

# SENATE BILL NO. 699

February 01, 2024, Introduced by Senators HUIZENGA, DAMOOSE, BELLINO, WEBBER, HAUCK, HOITENGA and DALEY and referred to the Committee on Appropriations.

A bill to amend 1951 PA 51, entitled

"An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to promote safe and efficient travel for motor vehicle drivers, bicyclists, pedestrians, and other legal users of roads, streets, and highways; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety

commission; to establish certain standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, local bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to provide for submission of annual legislative requests and reports; to provide for the establishment and functions of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and repayment by local units and agencies of those loans from certain specified sources; to investigate and study the tolling of roads, streets, highways, or bridges; and to repeal acts and parts of acts,"

by amending sections 10 and 11 (MCL 247.660 and 247.661), section 10 as amended by 2022 PA 50 and section 11 as amended by 2015 PA 175.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

- 1           Sec. 10. (1) A fund to be known as the Michigan transportation
- 2 fund is established in the state treasury as a separate fund. The
- 3 state treasurer may receive money or other assets from any source
- 4 for deposit into the fund. The state treasurer shall direct the

1 investment of the fund. The state treasurer shall credit to the  
2 fund interest and earnings from fund investments. Except as  
3 otherwise provided in this section, the legislature shall  
4 appropriate money for the necessary expenses incurred in the  
5 administration and enforcement of the motor fuel tax act, 2000 PA  
6 403, MCL 207.1001 to 207.1170, the motor carrier act, 1933 PA 254,  
7 MCL 475.1 to 479.42, and sections 801 to 810 of the Michigan  
8 vehicle code, 1949 PA 300, MCL 257.801 to 257.810. Money  
9 appropriated for necessary expenses must be based upon established  
10 cost allocation methodology that reflects actual costs.  
11 Appropriations for the necessary expenses incurred by the  
12 department of state in administration and enforcement of sections  
13 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL 257.801  
14 to 257.810, must be made from the Michigan transportation fund and  
15 from money in the transportation administration collection fund  
16 created in section 810b of the Michigan vehicle code, 1949 PA 300,  
17 MCL 257.810b. Appropriations from the Michigan transportation fund  
18 for the necessary expenses incurred by the department of state in  
19 administration and enforcement of sections 801 to 810 of the  
20 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, must  
21 not exceed \$20,000,000.00 per state fiscal year. Except as provided  
22 in section 51d of the income tax act of 1967, 1967 PA 281, MCL  
23 206.51d, all money in the Michigan transportation fund is  
24 apportioned and appropriated in the following manner:

25 (a) Not more than \$3,000,000.00 as may be annually  
26 appropriated each fiscal year to the state trunk line fund for  
27 subsequent deposit in the rail grade crossing account.

28 (b) Not more than \$3,000,000.00 as may be annually  
29 appropriated each fiscal year to the state trunk line fund for

1 subsequent deposit in the grade crossing surface account.

2 (c) Not more than \$3,000,000.00 each year to the local bridge  
3 fund established in subsection (4) for the purpose of payment of  
4 the principal, interest, and redemption premium on any notes or  
5 bonds issued by the state transportation commission under former  
6 section 11b or subsection (9).

7 (d) Except as otherwise provided in this subdivision and  
8 subject to section 11h, \$2,000,000.00 each year of the revenue from  
9 3 cents of the tax levied under section 8(1)(a) of the motor fuel  
10 tax act, 2000 PA 403, MCL 207.1008, to the local agency wetland  
11 mitigation board fund created in section 11h.

12 (e) Except as otherwise provided in this subdivision,  
13 \$5,000,000.00 each year of the revenue from 3 cents of the tax  
14 levied under section 8(1)(a) of the motor fuel tax act, 2000 PA  
15 403, MCL 207.1008, to the movable bridge fund created in section  
16 11g, with the remainder to the state trunk line fund, county road  
17 commissions, and cities and villages in the percentages provided in  
18 subdivision ~~(l)~~—(k). The department shall annually adjust the  
19 amount allocated under this subdivision by an amount equal to the  
20 annual increase in the Detroit Consumer Price Index for the  
21 preceding year.

