

**TRANSPORTATION ECONOMIC DEVELOPMENT FUND**  
**Act 231 of 1987**

AN ACT to create a transportation economic development fund in the state treasury; to prescribe the uses of and distributions from this fund; to create the office of economic development and to prescribe its powers and duties; to prescribe the powers and duties of the state transportation department, state transportation commission, and certain other bodies; and to permit the issuance of certain bonds.

**History:** 1987, Act 231, Imd. Eff. Dec. 28, 1987;—Am. 1989, Act 218, Imd. Eff. Dec. 1, 1989.

*The People of the State of Michigan enact:*

**247.901 Definitions.**

Sec. 1. As used in this act:

(a) "Administrator" means the person appointed by the department, in accordance with the policies of the commission and civil service rules, to serve as director of the office of economic development.

(b) "Advanced traffic management systems" means the application of new technology designed to monitor, control, and manage the flow of traffic in real-time on a transportation network through traffic detection, communications, traffic control, and information processing technologies. Advanced traffic management systems do not include on-board navigation systems or electronic route guidance systems in a motor vehicle.

(c) "Commercial forest land" means land defined as commercial forest in Michigan's fourth forest inventory completed in May 1981 and reported by the United States Department of Agriculture in the resource bulletin NC-68 available from the United States Forest Service's north central experiment station.

(d) "Commission" means the state transportation commission.

(e) "County road agency" means the board of county road commissioners, or if a board does not exist in a county, the agency designated by county charter.

(f) "Department" means the state transportation department.

(g) "Fund" means the economic development fund created in section 2.

(h) "National lakeshore" means land conveyed by this state to the United States that the United States has designated as national lakeshore.

(i) "National park" means land set aside and designated as a national park by the United States.

(j) "Project" means a transportation road construction or improvement. Project also includes a transit-oriented facility.

(k) "Qualified county" means a county in which a national lakeshore or a national park is located, or a county in which 34% or more of all the land is commercial forest land.

(l) "Rural county" means any county in this state with a population of 400,000 or less.

(m) "Transit-oriented facility" means a facility that houses a transit station in a manner that promotes transit ridership or passenger rail use and other infrastructure improvements that facilitate transit ridership or passenger rail use.

(n) "Urban county" means a county in this state with a population greater than 400,000.

**History:** 1987, Act 231, Imd. Eff. Dec. 28, 1987;—Am. 1989, Act 218, Imd. Eff. Dec. 1, 1989;—Am. 1991, Act 188, Imd. Eff. Dec. 27, 1991;—Am. 2010, Act 238, Imd. Eff. Dec. 14, 2010;—Am. 2016, Act 501, Imd. Eff. Jan. 9, 2017.

**247.902 Transportation economic development fund and office of economic development; establishment; purposes; sources of revenue.**

Sec. 2. (1) The transportation economic development fund is established and shall be set up and maintained in the state treasury as a separate fund for the purposes of enhancing this state's ability to compete in an international economy, serving as a catalyst for the economic growth of this state, and to improve the quality of life in the rural and urban areas of this state.

(2) The office of economic development is established within the department.

(3) The office of economic development shall administer the fund in accordance with the adopted policies of the commission.

(4) The fund shall consist of the following:

(a) Revenue from the Michigan transportation fund pursuant to section 10 of Act No. 51 of the Public Acts of 1951, being section 247.660 of the Michigan Compiled Laws.

(b) Revenue from the increases in fees as described in section 819 of the Michigan vehicle code, Act No. 300 of the Public Acts of 1949, being section 257.819 of the Michigan Compiled Laws.

**History:** 1987, Act 231, Imd. Eff. Dec. 28, 1987;—Am. 1989, Act 218, Imd. Eff. Dec. 1, 1989.

**247.903 Allocation of funds for projects; notice; hearings; funding projects under MCL 247.907(3) and 247.909(1)(a); coordination of projects; department as contracting agent; assistance to commission; appropriation for administration of fund; duties of commission and office of economic development.**

Sec. 3. (1) Money from the fund shall be allocated for projects to be funded under section 11(3)(a) in accordance with the adopted policies of the commission. No funds shall be committed to any project, nor shall any project be authorized for any funds under this act, until the commission notifies the senate committee on transportation and the house committee on transportation and the subcommittees on transportation of the senate and house appropriations committees of the proposed projects as provided in section 18k of 1951 PA 51, MCL 247.668k. Hearings may be conducted to afford interested parties the opportunity to address aspects of the selection process, the final project list, proposed funding, and related issues. If hearings are not conducted by the senate committee on transportation and the house committee on transportation and the subcommittees on transportation of the senate and house appropriations committees within 30 days, if both the senate and house are in session, or 60 days, if either the senate or the house or both are not in session of project notification by the commission, the department may proceed with project authorization for funding.

