

SUBSTITUTE FOR
HOUSE BILL NO. 4613

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; and to repeal acts and parts of acts,"

by amending sections 10, 11, 12, 13, and 14 (MCL 247.660, 247.661, 247.662, 247.663, and 247.664), section 10 as amended by 2007 PA 210, section 11 as amended by 2002 PA 639, sections 12 and 13 as amended by 2012 PA 298, and section 14 as amended by 1987 PA 234.

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 ~~and shall be set up and maintained in the state~~
3 treasury as a separate fund. ~~Money received and collected under the~~
4 ~~motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170, except a~~
5 ~~license fee provided in that act, and a tax, fee, license, and~~
6 ~~other money received and collected under sections 801 to 810 of the~~
7 ~~Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, except~~
8 ~~a truck safety fund fee provided in section 801(1)(k) of the~~
9 ~~Michigan vehicle code, 1949 PA 300, MCL 257.801, and money received~~
10 ~~under the motor carrier act, 1933 PA 254, MCL 475.1 to 479.43,~~
11 ~~shall be deposited in the state treasury to the credit of the~~
12 ~~Michigan transportation fund. In addition, income or profit derived~~

1 ~~from the investment of money in the Michigan transportation fund~~
2 ~~shall be deposited in the Michigan transportation fund. THE STATE~~
3 **TREASURER MAY RECEIVE MONEY OR OTHER ASSETS FROM ANY SOURCE FOR**
4 **DEPOSIT INTO THE FUND. THE STATE TREASURER SHALL DIRECT THE**
5 **INVESTMENT OF THE FUND. THE STATE TREASURER SHALL CREDIT TO THE**
6 **FUND INTEREST AND EARNINGS FROM FUND INVESTMENTS.** Except as
7 provided in this act, no other money, whether appropriated from the
8 general fund of this state or any other source, shall be deposited
9 in the Michigan transportation fund. Except as otherwise provided
10 in this section, the legislature shall appropriate ~~funds~~ **MONEY** for
11 the necessary expenses incurred in the administration and
12 enforcement of the motor fuel tax act, 2000 PA 403, MCL 207.1001 to
13 207.1170, the motor carrier act, 1933 PA 254, MCL 475.1 to ~~479.43,~~
14 **479.42,** and sections 801 to 810 of the Michigan vehicle code, 1949
15 PA 300, MCL 257.801 to 257.810. ~~Funds~~ **MONEY** appropriated for
16 necessary expenses shall be based upon established cost allocation
17 methodology that reflects actual costs. Appropriations for the
18 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, shall
21 be made from the Michigan transportation fund and from ~~funds~~ **MONEY**
22 in the transportation administration collection fund created in
23 section 810b of the Michigan vehicle code, 1949 PA 300, MCL
24 257.810b. Appropriations from the Michigan transportation fund for
25 the necessary expenses incurred by **THE** department of state in
26 administration and enforcement of sections 801 to 810 of the
27 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, shall

not exceed \$20,000,000.00 per state fiscal year. ~~except for the~~
~~fiscal year ending September 30, 2006. For the fiscal year ending~~
~~September 30, 2006, the legislature may appropriate funds in excess~~
~~of \$20,000,000.00 from the Michigan transportation fund for all~~
~~incremental additional expenses incurred by the department of state~~
~~in enforcing sections 801 to 810 of the Michigan vehicle code, 1949~~
~~PA 300, MCL 257.801 to 257.810, that arise because of the~~
~~replacement of standard design registration license plates as~~
~~provided in section 224 of the Michigan vehicle code, 1949 PA 300,~~
~~MCL 257.224.~~ All money in the Michigan transportation fund is
 apportioned and appropriated in the following manner:

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

(B) NOT MORE THAN \$3,000,000.00 AS MAY BE ANNUALLY
APPROPRIATED EACH FISCAL YEAR TO THE STATE TRUNK LINE FUND FOR
SUBSEQUENT DEPOSIT IN THE GRADE CROSSING SURFACE ACCOUNT.

(C) ~~(b)~~ Not less than \$3,000,000.00 each year to the local
 bridge fund established in subsection ~~(5)~~ **(4)** for the purpose of
 payment of the principal, interest, and redemption premium on any
 notes or bonds issued by the state transportation commission under
 former section 11b or subsection ~~(10)~~ **(9)**.

(D) ~~(e)~~ Revenue from 3 cents of the tax levied under section
 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, to
 the state trunk line fund, county road commissions, and cities and
 villages in the percentages provided in subdivision ~~(i)~~ **(K)**.

(E) ~~(d)~~ Until September 30, 2004, all of the revenue from 1

~~cent of the tax levied under section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, to the state trunk line fund for repair of state bridges under section 11. Beginning October 1, 2004 and continuing through September 30, 2005, 3/4 of the revenue from 1 cent of the tax levied under section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, shall be appropriated to the state trunk line fund for the repair of state bridges under section 11, and 1/4 of the revenue from 1 cent of the tax levied under section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, shall be appropriated to the local bridge fund created in subsection (5) for distribution only to cities, villages, and county road commissions. Beginning October 1, 2005, 1/2~~ **ONE-HALF** of the revenue from 1 cent of the tax levied under section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, ~~shall be~~ **appropriated** to the state trunk line fund for the repair of state bridges under section 11, and 1/2 of the revenue from 1 cent of the tax levied under section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, ~~shall be appropriated to the local bridge fund created in subsection (5)~~ **(4)** for distribution only to cities, villages, and county road commissions.

(F) ~~(e)~~ \$43,000,000.00 to the state trunk line fund for debt service costs on state of Michigan projects.

(G) ~~(f)~~ ~~Except as provided in subsection (4), 10%~~ **TEN PERCENT** to the comprehensive transportation fund for the purposes described in section 10e.

