

SENATE BILL No. 1266

May 2, 2002, Introduced by Senator EMMONS and referred to the Committee on Finance.

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 section 18d (MCL 247.668d).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 18d. (1) The state transportation commission, county
2 road commission, and a city or village may enter into a contract
3 providing for the construction or reconstruction of highways,
4 including limited access highways, under the jurisdiction and
5 control of 1 of the contracting parties to the extent that the
6 contracting parties are otherwise authorized by law to expend
7 moneys on the highways, roads, or streets, which contract shall
8 provide for allocation of the share of the cost of the construc-
9 tion or reconstruction to be borne by the department or a county
10 road commission, city, or village in annual installments for a
11 period not to exceed 30 years. The contract shall designate the
12 department or a county road commission, city, or village to carry
13 on, in whole or in part, the engineering, construction, or recon-
14 struction work required by the contract, which may include the
15 construction or enlargement, reconstruction, or relocation of
16 existing highways and work incidental to the engineering,
17 construction, or reconstruction work. The contract shall

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1 designate the department or a county road commission, city, or
2 village to undertake the acquisition of rights of way required
3 for the highways, which rights of way may be acquired by purchase
4 or condemnation by the department or a county road commission,
5 city, or village in its own name for the purposes of the con-
6 struction or reconstruction. The department or a county road
7 commission, city, or village may make a contribution to the cost
8 of its highway construction and reconstruction projects as are
9 provided for in contracts authorized in this section. A govern-
10 mental unit may make irrevocable pledges of its Michigan trans-
11 portation fund receipts to meet its annual obligations pursuant
12 to the contracts. A governmental unit ~~which~~ THAT is a party to
13 a contract may make an additional irrevocable pledge of a contri-
14 bution or funds received, or to be received, by the department or
15 a county road commission, city, or village from the federal gov-
16 ernment or 1 of its agencies or from any other source for or in
17 aid of the highway construction or reconstruction projects pro-
18 vided for in the contracts. A governmental unit ~~which~~ THAT is
19 a party to the contracts may borrow money and issue bonds in
20 accordance with this act for the purpose of providing funds for
21 the immediate construction or reconstruction of the highway
22 projects contemplated by the contracts. The bonds shall be
23 secured by an irrevocable pledge of the annual contributions
24 required to be made by the department or a county road commis-
25 sion, city, or village that is a party to the contracts. Before
26 the issuance of the bonds by a governmental unit, the issuance of
27 the bonds shall be approved by a resolution of the state

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1 administrative board and by a resolution of the county road
2 commission of each county and the governing body of each city or
3 village that is a party to the contracts. The annual contribu-
4 tion required by the contracts shall be paid to the governmental
5 unit issuing the bonds. A governmental unit ~~which~~ THAT is a
6 party to the contracts, at any time, may pay all or part of the
7 unpaid annual contributions undertaken by it in a contract, and
8 may raise money for that payment by the issuance of bonds in
9 accordance with and subject to this act. A contract executed
10 under this section may authorize the governmental unit issuing
11 the bonds pursuant to the contract to receive bids for the bonds,
12 accept the best bid, and issue and deliver the bonds for and on
13 behalf of all the parties to the contract.

14 (2) The aggregate amount of annual contributions from the
15 Michigan transportation fund ~~which~~ THAT may be made by a
16 county, city, or village under this section and pledged for the
17 payment of principal and interest on bonds issued pursuant to a
18 contract, shall not exceed 40% of the total amount received by it
19 from the Michigan transportation fund during the last completed
20 fiscal year ending on the June 30 before the execution of a
21 contract. The amount of an annual contribution made by the state
22 transportation department and pledged for the payment of bonds
23 pursuant to this section shall be included in computing the bond-
24 ing limit set forth in section 18b. The total aggregate amount
25 that may be pledged by a city or village for the payment of prin-
26 cipal and interest on bonds issued pursuant to a contract entered
27 into in accordance with this section and ~~Act No. 175 of the~~

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1 ~~Public Acts of 1952, as amended~~ 1952 PA 175, MCL 247.701 TO
2 247.707, shall not exceed 50% of the total amount received by the
3 city or village from the Michigan transportation fund and the
4 highway construction fund during the last completed fiscal year
5 ending on June 30 before the issuance of the bonds.

6 (3) BONDS ISSUED AND CONTRACTS ENTERED INTO UNDER THIS SEC-
7 TION ARE NOT SUBJECT TO THE REVISED MUNICIPAL FINANCE ACT, 2001
8 PA 34, MCL 141.2101 TO 141.2821.

9 (4) THE ISSUANCE OF BONDS UNDER THIS SECTION IS SUBJECT TO
10 THE AGENCY FINANCING REPORTING ACT.