(2) The commission shall not commit funds to any project in a new category for funding under section 7(3) or section 9(1)(a) before the commission notifies the legislative committees of the criteria for approval of projects under these categories in the same manner described in this section.

(3) Projects in section 11(3)(a) shall be coordinated with projects in section 11(3)(c) through the designated representatives on the urban task forces and regional rural task forces.

(4) The department may be the contracting agent for all projects to be funded by this act. Contracts shall be awarded consistent with the policies of the commission.

(5) The administrator or the person acting in that capacity shall assist the commission in reviewing recommendations for funding projects under this act.

(6) Of the money appropriated to the fund, not more than 1% as annually appropriated by the legislature shall be appropriated for administration of the fund. Not more than \$100,000.00 of the money allocated under section 11(3)(a) for projects described in section 9(1)(b) may be expended for administration of those projects.

(7) The commission shall do the following:

(a) Establish criteria for the awarding of projects.

(b) Exercise oversight to facilitate its development of policy for administration of the fund.

(c) Review all projects recommended for funding to assure that they satisfy commission policies and criteria. Funds shall not be allocated to projects unless they are in accord with commission policy and criteria.

(8) The office of economic development shall review each project application and recommend the award of funding to selected projects in accordance with the adopted policies of the commission.

**History:** 1987, Act 231, Imd. Eff. Dec. 28, 1987;—Am. 1989, Act 218, Imd. Eff. Dec. 1, 1989;—Am. 1993, Act 149, Imd. Eff. Aug. 19, 1993;—Am. 2016, Act 501, Imd. Eff. Jan. 9, 2017;—Am. 2018, Act 473, Eff. Mar. 29, 2019.

**247.905 Repealed. 1993, Act 149, Imd. Eff. Aug. 19, 1993.**

**Compiler's note:** The repealed section pertained to evaluation criteria and minimum requirements for projects.

**247.906 Applications for projects; solicitation; form.**

Sec. 6. (1) The administrator may solicit project applications for the projects that may be funded under section 11(3)(a) each calendar quarter.

(2) The requirements of the application form shall be prepared by the administrator in accordance with the adopted policies of the commission.

**History:** 1987, Act 231, Imd. Eff. Dec. 28, 1987;—Am. 1989, Act 218, Imd. Eff. Dec. 1, 1989;—Am. 1993, Act 149, Imd. Eff. Aug. 19, 1993.

**247.907 Submission of application; minimum requirements.**

Sec. 7. (1) An applicant shall submit an application for funding on a form approved pursuant to section 6.

(2) The department or a city, village, or county road agency may submit an application. Two or more cities, villages, or county road agencies or a combination of 2 or more of these units may jointly submit an application.

(3) The following minimum requirements shall be met by each applicant in order for the application to be considered:

(a) A particular transportation need shall be shown for the project.

- (b) A proposed economic development project shall be related to 1 of the following:
  - (i) An immediate, nonspeculative opportunity for permanent job creation or retention and an increase in the tax base of the local area if the project is applied for by a local unit of government.
  - (ii) Projects that contribute to the economic development and redevelopment of areas having experienced or having significant potential to experience job loss. The commission shall adopt criteria for applications and evaluations of projects applied for under this subparagraph within 90 days after the effective date of the amendatory act that added this subparagraph.
- (c) Negotiations between an appropriate public agency and a developer or business regarding a location or retention decision shall be in process at the time of application.
- (d) The applicant shall indicate that nontransportation infrastructure and support services to support the project are underway or committed.
- (e) The applicant shall attach a copy of a resolution of support from the appropriate local unit of government.
- (f) The project shall relate to 1 or more of the categories described in section 9.

**History:** 1987, Act 231, Imd. Eff. Dec. 28, 1987;—Am. 1989, Act 218, Imd. Eff. Dec. 1, 1989;—Am. 1993, Act 149, Imd. Eff. Aug. 19, 1993.

**247.908 Initial review of application; criteria; recommendation; consultation; informing appropriations committees; hearings as condition to committing funds.**

Sec. 8. (1) Each application shall be submitted for initial review to the administrator who may call upon other personnel of the department to assist in processing, reviewing, and evaluating project applications.