(H) ~~(g)~~ \$5,000,000.00 to the local bridge fund established in subsection ~~(5)~~ **(4)** for distribution only to the local bridge

1 advisory board, the regional bridge councils, cities, villages, and
2 county road commissions.

3 (I) ~~(h)~~—\$36,775,000.00 to the state trunk line fund for
4 subsequent deposit in the transportation economic development fund,
5 ~~and, as of September 30, 1997,~~ with first priority for allocation
6 to debt service on bonds issued to fund transportation economic
7 development fund projects. In addition, ~~beginning October 1, 1997,~~
8 \$3,500,000.00 is appropriated from the Michigan transportation fund
9 to the state trunk line fund for subsequent deposit in the
10 transportation economic development fund to be used for economic
11 development road projects in any of the targeted industries
12 described in section 9(1)(a) of 1987 PA 231, MCL 247.909.

13 (J) ~~(i)~~—Not less than \$33,000,000.00 as may be annually
14 appropriated each fiscal year to the local program fund created in
15 section 11e.

16 (K) ~~(j)~~—The balance of the Michigan transportation fund as
17 follows, after deduction of the amounts appropriated in
18 subdivisions (a) ~~through (i) and section 11b:~~ **TO (J):**

19 (i) 39.1% to the state trunk line fund for the purposes
20 described in section 11.

21 (ii) 39.1% to the county road commissions of ~~the~~ **THIS** state.

22 (iii) 21.8% to the cities and villages of ~~the~~ **THIS** state.

23 (2) The money appropriated pursuant to this section shall be
24 used for the purposes as provided in this act and any other
25 applicable act. Subject to the requirements of section 9b, the
26 department shall develop programs in conjunction with the Michigan
27 state chamber of commerce and the Michigan minority business

development council to assist small businesses, including those located in enterprise zones and those located in empowerment zones as determined under federal law, as defined by law in becoming qualified to bid.

(3) Thirty-one and one-half percent of the ~~funds~~ **MONEY** appropriated to this state from the federal government ~~pursuant to~~ **UNDER** 23 USC 157, commonly known as minimum guarantee funds, shall be allocated to the transportation economic development fund, if ~~such an~~ **THE** allocation is consistent with federal law. ~~These funds~~ **THIS MONEY** shall be distributed 16-1/2% for development projects for rural counties as defined by law and 15% for capacity improvement or advanced traffic management systems in urban counties as defined by law. Federal ~~funds~~ **MONEY** allocated for distribution under this section ~~shall be~~ **IS** eligible for obligation and use by all recipients as ~~defined by~~ **PROVIDED IN** the ~~transportation equity act~~ **MOVING AHEAD for PROGRESS IN** the 21st century **ACT**, Public Law ~~105-178~~ **112-141**.

~~—— (4) For the fiscal year beginning October 1, 2003 only, the apportionment of 10% of Michigan transportation fund money to the comprehensive transportation fund as provided in subsection (1)(f) shall be reduced by \$10,000,000.00 and the \$10,000,000.00 shall be transferred to the state trunk line fund for capacity improvements to state trunk line highways.~~

(4) ~~(5)~~ A fund to be known as the local bridge fund is established ~~and is set up and maintained in~~ the state treasury as a separate fund. The money appropriated to the local bridge fund and the interest accruing to that fund shall be expended for the local

1 bridge program. The purpose of the fund is to provide financial
2 assistance to highway authorities for the preservation,
3 improvement, or reconstruction of existing bridges or for the
4 construction of bridges to replace existing bridges in whole or
5 part. The money in the local bridge fund is not subject to section
6 12(15) or 13(5). The local bridge advisory board is created and
7 shall consist of 6 voting members appointed by the state
8 transportation commission and 2 nonvoting members appointed by the
9 ~~state transportation department~~. The board shall include 3 members
10 from the county road association of Michigan, 1 member who
11 represents counties with populations 65,000 or greater, 1 member
12 who represents counties with populations greater than 30,000 and
13 less than 65,000, and 1 member who represents counties with
14 populations of 30,000 or less. Three members shall be appointed
15 from the Michigan municipal league, 1 member who represents cities
16 with a population 75,000 or greater, 1 member who represents cities
17 with a population less than 75,000, and 1 member who represents
18 villages. Each organization with voting rights shall submit a list
19 of nominees in each population category to the state transportation
20 commission. The state transportation commission shall make the
21 appointments from the lists submitted under this subsection. ~~Names~~
22 ~~shall be submitted within 45 days after October 1, 2004. The state~~
23 ~~transportation commission shall make the appointments by January~~
24 ~~30, 2005.~~ Voting members shall be appointed for 2 years. The
25 chairperson of the board shall be selected from among the voting
26 members of the board. In addition to the 2 nonvoting members, the
27 department shall provide qualified administrative staff and

1 qualified technical assistance to the board.

2 (5) ~~(6) Beginning October 1, 2005, no~~ **NO** less than 5% and no
 3 more than 15% of the ~~funds~~ **MONEY** received in the local bridge fund
 4 may be used for critical repair of large bridges and emergencies as
 5 determined by the local bridge advisory board. ~~Beginning October 1,~~
 6 ~~2005, funds~~ **MONEY** remaining after the ~~funds~~ **MONEY** allocated for
 7 critical large bridge repair and emergencies ~~are~~ **IS** deducted shall
 8 be distributed by the board to the regional bridge councils created
 9 under this section. One regional council shall be formed for each
 10 department of transportation region as those regions exist on
 11 October 1, 2004. The regional councils shall consist of 2 members
 12 of the county road association of Michigan from counties in the
 13 region, 2 members of the Michigan municipal league from cities and
 14 villages in the region, and 1 member of the ~~state transportation~~
 15 department in each region. The members of the ~~state transportation~~
 16 department ~~shall be~~ **ARE** nonvoting members ~~who~~ **AND** shall provide
 17 qualified administrative staff and qualified technical assistance
 18 to the regional councils.

