTHORIZE BY  
27 RESOLUTION THE EXECUTION AND DELIVERY OF AGREEMENTS PROVIDING FOR

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1 INTEREST RATE EXCHANGES OR SWAPS, HEDGES, OR SIMILAR AGREEMENTS.  
2 THE OBLIGATIONS OF THIS STATE UNDER THE AGREEMENTS, INCLUDING  
3 TERMINATION PAYMENTS, MAY BE MADE PAYABLE FROM AND SECURED BY A  
4 PLEDGE OF THE SAME SOURCES OF FUNDS AS THE BONDS, NOTES, OR OTHER  
5 OBLIGATIONS IN CONNECTION WITH WHICH THE AGREEMENTS ARE ENTERED  
6 INTO, OR FROM ANY OTHER SOURCES OF FUNDS AVAILABLE AS A PAYMENT  
7 SOURCE OF BONDS, NOTES, OR OTHER OBLIGATIONS ISSUED UNDER THIS  
8 ACT. IN CALCULATING DEBT SERVICE ON BONDS, NOTES, AND OTHER  
9 OBLIGATIONS, THE PAYMENTS AND RECEIPTS UNDER THE AGREEMENTS  
10 AUTHORIZED BY THIS SUBSECTION, WITHOUT REGARD TO TERMINATION PAY-  
11 MENTS, AND THE PAYMENT OBLIGATIONS UNDER THE BONDS, NOTES, OR  
12 OTHER OBLIGATIONS IN CONNECTION WITH WHICH THE AGREEMENTS ARE  
13 ENTERED INTO, SHALL BE AGGREGATED AND TREATED AS A SINGLE  
14 OBLIGATION.

15 (F) BONDS AND NOTES ISSUED UNDER THIS ACT ARE NOT SUBJECT TO  
16 THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO  
17 141.2821.

18 (G) THE ISSUANCE OF BONDS AND NOTES UNDER THIS SECTION IS  
19 SUBJECT TO THE AGENCY FINANCING REPORTING ACT.

20 If additionally secured as provided in this subsection, the  
21 bonds or notes, notwithstanding other provisions of this act, may  
22 be made payable or subject to purchase on demand or prior to  
23 maturity at the option of the holder at the time and in the  
24 manner as determined by the state transportation commission or  
25 the designated person as provided in the resolution authorizing  
26 the bonds or notes. Any bonds or notes authorized by this  
27 section may bear no interest or interest at a rate or rates which

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1 may be variable but which shall be subject to the limitations  
2 provided in section 18e as provided in the resolution authorizing  
3 the obligations. If bonds or notes are subject to payment or  
4 purchase on demand or prior to maturity at the option of the  
5 holder, and the obligation of the state to make payment or effect  
6 purchases on demand or prior to maturity, at the option of the  
7 holder is limited to the proceeds of 1 or more of the additional  
8 security devices described in this subsection and is not payable  
9 from constitutionally restricted funds deposited in the compre-  
10 hensive transportation fund or the state trunk line fund, for  
11 purposes of computing maximum annual principal and interest  
12 requirements under subsections (5) and (6), the principal and  
13 interest on the bonds or notes subject to payment or purchase on  
14 demand or prior redemption at the option of the holder shall be  
15 disregarded and the maximum annual principal and interest  
16 requirements which would arise with respect to the repayment of  
17 the proceeds of the additional security device shall be substi-  
18 tuted therefor.

19       Sec. 18e. ~~Bonds~~ EXCEPT FOR BONDS ISSUED UNDER  
20 SECTION 18C, BONDS issued by a governmental unit under this act  
21 shall be serial bonds with periodic maturities, or term bonds,  
22 with mandatory redemption requirements, or both serial and term  
23 bonds, the aggregate of which shall not exceed 30 years, the  
24 first of which shall fall due not more than 5 years from the date  
25 of issuance. Maturities shall be as established by the resolu-  
26 tion or ordinance authorizing the bonds or notes, without regard  
27 to the useful lives of the projects financed from the proceeds of