22 (f) One-half of the revenue from 1 cent of the tax levied  
23 under section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL  
24 207.1008, to the state trunk line fund for the repair of state  
25 bridges under section 11, and 1/2 of the revenue from 1 cent of the  
26 tax levied under section 8(1)(a) of the motor fuel tax act, 2000 PA  
27 403, MCL 207.1008, to the local bridge fund created in subsection  
28 (4) for distribution only to cities, villages, and county road  
29 commissions.

1 ~~(g) \$50,000,000.00 to the state trunk line fund for debt~~  
 2 ~~service costs on state of Michigan projects.~~

3 **(g)** ~~(h)~~ Ten percent to the comprehensive transportation fund  
 4 for the purposes described in section 10e.

5 **(h)** ~~(i)~~ \$5,000,000.00 to the local bridge fund established in  
 6 subsection (4) for distribution only to the local bridge advisory  
 7 board, the regional bridge councils, cities, villages, and county  
 8 road commissions.

9 **(i)** ~~(j)~~ \$36,775,000.00 to the state trunk line fund for  
 10 subsequent deposit in the transportation economic development fund  
 11 created in section 2 of 1987 PA 231, MCL 247.902, with first  
 12 priority for allocation to debt service on bonds issued to fund  
 13 transportation economic development fund projects. In addition,  
 14 \$3,500,000.00 is appropriated from the Michigan transportation fund  
 15 to the state trunk line fund for subsequent deposit in the  
 16 transportation economic development fund created in section 2 of  
 17 1987 PA 231, MCL 247.902, to be used for economic development road  
 18 projects in any of the targeted industries described in section  
 19 9(1)(a) of 1987 PA 231, MCL 247.909.

20 **(j)** ~~(k)~~ Not less than \$33,000,000.00 as may be annually  
 21 appropriated each fiscal year to the local program fund created in  
 22 section 11e.

23 **(k)** ~~(l)~~ The balance of the Michigan transportation fund, as  
 24 well as funds allocated to the Michigan transportation fund and  
 25 collected under the Michigan Regulation and Taxation of Marihuana  
 26 Act, 2018 IL 1, MCL 333.27951 to 333.27967, as follows, after  
 27 deduction of the amounts appropriated in subdivisions (a) to  
 28 ~~(k)~~ **(j)** :

29 **(i)** 39.1% to the state trunk line fund for the purposes

1 described in section 11 and section 10o(5).

2 (ii) 39.1% to the county road commissions of this state.

3 (iii) 21.8% to the cities and villages of this state.

4 (2) The money appropriated under this section must be used for  
5 the purposes as provided in this act and any other applicable act.  
6 Subject to section 9b, the department shall develop programs in  
7 conjunction with the Michigan Chamber of Commerce and the Michigan  
8 Minority Supplier Development Council to assist small businesses,  
9 including those located in enterprise zones and those located in  
10 empowerment zones as determined under federal law, as defined by  
11 law in becoming qualified to bid.

12 (3) From federal funds, an amount equal to 31-1/2% of the  
13 money formerly appropriated to this state from the federal  
14 government under former 23 USC 157, commonly known as minimum  
15 guarantee funds, must be allocated to the transportation economic  
16 development fund, if the allocation is consistent with federal law.  
17 This money must be distributed 16-1/2% for development projects for  
18 rural counties as defined by law and 15% for capacity improvement  
19 or advanced traffic management systems in urban counties as defined  
20 by law. Federal money allocated for distribution under this section  
21 is eligible for obligation and use by all recipients as provided in  
22 the moving ahead for progress in the 21st century act, Public Law  
23 112-141.