19 (6) ~~(7) Beginning October 1, 2005, funds~~ **MONEY** in the local
 20 bridge fund after deduction of the amounts set aside for critical
 21 repair of large bridges and emergency repairs shall be distributed
 22 among the regional bridge councils according to all of the
 23 following ratios, which shall be assigned a weight expressed as a
 24 percentage as determined by the board, with each ratio receiving no
 25 greater than a 50% weight and no less than a 25% weight:

26 (a) A ratio with a numerator that is the total number of local
 27 bridges in the region and a denominator that is the total number of

1 local bridges in this state.

2 (b) A ratio with a numerator that is the total local bridge
3 deck area in the region and a denominator that is the total local
4 bridge deck area in this state.

5 (c) A ratio with a numerator that is the total amount of
6 structurally deficient local bridge deck area in the region and a
7 denominator that is the total amount of structurally deficient
8 local bridge deck area in this state.

9 (7) ~~(8) Beginning October 1, 2005, the~~ **THE** regional bridge
10 councils shall allocate the ~~funds~~ **MONEY** received from the board for
11 the preservation, improvement, and reconstruction of existing
12 bridges or for the construction of bridges to replace existing
13 bridges in whole or in part in each region.

14 (8) ~~(9) Beginning January 1, 2007 and each~~ **EACH** January, after
15 2007, the department shall submit a report to the chair and the
16 minority vice-chair of the appropriations committees of the senate
17 and the house of representatives, and to the standing committees on
18 transportation of the senate and the house of representatives, on
19 all of the following activities for the previous state fiscal year:

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

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

24 (c) The actual weights used in the calculation required under
25 subsection ~~(7)~~ **(6)**.

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

27 (e) A listing of ~~what~~ **THE** specific projects **THAT** were funded

1 ~~pursuant to~~ **UNDER** subsection ~~(8)-(7)~~.

2 **(9)** ~~(10)~~ The state transportation commission shall borrow
3 money and issue notes or bonds in an amount of not less than
4 \$30,000,000.00 to supplement the funding provided for the local
5 bridge program under subsection ~~(6)-(5)~~. The bonds or notes issued
6 ~~pursuant to~~ **UNDER** this subsection may be issued by the commission
7 for any purpose for which other local bridge ~~funds~~ **MONEY** may be
8 used under this section. The bonds or notes authorized by this
9 subsection shall be issued by resolution of the state
10 transportation commission consistent with the requirements of
11 section 18b.

12 **(10)** ~~(11)~~ The ~~state transportation department~~ shall promulgate
13 rules ~~pursuant to~~ **UNDER** the administrative procedures act of 1969,
14 1969 PA 306, MCL 24.201 to 24.328, governing the administration of
15 the local bridge program. The rules shall set forth the eligibility
16 criteria for financial assistance under the program and other
17 matters related to the program that the department considers
18 necessary and desirable. The department shall take into
19 consideration the availability of federal aid and other financial
20 resources of the highway authority responsible for the bridge, the
21 importance of the bridge to the highway, road, or street network,
22 and the condition of the existing bridge.

23 **(11)** ~~(12)~~ ~~Beginning October 1, 2004, the~~ **THE** revenue
24 appropriated to the local bridge fund ~~pursuant to~~ **UNDER** subsection
25 ~~(1)(d)-(1)~~ **(E)** shall be distributed only to the local bridge
26 advisory board, the regional bridge councils, cities, villages, and
27 county road commissions.

1 (12) ~~(13) Beginning October 1, 2008, the~~ **THE** regional bridge
2 councils shall determine what bridge projects are selected for
3 funding from the local bridge fund created in subsection ~~(5)~~ **(4)**
4 and shall make a list of selected projects available to interested
5 parties in the region. A determination that a bridge project is
6 selected for funding in a given fiscal year is not approval to
7 disburse the ~~funds~~ **MONEY**.

8 (13) ~~(14) Beginning October 1, 2008, a~~ **A** county road
9 commission, city, or village may implement a bridge project if the
10 bridge project has been selected for funding and is included in the
11 appropriate regional bridge council's current multiyear bridge plan
12 for the local bridge program but the regional bridge council has
13 not allocated ~~funds~~ **MONEY** to the bridge project for the fiscal year
14 that the bridge project is on the current multiyear bridge plan. A
15 county road commission, city, or village may borrow ~~funds~~ **MONEY** to
16 implement a project that has been selected for funding and is
17 included in the appropriate regional bridge council's current
18 multiyear bridge plan but has not been allocated ~~funds~~ **MONEY** by the
19 regional bridge council. Based on available local bridge ~~funds~~
20 **MONEY**, when a bridge project that was implemented with borrowed
21 ~~funds~~ **MONEY** is allocated funding in a subsequent fiscal year, the
22 funding shall only be used to repay the amount approved by the
23 multiyear bridge plan when the ~~funds were~~ **MONEY WAS** borrowed. To be
24 eligible for repayment of the amount borrowed, a bridge project
25 that has been implemented with borrowed ~~funds~~ **MONEY** shall be
26 administered through the department's local bridge program.

27 Sec. 11. (1) A fund to be known as the state trunk line fund

1 is established ~~and shall be set up and maintained~~ in the state
 2 treasury as a separate fund. The money deposited in the state trunk
 3 line fund is appropriated to the ~~state transportation department~~
 4 for the following purposes in the following order of priority:

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

9 (i) For the payment of contributions **PLEDGED BEFORE JULY 18,**
 10 **1979 AND** required to be made by the state highway commission or the
 11 state transportation commission under contracts entered into before
 12 July 18, 1979, under 1941 PA 205, MCL 252.51 to 252.64, ~~which~~
 13 ~~contributions have been pledged before July 18, 1979,~~ for the
 14 payment of the principal and interest on bonds issued under 1941 PA
 15 205, MCL 252.51 to 252.64, for the payment of which a sufficient
 16 sum is irrevocably appropriated.