(2) The office of economic development shall review each application based on the criteria approved by the commission and make its recommendation for projects to be funded. The commission and the office of economic development may consult with officers of local units of government, developers, or other experts in the subject matter area of the project in the area in which the project is to be located.

(3) The commission shall inform the chairpersons of the house and senate appropriations committees and the chairpersons of the house and senate committees that consider transportation matters of each project selected for funding not less than 30 days before the awarding of funding pursuant to section 18k of Act No. 51 of the Public Acts of 1951, being section 247.668k of the Michigan Compiled Laws. Funds shall not be committed to any project until the hearings requirement set forth in section 3(1) has been satisfied.

**History:** 1987, Act 231, Imd. Eff. Dec. 28, 1987;—Am. 1989, Act 218, Imd. Eff. Dec. 1, 1989;—Am. 1993, Act 149, Imd. Eff. Aug. 19, 1993.

**247.909 Project categories; requirements; criteria.**

Sec. 9. (1) A project shall relate to 1 or more of the following categories:

(a) Economic development road projects in any of the following targeted industries:

- (i) Agriculture or food processing.
- (ii) Tourism.
- (iii) Forestry.
- (iv) High technology research.
- (v) Manufacturing.
- (vi) Mining.
- (vii) Office centers of not less than 50,000 square feet.
- (viii) Medical research or medical tourism facilities of not less than 50,000 square feet.

(b) Projects for construction or preservation of streets in cities and villages with a population of 10,000 or less, including, but not limited to, reconstruction, replacement, rehabilitation, and capital preventive maintenance.

(c) Projects for reducing congestion on county primary and city major streets within urban counties including advanced traffic management systems.

(d) Projects for improvements within rural counties on rural primary roads and major streets in cities and villages with a population of 5,000 or less.

(e) Projects for improvements within rural counties on county rural primary roads or major streets within incorporated villages and cities with a population of more than 5,000.

(2) The minimum requirements specified in section 7 for projects identified in subsection (1)(a) shall ensure that those projects satisfy the following requirements:

- (a) Meet a particular transportation need that is shown to exist.
- (b) Have an immediate positive impact on local employment and the economy.
- (c) Exclude speculative projects with little or no return on investment. Projects that contribute to the

economic development and redevelopment of areas having experienced or having significant potential to experience job loss that meet the criteria for funding under section 7(3)(b)(ii) are not speculative for the purposes of this subdivision.

(d) Provide cooperation and support between developers and state and local government.

(e) Were evaluated on the basis of impact on the local community.

(3) A project that is within 1 or more of the categories in subsection (1) shall meet the criteria developed for each category.

**History:** 1987, Act 231, Imd. Eff. Dec. 28, 1987;—Am. 1991, Act 188, Imd. Eff. Dec. 27, 1991;—Am. 1993, Act 149, Imd. Eff. Aug. 19, 1993;—Am. 2016, Act 500, Imd. Eff. Jan. 9, 2017;—Am. 2018, Act 473, Eff. Mar. 29, 2019.

#### **247.910 Cost of project; matching funds; evaluation criteria.**

Sec. 10. (1) The costs of a project that are eligible to be funded under section 11(3)(a) and (c) shall be developed by the administrator in accordance with the adopted policies of the commission and shall include at a minimum those costs normally associated with highway construction projects such as project planning, design, right-of-way acquisition, and construction, but excluding routine maintenance.

(2) The costs of a project that are eligible to be funded under section 11(3)(d) shall be developed by the administrator in accordance with the adopted policies of the commission and shall exclude right-of-way acquisition, design, engineering, and routine maintenance.

(3) Matching funds of not less than 20% of the total eligible costs of a project shall be required for those projects described in section 9(1)(a), (d), and (e). This requirement may be set aside in the case of extreme economic hardship for projects described in section 9(1)(a) in the local unit in which the project is located. Evaluation criteria for projects described in section 9(1)(a) shall include whether there is a contribution of more than the required 20% matching funds as part of the determination of which projects are to be funded.

(4) An individual grant for a project described in section 9(1)(b) shall not exceed \$250,000.00, and matching funds of not less than 50% of the total eligible costs of the project shall be required.

**History:** 1987, Act 231, Imd. Eff. Dec. 28, 1987;—Am. 1989, Act 218, Imd. Eff. Dec. 1, 1989;—Am. 1993, Act 149, Imd. Eff. Aug. 19, 1993;—Am. 2018, Act 473, Eff. Mar. 29, 2019.