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1 the bonds or notes. The bonds shall bear interest, taking into  
2 account any discount or premium on the sale of the bonds, at a  
3 rate not exceeding the maximum rate permitted by the ~~municipal~~  
4 ~~finance act, Act No. 202 of the Public Acts of 1943, as amended,~~  
5 ~~being sections 131.1 to 139.3 of the Michigan Compiled Laws~~  
6 REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO  
7 141.2821, may be made redeemable before maturity on those terms  
8 and conditions, and with the premium as shall be provided by the  
9 proceedings authorizing their issuance. Outstanding and autho-  
10 rized bonds issued pursuant to this act may be treated as a  
11 single issue for the purpose of fixing maturities. If pursuant  
12 to ~~Act No. 175 of the Public Acts of 1952, as amended, being~~  
13 ~~sections 247.701 to 247.707 of the Michigan Compiled Laws~~ 1952  
14 PA 175, MCL 247.701 TO 247.707, or in ~~Act No. 143 of the Public~~  
15 ~~Acts of 1943, as amended, being sections 141.251 to 141.254 of~~  
16 ~~the Michigan Compiled Laws~~ 1943 PA 143, MCL 141.251 TO 141.254,  
17 the maximum annual principal and interest requirements on bonds  
18 issued by governmental units are required to be measured by ref-  
19 erence to amounts received from the motor vehicle highway fund,  
20 the requirements shall be measured by the receipts from the motor  
21 vehicle highway fund, the Michigan transportation fund, or both  
22 funds, and if pursuant to this act the maximum annual principal  
23 and interest requirements on bonds or notes issued by governmen-  
24 tal units are required to be measured by reference to amounts  
25 received from the Michigan transportation fund, the requirements  
26 shall be measured by the receipts from the motor vehicle highway  
27 fund, the Michigan transportation fund, or both funds. The state

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1 transportation commission shall certify, which certification  
2 shall, for purposes of the validity of bonds, notes, and other  
3 obligations, be conclusive as to the matters stated ~~therein~~ IN  
4 THE CERTIFICATION, to the state treasury on or before the issu-  
5 ance of any bonds, notes, or other obligations PAYABLE FROM AND  
6 SECURED BY A LIEN ON THE STATE TRUNK LINE FUND, issued after  
7 July 1, 1983, pursuant to section 18b or 18d for purposes other  
8 than the ~~maintenance~~ PRESERVATION of highways, roads, streets,  
9 and bridges and for purposes other than the purposes specified in  
10 section 11(2)(b), (c), ~~and~~ (d), (G), (H), AND (I) that its  
11 average annual debt service requirements PAYABLE FROM AND SECURED  
12 BY A LIEN ON THE STATE TRUNK LINE FUND for all bonds, notes, and  
13 other obligations, or portions of bonds, notes, and other obliga-  
14 tions issued after July 1, 1983, for purposes other than the  
15 ~~maintenance~~ PRESERVATION of highways, roads, streets, and  
16 bridges and other than for the purposes specified in section  
17 11(2)(b), (c), ~~and~~ (d), (G), (H), AND (I), including the bonds,  
18 notes, or other obligations to be issued does not exceed 10% of  
19 the state revenue appropriated to the state trunk line fund, less  
20 the amounts described in section 11(2)(a) to ~~(g)~~ (I) during the  
21 last completed state fiscal year. THE STATE TRANSPORTATION COMMISSION  
SHALL CERTIFY, WHICH CERTIFICATION SHALL, FOR PURPOSES OF THE VALIDITY OF  
BONDS, NOTES, OR OTHER CERTIFICATION, TO THE STATE TREASURY ON OR BEFORE  
THE ISSUANCE OF ANY BONDS, NOTES, OR OTHER OBLIGATIONS ISSUED AFTER  
DECEMBER 31, 2001, PURSUANT TO SECTION 18B(9) IN ANTICIPATION OF THE  
RECEIPT OF GRANTS FROM THE UNITED STATES OR ANY AGENCY OR INSTRUMENTALITY  
OF THE UNITED STATES FOR DISTRIBUTIONS TO THE CREDIT OF THE STATE TRUNK  
LINE FUND, AND NOT PAYABLE FROM TAXES DEPOSITED IN THE STATE TRUNK LINE  
FUND, FOR PURPOSES OTHER THAN THE PRESERVATION OF HIGHWAYS, ROADS,  
STREETS, AND BRIDGES AND FOR PURPOSES OTHER THAN THE PURPOSES SPECIFIED  
IN SECTION 11(2)(B), (C), (F), AND (I), THAT ITS AVERAGE ANNUAL DEBT  
SERVICE REQUIREMENTS FOR ALL BONDS, NOTES, AND OTHER OBLIGATIONS, OR  
PORTIONS OF BONDS, NOTES, OR OTHER OBLIGATIONS ISSUED AFTER DECEMBER 31,  
2001, PURSUANT TO SECTION 18B(9) AND NOT PAYABLE FROM TAXES DEPOSITED IN  
THE STATE TRUNK LINE FUND, FOR PURPOSES OTHER THAN THE PRESERVATION OF  
HIGHWAYS, ROADS, STREETS, AND BRIDGES AND OTHER THAN THE PURPOSES