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

24 (iii) For the payment of the principal and interest on bonds
 25 issued under section 18b for transportation purposes other than
 26 comprehensive transportation purposes as defined by law and the
 27 payment of contributions ~~of~~ **PLEDGED TO THE PAYMENT OF PRINCIPAL AND**

1 **INTEREST ON BONDS ISSUED UNDER SECTION 18D AND CONTRACTS ENTERED**
 2 **INTO UNDER SECTION 18D BY** the state highway commission or state
 3 transportation commission to be made pursuant to contracts entered
 4 into under section 18d. ~~, which contributions are pledged to the~~
 5 ~~payment of principal and interest on bonds issued under the~~
 6 ~~authorization of section 18d and contracts executed pursuant to~~
 7 ~~that section.~~ A sufficient portion of the fund is irrevocably
 8 appropriated to pay, when due, the principal and interest on bonds
 9 or notes issued under section 18b for purposes other than
 10 comprehensive transportation purposes as defined by law, and to pay
 11 the annual contributions of the state highway commission and the
 12 state transportation commission as are pledged for the payment of
 13 bonds issued ~~pursuant to~~ **UNDER** contracts authorized by section 18d.

14 (b) For the transfer of ~~funds~~ **MONEY** appropriated ~~pursuant to~~
 15 **UNDER** section ~~10(1)(g)~~ **10(1)(I)** to the transportation economic
 16 development fund, but the transfer shall be reduced each fiscal
 17 year by the amount of debt service to be paid in that year from the
 18 state trunk line fund for bonds, notes, or other obligations issued
 19 to fund projects of the transportation economic development fund,
 20 which amount shall be certified by the department.

21 (c) For the transfer of ~~funds~~ **MONEY** appropriated ~~pursuant to~~
 22 **UNDER** section 10(1)(a) to the ~~railroad~~ **RAIL** grade crossing account
 23 in the state trunk line fund for expenditure for rail grade
 24 crossing improvement purposes at rail grade crossings on public
 25 roads and streets under the jurisdiction of ~~the~~ **THIS** state,
 26 counties, cities, or villages. ~~Projects~~ **THE DEPARTMENT** shall be
 27 ~~selected~~ **SELECT PROJECTS** for funding in accordance with the

1 following:

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

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

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

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

1 LINE FUND FOR EXPENDITURE FOR RAIL GRADE CROSSING SURFACE
2 IMPROVEMENT PURPOSES AT RAIL GRADE CROSSINGS ON PUBLIC ROADS AND
3 STREETS UNDER THE JURISDICTION OF COUNTIES, CITIES, OR VILLAGES.
4 PROJECTS SHALL BE SELECTED FOR FUNDING IN ACCORDANCE WITH THE
5 FOLLOWING:

6 (i) IN PRIORITIZING PROJECTS, THE DEPARTMENT SHALL CONSIDER
7 VEHICULAR TRAFFIC VOLUMES, RELATIVE CROSSING SURFACE CONDITION, THE
8 ABILITY OF THE RAILROAD AND LOCAL ROAD AUTHORITY TO MAKE
9 COORDINATED IMPROVEMENTS, AND THE AVAILABILITY OF FUNDING.

10 (ii) THE GRADE CROSSING SURFACE ACCOUNT SHALL FUND 60% OF THE
11 PROJECT COST, WITH THE REMAINING 40% FUNDED BY THE RAILROAD
12 COMPANY.

13 (iii) FUNDING UNDER THE GRADE CROSSING SURFACE ACCOUNT SHALL BE
14 LIMITED TO ITEMS OF WORK THAT ARE NORMALLY THE RESPONSIBILITY OF
15 THE RAILROAD UNDER SECTION 309 OF THE RAILROAD CODE OF 1993, 1993
16 PA 354, MCL 462.309. MAINTENANCE OF THE ROADWAY APPROACHES TO THE
17 CROSSING WILL CONTINUE TO BE THE RESPONSIBILITY OF THE PARTY WITH
18 JURISDICTION OVER THAT ROADWAY.

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

21 (F) ~~(e)~~—For the preservation of state trunk line highways and
22 bridges.

23 (G) ~~(f)~~—For the opening, widening, improving, construction,
24 and reconstruction of state trunk line highways and bridges,
25 including the acquisition of necessary rights of way and the work
26 incidental to that opening, widening, improving, construction, or
27 reconstruction. Those sums in the state trunk line fund not

1 otherwise appropriated, distributed, determined, or set aside by
 2 law shall be used for the construction or reconstruction of the
 3 national system of interstate and defense highways, referred to in
 4 this act as "the interstate highway system" to the extent necessary
 5 to match federal aid ~~funds~~ **MONEY** as the federal aid ~~funds become~~
 6 **MONEY BECOMES** available for that purpose; and, for the construction
 7 and reconstruction of the state trunk line system.