24 (4) A fund to be known as the local bridge fund is established  
25 in the state treasury as a separate fund. The money appropriated to  
26 the local bridge fund and the interest accruing to that fund must  
27 be expended for the local bridge program. The purpose of the fund  
28 is to provide financial assistance to highway authorities for the  
29 preservation, improvement, or reconstruction of existing bridges or

1 for the construction of bridges to replace existing bridges in  
2 whole or part. The money in the local bridge fund is not subject to  
3 section 12(15) or 13(5). The local bridge advisory board is created  
4 and must consist of 6 voting members appointed by the state  
5 transportation commission and 2 nonvoting members appointed by the  
6 department. The board must include 3 members from the County Road  
7 Association of Michigan, 1 member who represents counties with  
8 populations 65,000 or greater, 1 member who represents counties  
9 with populations greater than 30,000 and less than 65,000, and 1  
10 member who represents counties with populations of 30,000 or less.  
11 Three members must be appointed from the Michigan Municipal League,  
12 1 member who represents cities with a population 75,000 or greater,  
13 1 member who represents cities with a population less than 75,000,  
14 and 1 member who represents villages. Each organization with voting  
15 rights shall submit a list of nominees in each population category  
16 to the state transportation commission. The state transportation  
17 commission shall make the appointments from the lists submitted  
18 under this subsection. Voting members must be appointed for 2  
19 years. The chairperson of the board must be selected from among the  
20 voting members of the board. In addition to the 2 nonvoting  
21 members, the department shall provide qualified administrative  
22 staff and qualified technical assistance to the board.

23 (5) No less than 5% and no more than 15% of the money received  
24 in the local bridge fund may be used for critical repair of large  
25 bridges and emergencies as determined by the local bridge advisory  
26 board. Money remaining after the money allocated for critical large  
27 bridge repair and emergencies is deducted must be distributed by  
28 the board to the regional bridge councils created under this  
29 section. One regional council must be formed for each department of

1 transportation region as those regions exist on October 1, 2004.  
2 The regional councils must consist of 2 members of the County Road  
3 Association of Michigan from counties in the region, 2 members of  
4 the Michigan Municipal League from cities and villages in the  
5 region, and 1 member of the department in each region. The members  
6 of the department are nonvoting members and shall provide qualified  
7 administrative staff and qualified technical assistance to the  
8 regional councils.

9 (6) Money in the local bridge fund after deduction of the  
10 amounts set aside for critical repair of large bridges and  
11 emergency repairs must be distributed among the regional bridge  
12 councils according to all of the following ratios, which must be  
13 assigned a weight expressed as a percentage as determined by the  
14 board, with each ratio receiving no greater than a 50% weight and  
15 no less than a 25% weight:

16 (a) A ratio with a numerator that is the total number of local  
17 bridges in the region and a denominator that is the total number of  
18 local bridges in this state.

19 (b) A ratio with a numerator that is the total local bridge  
20 deck area in the region and a denominator that is the total local  
21 bridge deck area in this state.

22 (c) A ratio with a numerator that is the total amount of  
23 structurally deficient local bridge deck area in the region and a  
24 denominator that is the total amount of structurally deficient  
25 local bridge deck area in this state.

26 (7) The regional bridge councils shall allocate the money  
27 received from the board for the preservation, improvement, and  
28 reconstruction of existing bridges or for the construction of  
29 bridges to replace existing bridges in whole or in part in each



1 region.

2 (8) Each January, the department shall submit a report to the  
3 chair and the minority vice-chair of the appropriations committees  
4 of the senate and the house of representatives, and to the standing  
5 committees on transportation of the senate and the house of  
6 representatives, on all of the following activities for the  
7 previous state fiscal year:

8 (a) A listing of how much money was dedicated for emergency  
9 and large bridge repair.

10 (b) A listing of what emergency and large bridge repair  
11 projects were funded.

12 (c) The actual weights used in the calculation required under  
13 subsection (6).

14 (d) A listing of the total money distributed to each region.

15 (e) A listing of the specific projects that were funded under  
16 subsection (7).

17 (9) The state transportation commission shall borrow money and  
18 issue notes or bonds in an amount of not less than \$30,000,000.00  
19 to supplement the funding provided for the local bridge program  
20 under subsection (5). The bonds or notes issued under this  
21 subsection may be issued by the commission for any purpose for  
22 which other local bridge money may be used under this section. The  
23 bonds or notes authorized by this subsection must be issued by  
24 resolution of the state transportation commission consistent with  
25 the requirements of section 18b.