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SPECIFIED IN SECTION 11(2)(B), (C), (F), AND (I), INCLUDING THE BONDS,

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NOTES, OR OTHER OBLIGATIONS TO BE ISSUED, DO NOT EXCEED 10% OF THE  
FEDERAL REVENUE DISTRIBUTED TO THE CREDIT OF THE STATE TRUNK LINE FUND  
DURING THE LAST COMPLETED STATE FISCAL YEAR. If the purpose for which the  
22 bonds, notes, or other obligations is issued is changed after the  
23 issuance of the bonds, notes, or other obligations, the change  
24 shall be made in ~~such~~ a manner to maintain compliance with the  
25 certification required by the preceding sentence, as of the date  
26 the certificate was originally issued, but no ~~such~~ change shall  
27 invalidate or otherwise affect the bonds, notes, or other

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1 obligations with respect to which the certificate was issued, or  
2 the obligation to pay debt service on the bonds, notes, or other  
3 obligations. As used in this section, ~~"maintenance"~~  
4 "PRESERVATION" means ~~maintenance~~ PRESERVATION as defined in  
5 section ~~11(6)~~ 10C.

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

19 (a) The contract shall specify the total amount of money  
20 that shall be annually expended by the contracting township for  
21 the ~~maintenance~~ PRESERVATION of the local road system or part  
22 thereof. The contracting road commission may pay not more than  
23 75% of the amount specified in the contract to the contracting  
24 township annually. The contracting road commission shall not pay  
25 more than 66% of an amount equal to the average annual amount of  
26 funds expended by the county road commission on the local road  
27 system located within the contracting township for construction

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1 and ~~maintenance~~ PRESERVATION purposes over the previous 5-year  
2 period from local road funds received by the county under this  
3 act. Any funds expended by the contracting road commission on  
4 the local road system located within the contracting township in  
5 excess of 66% shall be matched by the contracting township. The  
6 amount paid the contracting township shall not directly or indi-  
7 rectly include moneys transferred from the primary fund alloca-  
8 tion to the county as set forth in section 12(8).

9 (b) The contracting township shall keep separate accounts  
10 and accurate and uniform records on all road ~~maintenance~~  
11 PRESERVATION work and funds, and shall file with the state high-  
12 way commission and the contracting county road commission on or  
13 before April 1 of each year, on forms to be provided by the state  
14 highway commission, a report showing the disposition of funds  
15 received and expended for road purposes. The failure of a con-  
16 tracting township to apply moneys returned pursuant to this act  
17 to the purposes herein prescribed shall result in the forfeiture  
18 by the contracting county of any and all funds to which it may  
19 have been entitled under this act and all funds so forfeited  
20 shall thereafter be apportioned among the other county road com-  
21 missions in the same manner and proportion as hereinbefore pro-  
22 vided for the distribution of the motor vehicle highway fund.

23 (c) The contract shall require the contracting township to  
24 provide insurance covering the contracting road commission's  
25 liability for failure to ~~maintain~~ PRESERVE the local roads  
26 specified in the contract.

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1           (d) The contracting road commission shall determine and  
2 specify the equipment and personnel necessary to provide the  
3 ~~maintenance~~ PRESERVATION as set forth in the contract, and the  
4 contract shall not take effect until the contracting township has  
5 acquired the necessary equipment and personnel so specified.

6           (e) As used in this section, the term ~~"maintenance"~~  
7 "PRESERVATION" shall be construed to include the same meaning as  
8 set forth in section ~~1b~~ 10C. If the contracting parties intend  
9 to give a different meaning than as set forth in section ~~1b~~  
10 10C, the contract shall so specify.