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

1 road ~~commission, city, or village~~ **AGENCY** by the state
 2 transportation commission, and shall provide for the full
 3 reimbursement of any advancement by a ~~county~~ **LOCAL** road ~~commission,~~
 4 ~~city, or village~~ **AGENCY** to the ~~state transportation department,~~
 5 with interest, within 15 years after advancement, from any
 6 available revenue sources of the ~~county~~ **LOCAL** road ~~commission,~~
 7 ~~city, or village~~ **AGENCY** or, if provided in the contract, by
 8 deduction from the periodic disbursements of any money returned by
 9 the state to the ~~county~~ **LOCAL** road ~~commission, city, or~~
 10 ~~village.~~ **AGENCY.**

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

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

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1 line projects, the department shall, where possible, secure
2 ~~PAVEMENT~~ warranties ~~of not less than 5 year~~ ~~FOR~~ full replacement
3 ~~guarantee~~ ~~OR APPROPRIATE REPAIR~~ for contracted construction work ~~ON~~
4 ~~PAVEMENT PROJECTS WHOSE COST EXCEEDS [\$2,000,000.00] AND PROJECTS FOR~~
5 ~~NEW CONSTRUCTION OR RECONSTRUCTION UNDERTAKEN AFTER THE EFFECTIVE~~
6 ~~DATE OF THE 2015 AMENDATORY ACT THAT AMENDED THIS SUBSECTION. THE~~
7 ~~DEPARTMENT SHALL COMPILE AND MAKE AVAILABLE TO THE PUBLIC AN ANNUAL~~
8 ~~REPORT OF ALL WARRANTIES THAT WERE SECURED UNDER THIS SUBSECTION~~
9 ~~AND ALL PAVEMENT PROJECTS WHOSE COSTS EXCEED [\$2,000,000.00] WHERE A~~
10 ~~WARRANTY WAS NOT SECURED AS PROVIDED IN SUBSECTION (14).~~ If an
11 appropriate certificate is filed under section 18e but only to the
12 extent necessary, this subsection ~~shall~~ **DOES** not prohibit the use
13 of any amount of money restricted as to use by section 9 of article
14 IX of the state constitution of 1963 and deposited in the state
15 trunk line fund for the payment of debt service on bonds, notes, or
16 other obligations pledging for the payment thereof money restricted
17 as to use by section 9 of article IX of the state constitution of
18 1963 and deposited in the state trunk line fund, whenever issued,
19 as specified under subsection (1)(a). The amounts ~~which~~ **THAT** are
20 deducted from the state trunk line fund for the purpose of the
21 calculation required by this subsection are as follows:

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

25 (b) Amounts expended to provide the state matching requirement
26 for projects on the national highway system and for the payment of
27 debt service on bonds, notes, or other obligations issued after

1 July 1, 1983, for the purpose of providing ~~funds~~**MONEY** for the
2 state matching requirements for projects on the national highway
3 system.

4 (c) Amounts expended for the construction of a highway,
5 street, road, or bridge to 1 or more of the following or for the
6 payment of debt service on bonds, notes, or other obligations
7 issued after July 1, 1983, for the purpose of providing ~~funds~~**MONEY**
8 for the construction of a highway, street, road, or bridge to 1 or
9 more of the following:

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

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

15 (d) Amounts expended for capital outlay other than for
16 highways, roads, streets, and bridges or to pay debt service on
17 bonds, notes, or other obligations issued after July 1, 1983, for
18 the purpose of providing ~~funds~~**MONEY** for capital outlay other than
19 for highways, roads, streets, and bridges.

20 (e) Amounts expended for the operating expenses of the ~~state~~
21 ~~transportation~~ department other than the units of the department
22 performing the functions assigned on January 1, 1983 to the bureau
23 of highways.

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

26 (g) Amounts expended for the purposes described in subsection
27 (5).

(h) Amounts appropriated for deposit in the transportation economic development fund and the rail grade crossing account pursuant to section ~~10(1)(g) and 10(1)(a)~~ **AND (H)**.

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

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

(4) Notwithstanding any other provision of this section, the ~~state transportation department~~ may loan money to ~~county~~ **A LOCAL** road ~~commissions, cities, and villages~~ **AGENCY** for paying capital costs of transportation purposes described in the second paragraph of section 9 of article IX of the state constitution of 1963 from the proceeds of bonds or notes issued pursuant to section 18b or from the state trunk line fund. Loans made directly from the state

1 trunk line fund shall be made only after provision of ~~funds~~ **MONEY**
 2 for the purposes specified in subsection (1)(a) to (f). Loans
 3 described in this subsection are not subject to the revised
 4 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

5 (5) ~~County~~ **A LOCAL** road ~~commissions, cities, and villages~~
 6 **AGENCY** may borrow money from the proceeds of bonds or notes issued
 7 under section 18b or the state trunk line fund for the purposes set
 8 forth in subsection (4) that shall be repayable, with interest,
 9 from 1 or more of the following:

10 (a) The money to be received by the ~~county~~ **LOCAL** road
 11 ~~commission, city, or village~~ **AGENCY** from the Michigan
 12 transportation fund, except to the extent the money has been or may
 13 in the future be pledged by contract in accordance with 1941 PA
 14 205, MCL 252.51 to 252.64, or has been or may in the future be
 15 pledged for the payment of the principal and interest upon notes
 16 issued ~~pursuant to~~ **UNDER** 1943 PA 143, MCL 141.251 to 141.254, or
 17 has been or may in the future be pledged for the payment of
 18 principal and interest upon bonds issued under section 18c or 18d,
 19 or has been or may in the future be pledged for the payment of the
 20 principal and interest upon bonds issued ~~pursuant to~~ **UNDER** 1952 PA
 21 175, MCL 247.701 to 247.707.

22 (b) Any other legally available ~~funds~~ **MONEY** of the ~~city,~~
 23 ~~village, or county~~ **LOCAL** road ~~commission,~~ **AGENCY**, other than the
 24 general funds of the county.

25 (6) ~~Loans~~ **IF REQUIRED BY THE DEPARTMENT, LOANS** made pursuant
 26 ~~to~~ **UNDER** subsection (4) ~~if required by the state transportation~~
 27 ~~department may be~~ **ARE** payable by deduction by the state treasurer,

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

20 (7) The amount borrowed by a ~~county-LOCAL road commission,~~
 21 ~~city, or village pursuant to~~ **AGENCY UNDER** subsection (5) shall not
 22 be included in, or charged against, any constitutional, statutory,
 23 or charter debt limitation of the county, city, or village and
 24 shall not be included in the determination of the maximum annual
 25 principal and interest requirements of, or the limitations upon,
 26 the maximum annual principal and interest incurred under 1941 PA
 27 205, MCL 252.51 to 252.64, 1943 PA 143, MCL 141.251 to 141.254,

1 1952 PA 175, MCL 247.701 to 247.707, or section 18c or 18d.