26 (10) The department shall promulgate rules under the  
27 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
28 24.328, governing the administration of the local bridge program.  
29 The rules must set forth the eligibility criteria for financial

1 assistance under the program and other matters related to the  
2 program that the department considers necessary and desirable. The  
3 department shall take into consideration the availability of  
4 federal aid and other financial resources of the highway authority  
5 responsible for the bridge, the importance of the bridge to the  
6 highway, road, or street network, and the condition of the existing  
7 bridge.

8 (11) The revenue appropriated to the local bridge fund under  
9 subsection ~~(1) (i)~~ **(1) (h)** must be distributed only to the local  
10 bridge advisory board, the regional bridge councils, cities,  
11 villages, and county road commissions.

12 (12) The regional bridge councils shall determine what bridge  
13 projects are selected for funding from the local bridge fund  
14 created in subsection (4) and shall make a list of selected  
15 projects available to interested parties in the region. A  
16 determination that a bridge project is selected for funding in a  
17 given fiscal year is not approval to disburse the money.

18 (13) A county road commission, city, or village may implement  
19 a bridge project if the bridge project has been selected for  
20 funding and is included in the appropriate regional bridge  
21 council's current multiyear bridge plan for the local bridge  
22 program but the regional bridge council has not allocated money to  
23 the bridge project for the fiscal year that the bridge project is  
24 on the current multiyear bridge plan. A county road commission,  
25 city, or village may borrow money to implement a project that has  
26 been selected for funding and is included in the appropriate  
27 regional bridge council's current multiyear bridge plan but has not  
28 been allocated money by the regional bridge council. Based on  
29 available local bridge money, when a bridge project that was

1 implemented with borrowed money is allocated funding in a  
2 subsequent fiscal year, the funding must only be used to repay the  
3 amount approved by the multiyear bridge plan when the money was  
4 borrowed. To be eligible for repayment of the amount borrowed, a  
5 bridge project that has been implemented with borrowed money must  
6 be administered through the department's local bridge program.

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

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

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

23       (ii) For the payment of the principal and interest upon bonds  
24 designated "State of Michigan, State Highway Commissioner, Highway  
25 Construction Bonds, Series I", dated September 1, 1956, in the  
26 aggregate principal amount of \$25,000,000.00, issued ~~pursuant to~~  
27 **under** former 1955 PA 87 and the resolution of the state  
28 administrative board adopted August 6, 1956, for the payment of  
29 which a sufficient sum is irrevocably appropriated.

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

15           (b) For the transfer of money appropriated under section  
16 10(1)(i) to the transportation economic development fund **created in**  
17 **section 2 of 1987 PA 231, MCL 247.902**, but the transfer ~~shall~~**must**  
18 be reduced each fiscal year by the amount of debt service to be  
19 paid in that year from the state trunk line fund for bonds, notes,  
20 or other obligations issued to fund projects of the transportation  
21 economic development fund **created in section 2 of 1987 PA 231, MCL**  
22 **247.902**, ~~which in an amount shall~~**that must** be certified by the  
23 department.

24           (c) For the transfer of money appropriated under section  
25 10(1)(a) to the rail grade crossing account in the state trunk line  
26 fund for expenditure for rail grade crossing improvement purposes  
27 at rail grade crossings on public roads and streets under the  
28 jurisdiction of this state, counties, cities, or villages. The  
29 department shall select projects for funding in accordance with the

1 following:

2 (i) Not more than 50% or less than 30% of this money and  
3 matched federal money ~~shall~~**may** be expended for state trunk line  
4 projects.

5 (ii) In prioritizing projects for this money, in whole or in  
6 part, the department shall consider train and vehicular traffic  
7 volumes, accident history, traffic control device improvement  
8 needs, and the availability of funding.

9 (iii) Consistent with the other requirements for this money, the  
10 first priority for money deposited under this subdivision for rail  
11 grade crossing improvements and retirement ~~shall be~~**is** to match  
12 federal money from the railroad-highway grade crossing improvement  
13 program or other comparable federal programs if a match is required  
14 under federal law.

15 (iv) If the department and a road authority with jurisdiction  
16 over the crossing formally agree that the grade crossing should be  
17 eliminated by permanent closing of the public road or street, the  
18 physical removal of the crossing, roadway within railroad rights of  
19 way and street termination treatment ~~shall~~**must** be negotiated  
20 between the road authority and railroad company. The money provided  
21 to the road authority as a result of the crossing closure ~~shall~~  
22 **must** be credited to its account representing the same road or  
23 street system on which the crossing is located and ~~shall~~**must** be  
24 used for any transportation purpose within that road authority's  
25 jurisdiction.