#### **247.911 Bonds; issuance; purpose; appropriation of fund revenue; percentages; distribution to certain targeted industries.**

Sec. 11. (1) Bonds may be issued as authorized by the commission for the purpose of funding projects under this act in the manner provided in sections 18b and 18k of 1951 PA 51, MCL 247.668b and 247.668k, and in accordance with the adopted policies of the commission. Bonds shall not be committed for any project under this act until the requirements under section 3(1) have been satisfied.

(2) After the payment of interest and principal on bonds issued under this act and the appropriation for costs of administration of the fund as provided under this act, fund revenue shall be annually appropriated as follows:

(a) The first \$5,000,000.00 for a forest roads program. Forest roads program funds shall be distributed each fiscal year to each qualified county in a percentage amount equal to the same percentage amount that the number of acres of commercial forest, national park, and national lakeshore land in each qualified county bears to the total number of acres of commercial forest, national park, and national lakeshore land in all qualified counties in this state. Revenue distributed under this subdivision shall be used for the construction or reconstruction of roads.

(b) The next \$2,500,000.00 of the fund shall be distributed each fiscal year for improvements within rural counties to roads and streets that are eligible for federal aid and are located inside the boundaries of an urban area or an urbanized area as determined by the most recent federal decennial census and as adjusted by the department.

(3) Of the balance remaining after funding projects under subsection (2), projects shall be funded in the categories described in section 9 based on the following percentages:

(a) 50% for economic development road projects in any of the targeted industries. For the fiscal years ending September 30, 2019 through September 30, 2023 only, the allocation made under this subdivision shall be reduced by \$3,000,000.00 and allocated to projects described in section 9(1)(b). The office of economic development shall use geographic distribution as a grant selection criterion for projects described in section 9(1)(b). An eligible city or village may apply for a grant for a project described in section 9(1)(b) in consecutive fiscal years. For the fiscal years ending September 30, 2020 and September 30, 2021 only, the allocation made under this subdivision shall be reduced by an additional \$13,000,000.00.

(b) 25% for projects to reduce congestion on county primary and city major streets within urban counties including advanced traffic management systems. The funds shall be distributed to counties with populations

in excess of 400,000 in accordance with the following formula:

| <u>Population</u>      | <u>Percentage of Funds</u> |
|------------------------|----------------------------|
| 1,750,000 or more      | 16%                        |
| 1,000,000 to 1,749,999 | 40%                        |
| 650,001 to 999,999     | 20%                        |
| 400,000 to 650,000     | 24%                        |

When 2 or more counties occupy the same category, the funds shall be divided equally.

Projects funded under this category shall be used for the widening of county primary roads or city major streets or for advanced traffic management systems in eligible counties.

(c) 25% for projects within rural counties. These revenues shall be distributed for the improvement of rural primary roads in rural counties and major streets in cities and villages with a population of 5,000 or less that are located outside the boundaries of an urban area or an urbanized area as determined by the most recent federal decennial census and as adjusted by the department. Funds distributed under this subdivision shall be allocated by the commission to the regional rural task force areas described in section 12a in the same proportion that the rural primary mileage of the regional rural task force area bears to the total rural primary mileage of all counties. Each rural county shall be credited with an allocation in the proportion that the county's rural primary mileage is to the total rural primary mileage of those rural counties within the same regional rural task force area. Projects funded under this subdivision shall be limited to upgrading rural primary roads and major streets to create an all-season road network.

**History:** 1987, Act 231, Imd. Eff. Dec. 28, 1987;—Am. 1989, Act 218, Imd. Eff. Dec. 1, 1989;—Am. 1991, Act 188, Imd. Eff. Dec. 27, 1991;—Am. 1993, Act 149, Imd. Eff. Aug. 19, 1993;—Am. 2007, Act 168, Imd. Eff. Dec. 21, 2007;—Am. 2008, Act 364, Imd. Eff. Dec. 23, 2008;—Am. 2009, Act 136, Imd. Eff. Nov. 4, 2009;—Am. 2011, Act 145, Imd. Eff. Sept. 21, 2011;—Am. 2012, Act 621, Imd. Eff. Jan. 9, 2013;—Am. 2014, Act 302, Imd. Eff. Oct. 9, 2014;—Am. 2016, Act 273, Imd. Eff. July 1, 2016;—Am. 2016, Act 501, Imd. Eff. Jan. 9, 2017;—Am. 2018, Act 473, Eff. Mar. 29, 2019;—Am. 2020, Act 204, Imd. Eff. Oct. 15, 2020.