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

24 (9) The state transportation commission may borrow money and
 25 issue bonds and notes under ~~, and pursuant to the requirements of,~~
 26 section 18b to make loans to ~~county-A LOCAL road commissions,~~
 27 ~~cities, and villages-AGENCY~~ for the purposes described in the

second paragraph of section 9 of article IX of the state constitution of 1963, as provided in subsection (4). A single issue of bonds or notes may be issued for the purposes specified in subsection (4) and for the other purposes specified in section 18b. The house and senate transportation appropriations subcommittees shall be notified by the department if there are extras and overruns sufficient to require approval of either the state administrative board or the commission, or both, on any contract between the department and a local road agency or a private business.

(10) The director of the ~~state transportation~~ department, after consultation with representatives of the interests of ~~county~~ **LOCAL** road ~~commissions, cities, and villages,~~ **AGENCIES**, shall establish, by intergovernmental communication, procedures for the implementation and administration of the loan program established under subsections (4) to (9).

(11) Not more than ~~10%~~ **7%** per year of all of the ~~funds~~ **MONEY** received by and returned to the ~~state transportation~~ department from any source for the purposes of this section may be expended for administrative expenses. The department shall be subject to section 14(5) if more than ~~10%~~ **7%** per year is expended for administrative expenses. As used in this subsection, "administrative expenses" means ~~those~~ expenses that are not assigned including, but not limited to, specific road construction or preservation projects and are often referred to as general or supportive services. Administrative expenses ~~shall~~ **DO** not include net equipment expense, net capital outlay, debt service principal

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and interest, and payments to other state or local offices ~~which~~
THAT are assigned, but not limited to, specific road construction
 projects or preservation activities.

(12) BEGINNING WITH THE FISCAL YEAR ENDING SEPTEMBER 30, 2016,
 THE DEPARTMENT SHALL DISTRIBUTE AN AMOUNT EQUAL TO THE DIFFERENCE
 BETWEEN THE AMOUNT EXPENDED ON ADMINISTRATIVE EXPENSES UNDER
 SUBSECTION (11) DURING THE FISCAL YEAR ENDING SEPTEMBER 30, 2014
 AND 7% OF THE AMOUNT RECEIVED BY OR RETURNED TO THE DEPARTMENT FROM
 ANY SOURCE DURING THE FISCAL YEAR ENDING SEPTEMBER 30, 2014 AS
 FOLLOWS:

(A) TWO-THIRDS TO THE COUNTY ROAD COMMISSIONS OF THIS STATE.

(B) ONE-THIRD TO THE CITIES AND VILLAGES OF THIS STATE.

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

(14) ~~(13)~~ Contracts entered into to advance money to a ~~county~~
~~LOCAL road commission, city, or village~~ AGENCY under subsection
 (1)(g) are not subject to the revised municipal finance act, 2001
 PA 34, MCL 141.2101 to 141.2821.

(15) THE DEPARTMENT SHALL PREPARE ON AN ANNUAL BASIS A REPORT
 LISTING ALL WARRANTIES THAT WERE SECURED UNDER SUBSECTION (2) AND
 INDICATE WHETHER ANY OF THOSE WARRANTIES WERE REDEEMED AND ALL
 PAVEMENT PROJECTS WHOSE COSTS EXCEED [\$2,000,000.00] FOR WHICH A
 WARRANTY WAS NOT SECURED AS DESCRIBED IN SUBSECTION (2). THE
 DEPARTMENT SHALL MAKE THE REPORT REQUIRED BY THIS SUBSECTION
 AVAILABLE TO THE PUBLIC UPON REQUEST AND SHALL ALSO POST THE REPORT
 ON ITS WEBSITE, WHICH SHALL INCLUDE, BUT IS NOT LIMITED TO, ALL OF

1 THE FOLLOWING INFORMATION:

2 (A) THE TYPE OF PROJECT.

3 (B) THE COST OR ESTIMATED COST OF THE PROJECT.

4 (C) THE EXPECTED LIFESPAN OF THE PROJECT.

5 (D) WHETHER OR NOT THE PROJECT MET OR IS CURRENTLY MEETING ITS
6 EXPECTED LIFESPAN.

7 (E) IF THE PROJECT FAILED TO MEET OR IS NOT MEETING ITS
8 EXPECTED LIFESPAN, THE CAUSE OF THE FAILURE AND THE COST TO REPLACE
9 OR REPAIR THE PROJECT.

10 (F) THE ENTITY RESPONSIBLE FOR PAYING THE COST OF REPLACING OR
11 REPAIRING THE PROJECT.

12 (16) ~~(14)~~ As used in this section: ~~7 "rail grade crossing~~
13 ~~improvement purposes"~~

14 (A) "LOCAL ROAD AGENCY" MEANS THAT TERM AS DEFINED IN SECTION
15 9A.

16 (B) "RAIL GRADE CROSSING IMPROVEMENT PURPOSES" means 1 or more
17 of the following:

18 (i) ~~(a)~~ The installation and modernization of active and
19 passive warning devices at railroad grade crossings.

20 (ii) ~~(b)~~ The installation or improvement of grade crossing
21 surfaces.

22 (iii) ~~(c)~~ Modification, relocation, or modernization of railroad
23 grade crossing active and passive warning devices necessitated by
24 roadway improvement projects.

25 (iv) ~~(d)~~ Test installations of innovative warning devices or
26 other innovative applications.