26 (d) For the transfer of money appropriated under section  
27 10(1)(b) to the grade crossing surface account in the state trunk  
28 line fund for expenditure for rail grade crossing surface  
29 improvement purposes at rail grade crossings on public roads and

1 streets under the jurisdiction of counties, cities, or villages.  
2 Projects ~~shall~~**must** be selected for funding in accordance with the  
3 following:

4 (i) In prioritizing projects, the department shall consider  
5 vehicular traffic volumes, relative crossing surface condition, the  
6 ability of the railroad and local road authority to make  
7 coordinated improvements, and the availability of funding.

8 (ii) The grade crossing surface account ~~shall~~**must** fund 60% of  
9 the project cost, with the remaining 40% funded by the railroad  
10 company.

11 (iii) Funding under the grade crossing surface account ~~shall be~~  
12 **is** limited to items of work that are normally the responsibility of  
13 the railroad under section 309 of the railroad code of 1993, 1993  
14 PA 354, MCL 462.309. Maintenance of the roadway approaches to the  
15 crossing will continue to be the responsibility of the party with  
16 jurisdiction over that roadway.

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

19 (f) For the preservation of state trunk line highways and  
20 bridges.

21 (g) For the opening, widening, improving, construction, and  
22 reconstruction of state trunk line highways and bridges, including  
23 the acquisition of necessary rights of way and the work incidental  
24 to that opening, widening, improving, construction, or  
25 reconstruction. Those sums in the state trunk line fund not  
26 otherwise appropriated, distributed, determined, or set aside by  
27 law ~~shall~~**must** be used for the construction or reconstruction of  
28 the national system of interstate and defense highways, referred to  
29 in this act as "the interstate highway system" to the extent

1 necessary to match federal aid money as the federal aid money  
2 becomes available for that purpose; and, for the construction and  
3 reconstruction of the state trunk line system.

4 (h) The department may enter into agreements with a local road  
5 agency or a private sector company to perform work on a highway,  
6 road, or street. The agreements may provide for the performance by  
7 any of the contracting parties of any of the work contemplated by  
8 the contract including maintenance, engineering services, and the  
9 acquisition of rights of way in connection with the work, by  
10 purchase or condemnation by any of the contracting parties in its  
11 own name, and for joint participation in the costs, but only to the  
12 extent that the contracting parties are otherwise authorized by law  
13 to expend money on the highways, roads, or streets. The department  
14 also may contract with a local road agency to advance money to a  
15 local road agency to pay the costs of improving railroad grade  
16 crossings on the terms and conditions agreed to in the contract. A  
17 contract may be executed before or after the state transportation  
18 commission borrows money for the purpose of advancing money to a  
19 local road agency, but the contract ~~shall~~**must** be executed before  
20 the advancement of any money to a local road agency by the state  
21 transportation commission, and ~~shall~~**must** provide for the full  
22 reimbursement of any advancement by a local road agency to the  
23 department, with interest, within 15 years after advancement, from  
24 any available revenue sources of the local road agency or, if  
25 provided in the contract, by deduction from the periodic  
26 disbursements of any money returned by the state to the local road  
27 agency.

28 (i) For providing inventories of supplies and materials  
29 required for the activities of the department. The department may

1 purchase supplies and materials for these purposes, with payment to  
2 be made out of the state trunk line fund to be charged on the basis  
3 of issues from inventory in accordance with the accounting and  
4 purchasing laws of this state.