#### **247.912 Selection and designation of projects by urban task force; failure to submit qualified projects; proposing project result evaluation criteria; annual report; administration of projects.**

Sec. 12. (1) The urban task force that represents the majority of the communities in the urban area of each county shall select and designate for eligibility projects for funding under section 11(3)(b) within their respective allocations. One nonvoting member of each task force shall be a designee of and represent the administrator. In the case of widening projects only, the task forces shall designate projects for eligibility as follows:

(a) Projects shall be eligible for federal aid.

(b) Projects shall add travel lanes, left turn lanes, and intersectional improvements to roads with 2 travel lanes carrying more than 10,000 vehicles per day or roads with more than 2 travel lanes carrying more than 25,000 vehicles per day based on the most current traffic count or a traffic count done on or before April 1, 1993. Projects may also be for the construction of new roads with 3 or more travel lanes where the projected traffic count exceeds 10,000 vehicles per day based on an engineering study approved by the department.

(2) If any task force fails to submit sufficient qualified projects to obligate its allocation by July 1 of any fiscal year, those funds shall be made available to the remaining urban task forces in the same proportion as the original allocation.

(3) The individual urban task forces shall propose project result evaluation criteria for all projects to the administrator and the commission for review and comment.

(4) The urban task forces shall report to the administrator on an annual basis the status of all projects selected for funding.

(5) The programs and projects authorized in section 11(3)(b) shall be administered in a similar manner as current federal aid projects and in accordance with the adopted policies of the commission.

**History:** 1987, Act 231, Imd. Eff. Dec. 28, 1987;—Am. 1989, Act 218, Imd. Eff. Dec. 1, 1989;—Am. 1991, Act 188, Imd. Eff. Dec. 27, 1991;—Am. 1993, Act 149, Imd. Eff. Aug. 19, 1993;—Am. 2016, Act 501, Imd. Eff. Jan. 9, 2017.

#### **247.912a Recommendations of regional rural task force for funding projects; failure to submit qualified projects; composition of task force; basis for funding projects; administration of programs and projects.**

Sec. 12a. (1) The regional rural task force shall make recommendations to the commission and the administrator for funding projects under section 11(3)(c) within their respective regions. If any represented county fails to submit sufficient qualified projects to obligate its allocation after 3 consecutive years, those funds shall be reallocated to the remaining counties in the same regional rural task force area. The regional

rural task force areas shall coincide with the boundaries of the 14 state planning and development regions as configured on January 1, 1990. In a regional rural task force area that is composed of 5 or more counties, subtask forces of 2 or more of the counties may be formed with the approval of the task force.

(2) The regional rural task force shall be composed of a representative of each county road commission within the regional area plus an equal number of representatives from incorporated cities and villages with a population of 5,000 or less within the regional area, and a representative selected by the administrator. Projects submitted to the administrator for funding under section 11(3)(c) shall be based on the following:

(a) Only projects eligible for federal aid shall be funded unless otherwise approved by the regional rural task force.

(b) Projects shall be on existing hard surface roads unless otherwise waived by the regional rural task force.

(c) Construction shall be to all-season standards.

(d) These funds shall be used for physical construction only and shall not include costs of right-of-way acquisition and engineering.

(3) The programs and projects authorized in section 11(3)(c) shall be administered in a similar manner as the current local federal aid projects and in accordance with the adopted policies of the commission.

**History:** Add. 1993, Act 149, Imd. Eff. Aug. 19, 1993;—Am. 2016, Act 501, Imd. Eff. Jan. 9, 2017.

### **247.913 Annual report to governor and legislature.**

Sec. 13. By December 31 each year the commission shall report to the governor, the house and senate appropriations committees, and the house and senate fiscal agencies the following information regarding this act:

(a) The projects funded during the previous fiscal year.

(b) The status of projects funded in the immediately preceding fiscal year.

(c) The number of jobs created and retained and any other economic benefits of the projects funded and listed under section 9(1)(a).

(d) For each project described in section 9(1)(b) that received funds under this act, both of the following:

(i) A general description of the project.

(ii) The estimated total cost of the project.

(e) The degree to which the projects funded have achieved the objectives of this act.

(f) Any other information considered necessary by the commission for the legislature to evaluate the effectiveness of this act.

**History:** 1987, Act 231, Imd. Eff. Dec. 28, 1987;—Am. 2016, Act 501, Imd. Eff. Jan. 9, 2017;—Am. 2018, Act 473, Eff. Mar. 29, 2019.

### **247.914 Repealed. 1993, Act 149, Imd. Eff. Aug. 19, 1993.**

**Compiler's note:** The repealed section pertained to the conditional effective date.