27 (v) ~~(e)~~ Construction of new grade separations.

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

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

8 Sec. 12. (1) The amount distributed to the county road
9 commissions shall be returned to the county treasurers in the
10 manner, for the purposes, and under the terms and conditions
11 specified in this section. The department and the county road
12 association of Michigan shall jointly develop incentives for
13 counties to establish statewide purchasing pools for the more
14 efficient use of Michigan transportation funds.

15 (2) Each county road commission shall be reimbursed in an
16 amount up to \$10,000.00 per year for the sum paid to a licensed
17 professional engineer employed or retained by the county road
18 commission in the previous year. The sum shall be returned to each
19 county road commission certified by the department as complying
20 with this subsection regarding the employment of an engineer.

21 (3) An amount equal to 1% of the total amount returned to the
22 county road commissions from the Michigan transportation fund
23 during the prior calendar year shall be withheld annually from the
24 counties' November monthly distribution provided for in section 17,
25 and the amount shall be returned to the county road commissions for
26 snow removal purposes as provided in section 12a.

27 (4) An amount equal to 10% of the total amount returned to the

1 county road commissions from the Michigan transportation fund shall
2 be returned to each county road commission having county primary,
3 or county local road, or both, mileage in the urban areas as
4 determined pursuant to section 12b. This sum shall be distributed
5 pursuant to section 12b. The return shall be in addition to the
6 amounts provided in subsections (6) and (7) and for the purposes
7 stated in those subsections.

8 (5) An amount equal to 4% of the total amount returned to the
9 county road commissions from the Michigan transportation fund shall
10 be returned to the county road commissions in the same percentages
11 as provided in subsection (7). All money returned to the county
12 road commissions as provided in this subsection shall be expended
13 by the county road commissions for the preservation, construction,
14 acquisition, and extension of county local road systems and shall
15 be in addition to the amounts provided in subsection (7).

16 (6) Seventy-five percent of the remainder of the total amount
17 to be returned to the counties shall be expended by each county
18 road commission for the preservation, construction, acquisition,
19 and extension of the county primary road system, including the
20 acquisition of a necessary right of way for the system, work
21 incidental to the system, and a roadside park or motor parkway
22 appurtenant to the system, and shall be returned to the counties as
23 follows:

24 (a) Three-fourths of the amount in proportion to the amount
25 received within the respective county during the 12 months next
26 preceding the date of each monthly distribution, as specific taxes
27 upon registered motor vehicles under the Michigan vehicle code,

1 1949 PA 300, MCL 257.1 to 257.923.

2 (b) One-tenth of the amount in the same proportion that the
3 total mileage in the county primary road system of each county
4 bears to the total mileage in all of the county primary road
5 systems of ~~the~~**THIS** state.

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

8 (7) The balance of the remainder of the total amount to be
9 returned to counties shall be expended by each county road
10 commission for the preservation, construction, acquisition, and
11 extension of the county local road system as defined by this act,
12 including the acquisition of a necessary right of way for the
13 system, work incidental to the system, and a roadside park or motor
14 parkway appurtenant to the system, and shall be returned to the
15 counties as follows:

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

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

26 (8) Money deposited in, or becoming a part of the county road
27 funds of a board of county road commissioners shall be expended

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

7 (a) For the payment of contributions required to be made by a
8 board of county road commissioners under a contract entered into
9 under 1941 PA 205, MCL 252.51 to 252.64, that have been pledged for
10 the payment of the principal and interest on bonds issued under
11 that act, or for the payment of total debt service requirements
12 upon notes issued by a board of county road commissioners under
13 1943 PA 143, MCL 141.251 to 141.254.

14 (b) For the payment of principal and interest upon bonds
15 issued under section 18c, and the payment of contributions of a
16 board of county road commissioners made pursuant to contracts
17 entered into under section 18d that are pledged to the payment of
18 principal and interest on bonds issued after June 30, 1957, under
19 the authorization of section 18c and contracts executed pursuant to
20 ~~its provisions.~~ **SECTION 18C.**

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

24 (9) Beginning November 1, 2008, no more than 50% per year of
25 the amount returned to a county for use on the county primary road
26 system may be expended, with or without matching, on the county
27 local road system of that county. Except as otherwise provided in

1 this subsection, beginning September 30, 2010, no more than 30% per
2 year of the amount returned to a county for use on the county
3 primary road system may be expended, with or without matching, on
4 the county local road system of that county. An additional amount,
5 not to exceed 20% per year of the amount returned to a county for
6 use on the county primary road system, may be expended on the
7 county local road system of that county if there is an emergency or
8 if the county road commission determines that an additional 20% may
9 be expended on the county local road system. The county road
10 commission may attach any conditions to its determination if the
11 determination is for nonemergency purposes, including, but not
12 limited to, a requirement that the additional 20% expended on the
13 county local road system only be used to supplement ~~funds~~ **MONEY**
14 from other sources. No more than 15% per year of the amount
15 returned to a county for expenditure on the county local road
16 system may be used, with or without matching, on the county primary
17 road system of that county, and not to exceed an additional 15% per
18 year of the amount returned to a county for expenditure on the
19 county local road system, may, in case of an emergency or with the
20 approval of the county road commission, be expended, with or
21 without matching, on the county primary road system of that county.
22 An amount returned to a county for and on account of county local
23 roads ~~—under this section —~~ **THAT IS** in excess of the total amount
24 paid into the county treasury each year by all of the townships of
25 that county for and on account of the county local roads pursuant
26 to section 14(6) may be transferred to and expended on the county
27 primary road system of that county.

1 (10) Not less than 20% per year of the ~~funds~~**MONEY** returned to
2 a county by this section shall be expended for snow and ice
3 removal, the construction or reconstruction of a new highway or
4 existing highway, and the acquisition of a necessary right of way
5 for those highways, and work incidental to those highways, or for
6 the servicing of bonds issued by the county for these purposes.