5 (2) Notwithstanding any other provision of this act, the  
6 department shall annually expend at least 90% of state revenue  
7 appropriated annually to the state trunk line fund less the amounts  
8 described in subdivisions (a) to (i) for the preservation of  
9 highways, roads, streets, and bridges and for the payment of debt  
10 service on bonds, notes, or other obligations described in  
11 subsection (1)(a) issued after July 1, 1983, for the purpose of  
12 providing money for the preservation of highways, roads, streets,  
13 and bridges. Of the amounts appropriated for state trunk line  
14 projects, the department shall, where possible, secure pavement  
15 warranties for full replacement or appropriate repair for  
16 contracted construction work on pavement projects whose cost  
17 exceeds \$2,000,000.00 and projects for new construction or  
18 reconstruction undertaken after ~~the effective date of the 2015~~  
19 ~~amendatory act that amended this subsection.~~ **April 1, 2016.** The  
20 department shall compile and make available to the public an annual  
21 report of all warranties that were secured under this subsection  
22 and all pavement projects whose costs exceed \$2,000,000.00 where a  
23 warranty was not secured as provided in subsection (14). If an  
24 appropriate certificate is filed under section 18e but only to the  
25 extent necessary, this subsection does not prohibit the use of any  
26 amount of money restricted as to use by section 9 of article IX of  
27 the state constitution of 1963 and deposited in the state trunk  
28 line fund for the payment of debt service on bonds, notes, or other  
29 obligations pledging for the payment thereof money restricted as to



1 use by section 9 of article IX of the state constitution of 1963  
2 and deposited in the state trunk line fund, whenever issued, as  
3 specified under subsection (1)(a). The amounts that are deducted  
4 from the state trunk line fund for the purpose of the calculation  
5 required by this subsection are as follows:

6 (a) Amounts expended for the purposes described in subsection  
7 (1)(a) for the payment of debt service on bonds, notes, or other  
8 obligations issued before July 2, 1983.

9 (b) Amounts expended to provide the state matching requirement  
10 for projects on the national highway system and for the payment of  
11 debt service on bonds, notes, or other obligations issued after  
12 July 1, 1983, for the purpose of providing money for the state  
13 matching requirements for projects on the national highway system.

14 (c) Amounts expended for the construction of a highway,  
15 street, road, or bridge to 1 or more of the following or for the  
16 payment of debt service on bonds, notes, or other obligations  
17 issued after July 1, 1983, for the purpose of providing money for  
18 the construction of a highway, street, road, or bridge to 1 or more  
19 of the following:

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

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

25 (d) Amounts expended for capital outlay other than for  
26 highways, roads, streets, and bridges or to pay debt service on  
27 bonds, notes, or other obligations issued after July 1, 1983, for  
28 the purpose of providing money for capital outlay other than for  
29 highways, roads, streets, and bridges.

1 (e) Amounts expended for the operating expenses of the  
2 department other than the units of the department performing the  
3 functions assigned on January 1, 1983 to the bureau of highways.

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

6 (g) Amounts expended for the purposes described in subsection  
7 (5).

8 (h) Amounts appropriated for deposit in the transportation  
9 economic development fund **created in section 2 of 1987 PA 231, MCL**  
10 **247.902**, and the rail grade crossing account ~~pursuant to~~**under**  
11 section 10(1)(a) and ~~(h)~~**(i)**.

12 (i) Upon the affirmative recommendation of the director of the  
13 department and the approval by resolution of the state  
14 transportation commission, those amounts expended for projects  
15 vital to the economy of this state, a region, or local area or the  
16 safety of the public. The resolution ~~shall~~**must** state the cost of  
17 the project exempted from this subsection.

18 (3) Notwithstanding any other provision of this act, the  
19 department shall expend annually at least 90% of the federal  
20 revenue distributed to the credit of the state trunk line fund in  
21 that year, except for federal revenue expended for the purposes  
22 described in subsection (2)(b), (c), (f), and (i) and for the  
23 payment of notes issued under section 18b(9) on the preservation of  
24 highways, roads, streets, and bridges. The requirement of this  
25 subsection is waived if compliance would cause this state to be  
26 ineligible according to federal law for federal revenue, but only  
27 to the extent necessary to make this state eligible according to  
28 federal law for that revenue.

29 (4) Notwithstanding any other provision of this section, the

1 department may loan money to a local road agency for paying capital  
 2 costs of transportation purposes described in the second paragraph  
 3 of section 9 of article IX of the state constitution of 1963 from  
 4 the proceeds of bonds or notes issued ~~pursuant to~~**under** section 18b  
 5 or from the state trunk line fund. Loans made directly from the  
 6 state trunk line fund ~~shall~~**must not** be made ~~only~~**until** after **the**  
 7 provision of money for the purposes specified in subsection (1)(a)  
 8 to (f). Loans described in this subsection are not subject to the  
 9 revised municipal finance act, 2001 PA 34, MCL 141.2101 to  
 10 141.2821.

11 (5) A local road agency may borrow money from the proceeds of  
 12 bonds or notes issued under section 18b or the state trunk line  
 13 fund for the purposes set forth in subsection (4) that ~~shall be~~**are**  
 14 repayable, with interest, from 1 or more of the following:

15 (a) The money to be received by the local road agency from the  
 16 Michigan transportation fund, except to the extent the money has  
 17 been or may in the future be pledged by contract ~~in accordance with~~  
 18 **under** 1941 PA 205, MCL 252.51 to 252.64, or has been or may in the  
 19 future be pledged for the payment of the principal and interest  
 20 upon notes issued under 1943 PA 143, MCL 141.251 to 141.254, or has  
 21 been or may in the future be pledged for the payment of principal  
 22 and interest upon bonds issued under section 18c or 18d, or has  
 23 been or may in the future be pledged for the payment of the  
 24 principal and interest upon bonds issued under 1952 PA 175, MCL  
 25 247.701 to 247.707.

26 (b) Any other legally available money of the local road  
 27 agency, other than the general funds of the county.

28 (6) If required by the department, loans made under subsection  
 29 (4) are payable by deduction by the state treasurer, upon direction

1 of the department, from the periodic disbursements of any money  
2 returned by this state under this act to the local road agency, but  
3 only after sufficient money has been returned to the local road  
4 agency to provide for the payment of contractual obligations  
5 incurred or to be incurred and principal and interest on notes and  
6 bonds issued or to be issued under 1941 PA 205, MCL 252.51 to  
7 252.64, 1943 PA 143, MCL 141.251 to 141.254, 1952 PA 175, MCL  
8 247.701 to 247.707, or section 18c or 18d. The interest rates and  
9 payment schedules of any loans made from the proceeds of bonds or  
10 notes issued ~~pursuant to~~ **under** section 18b shall be established by  
11 the department to conform as closely as practicable to the interest  
12 rate and repayment schedules on the bonds or notes issued to make  
13 the loans. However, the department may allow for the deferral of  
14 the first payment of interest or principal on the loans for a  
15 period of not to exceed 1 year after the respective first payment  
16 of interest or principal on the bonds or notes issued to make the  
17 loans.

18 (7) The amount borrowed by a local road agency under  
19 subsection (5) ~~shall~~ **must** not be included in, or charged against,  
20 any constitutional, statutory, or charter debt limitation of the  
21 county, city, or village and ~~shall~~ **must** not be included in the  
22 determination of the maximum annual principal and interest  
23 requirements of, or the limitations upon, the maximum annual  
24 principal and interest incurred under 1941 PA 205, MCL 252.51 to  
25 252.64, 1943 PA 143, MCL 141.251 to 141.254, 1952 PA 175, MCL  
26 247.701 to 247.707, or section 18c or 18d.

27 (8) The local road agency is not required to seek or obtain  
28 the approval of the electors, the municipal finance commission or  
29 its successor agency, or, except as provided in this subsection,

1 the department of treasury to borrow money under subsection (5).  
2 The borrowing is not subject to the revised municipal finance act,  
3 2001 PA 34, MCL 141.2101 to 141.2821, or to section ~~5(g)~~**5(1)(g)** of  
4 the home rule city act, 1909 PA 279, MCL 117.5. The department  
5 shall give at least 10 days' notice to the state treasurer of its  
6 intention to make a loan under subsection (4). If the state  
7 treasurer gives notice to the director of the department within 10  
8 days ~~of~~**after** receiving the notice from the department, that, based  
9 upon the then existing financial or credit situation of the local  
10 road agency, it would not be in the best interests of this state to  
11 make a loan under subsection (4) to the local road agency, the loan  
12 ~~shall~~**must** not be made unless the state treasurer, after a hearing,  
13 if requested by the affected local road agency, subsequently gives  
14 notice to the director of the department that the loan may be made  
15 on the conditions that the state treasurer specifies.

16 (9) The state transportation commission may borrow money and  
17 issue bonds and notes under section 18b to make loans to a local  
18 road agency for the purposes described in the second paragraph of  
19 section 9 of article IX of the state constitution of 1963, as  
20 provided in subsection (4). A single issue of bonds or notes may be  
21 issued for the purposes specified in subsection (4) and for the  
22 other purposes specified in section 18b. The **department shall**  
23 **notify the** house and senate transportation appropriations  
24 subcommittees ~~shall be notified by the department~~ if there are  
25 extras and overruns sufficient to require approval of either the  
26 state administrative board or the commission, or both, on any  
27 contract between the department and a local road agency or a  
28 private business.

29 (10) The director of the department, after consultation with

1 representatives of the interests of local road agencies, shall  
2 establish, by intergovernmental communication, procedures for the  
3 implementation and administration of the loan program established  
4 under subsections (4) to (9).

5 (11) Not more than 8% per year of all of the money received by  
6 and returned to the department from any source for the purposes of  
7 this section may be expended for administrative expenses. The  
8 department ~~shall be~~ **is** subject to section 14(5) if more than 8% per  
9 year is expended for administrative expenses. As used in this  
10 subsection, "administrative expenses" means expenses that are not  
11 assigned including, but not limited to, specific road construction  
12 or preservation projects and are often referred to as general or  
13 supportive services. Administrative expenses do not include net  
14 equipment expense, net capital outlay, debt service principal and  
15 interest, and payments to other state or local offices that are  
16 assigned, but not limited to, specific road construction projects  
17 or preservation activities.

18 (12) Any performance audits of the department ~~shall~~ **must** be  
19 conducted according to government auditing standards issued by the  
20 United States General Accounting Office.

21 (13) Contracts entered into to advance money to a local road  
22 agency under subsection ~~(1)(g)~~ **(1)(h)** are not subject to the  
23 revised municipal finance act, 2001 PA 34, MCL 141.2101 to  
24 141.2821.

25 (14) The department shall prepare on an annual basis a report  
26 listing all warranties that were secured under subsection (2) and  
27 indicate whether any of those warranties were redeemed and all  
28 pavement projects whose costs exceed \$2,000,000.00 for which a  
29 warranty was not secured as described in subsection (2). The

1 department shall make the report required by this subsection  
2 available to the public upon request and shall also post the report  
3 on its website. ~~, which shall~~ **The report required by this**  
4 **subsection must** include, but is not limited to, all of the  
5 following information:

6 (a) The type of project.

7 (b) The cost or estimated cost of the project.

8 (c) The expected lifespan of the project.

9 (d) Whether or not the project met or is currently meeting its  
10 expected lifespan.

11 (e) If the project failed to meet or is not meeting its  
12 expected lifespan, the cause of the failure and the cost to replace  
13 or repair the project.

14 (f) The entity responsible for paying the cost of replacing or  
15 repairing the project.

16 (15) As used in this section:

17 (a) "Local road agency" means that term as defined in section  
18 9a.

19 (b) "Rail grade crossing improvement purposes" means 1 or more  
20 of the following:

21 (i) The installation and modernization of active and passive  
22 warning devices at railroad grade crossings.

23 (ii) The installation or improvement of grade crossing  
24 surfaces.

25 (iii) Modification, relocation, or modernization of railroad  
26 grade crossing active and passive warning devices necessitated by  
27 roadway improvement projects.

28 (iv) Test installations of innovative warning devices or other  
29 innovative applications.

1 (v) Construction of new grade separations.

2 (vi) A cash incentive payment made ~~pursuant to~~**under** subsection  
3 (1) (c) (iv) for any public road or street crossing, in an amount no  
4 greater than the cost of installing flashing light signals and half  
5 roadway gates at the crossing.

6 (vii) Any other work that would be eligible for funding under  
7 the federal railroad-highway grade crossing improvement program or  
8 other comparable programs.

9 Enacting section 1. This amendatory act does not take effect  
10 unless Senate Bill No. 698 of the 102nd Legislature is enacted into  
11 law.