7 ~~Surplus funds~~**A COUNTY** may be ~~expended~~**EXPEND SURPLUS MONEY** for the
8 development, construction, or repair of an off-street parking
9 facility.

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

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

21 (13) In a county to which ~~funds are~~**MONEY IS** returned under
22 this section, the function of the county road commission ~~shall be~~
23 **IS** limited to the formation of policy and the performance of the
24 official duties imposed by law and delegated by the county board of
25 commissioners. A member of the county road commission shall not be
26 employed individually in any other capacity for other duties with
27 the county road commission.

1 (14) A county road commission may enter into an agreement with
2 a county road commission of an adjacent county and with a city or
3 village to perform work on a highway, road, or street, and with the
4 department with respect to a state trunk line **HIGHWAY** and
5 connecting links of the state trunk line **HIGHWAY** within the limits
6 of the county or adjacent to the county. The agreement may provide
7 for the performance by each contracting party of the work
8 contemplated by the contract including engineering services and the
9 acquisition of rights of way in connection with the work
10 contemplated, by purchase or condemnation, by any of the
11 contracting parties in its own name and the agreement may provide
12 for joint participation in the costs.

13 (15) Money distributed from the Michigan transportation fund
14 may be expended for construction purposes on county local roads
15 only to the extent matched by money from other sources. However,
16 Michigan transportation funds may be expended for the construction
17 of bridges on the county local roads in an amount not to exceed 75%
18 of the cost of the construction of local road bridges.

19 (16) Notwithstanding any other provision of this act, at least
20 90% of the state revenue returned annually to the county road
21 commission from the Michigan transportation fund less the amounts
22 described in subdivisions (a) to (e) shall be expended annually by
23 the county road commission for the preservation of highways, roads,
24 streets, and bridges, and for the payment of contractual
25 contributions pledged for the payment of bonds or portions of
26 bonds, debt service requirements for the payment of bonds or
27 portions of bonds, and debt service requirements for the payment of

1 notes and loans or portions of notes and loans issued or received
2 after July 1, 1983, for the purpose of providing ~~funds~~**MONEY** for
3 the preservation of highways, roads, streets, and bridges. If an
4 appropriate certificate is filed under subsection (18) but only to
5 the extent necessary, this subsection does not prohibit the use of
6 any amount of state revenue returned annually to the county road
7 commissions for the payment of contractual contributions pledged
8 for the payment of bonds, for debt service requirements for the
9 payment of bonds, and for debt service requirements for the payment
10 of notes or loans, whenever issued or received, as specified under
11 subsection (8). The amounts that are deducted from the state
12 revenue returned to a county road commission from the Michigan
13 transportation fund, for the purpose of the calculation required by
14 this subsection are as follows:

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

18 (b) Amounts expended for the administrative costs of the
19 county road commission.

20 (c) Amounts expended for capital outlay projects for equipment
21 and buildings, and for the payment of contractual contributions
22 pledged for the payment of bonds, for debt service requirements for
23 the payment of bonds, and for debt service requirements for the
24 payment of notes and loans issued or received after July 1, 1983,
25 for the purpose of providing funds for capital outlay projects for
26 equipment and buildings.

27 (d) Amounts expended for projects vital to the economy of the

1 local area or the safety of the public in the local area. Before
2 these amounts can be deducted, the governing body over the county
3 road commission or the county road commission, as applicable, shall
4 pass a resolution approving these projects. This resolution shall
5 state which projects will be funded and the cost of each project. A
6 copy of each approved resolution shall be forwarded immediately to
7 the department.

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

10 (17) As used in this subsection, "urban routes" means those
11 portions of 2-lane county primary roads within an urban area that
12 have average daily traffic in excess of 15,000. Notwithstanding any
13 other provision of this act, except as provided in this subsection,
14 a county road commission shall annually expend at least 90% of the
15 federal revenue distributed to the county road commission for
16 highways, roads, streets, and bridges, less the amount expended on
17 urban routes for purposes other than preservation and the amount
18 expended for hard-surfacing of gravel roads on the federal-aid
19 system, on the preservation of highways, roads, streets, and
20 bridges. A county road commission may expend in 1 year less than
21 90% of the federal revenue distributed to the county road
22 commission for highways, roads, streets, and bridges, less the
23 amount expended on urban routes for purposes other than
24 preservation and the amount expended for hard-surfacing of gravel
25 roads on the federal-aid system, on the preservation of highways,
26 roads, streets, and bridges, if that year is part of a 3-year
27 period in which at least 90% of the total federal revenue

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

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

16 (18) A county road commission shall certify to the department
17 on or before the issuance of any bonds or notes issued after July
18 1, 1983, pursuant to 1943 PA 143, MCL 141.251 to 141.254, 1941 PA
19 205, MCL 252.51 to 252.64, or section 18c or 18d, for purposes
20 other than the preservation of highways, roads, streets, and
21 bridges and purposes other than the purposes specified in
22 subsection (16)(c) that its average annual debt service
23 requirements for all bonds and notes or portions of bonds and notes
24 issued after July 1, 1983, for purposes other than the preservation
25 of highways, roads, streets, and bridges and other than for the
26 purposes specified in subsection (16)(c), including the bond or
27 note to be issued does not exceed 10% of the ~~funds~~**MONEY** returned

1 to the county road commission pursuant to this act, less the
2 amounts specified in subsection (16)(a), (b), and (c) during the
3 last completed fiscal year of the county road commission. If the
4 purpose for which the bonds or notes are issued is changed after
5 the issuance of the notes or bonds, the change shall be made in a
6 manner that maintains compliance with the certification required by
7 this subsection, as of the date the certificate was originally
8 issued, but no such change shall invalidate or otherwise affect the
9 bonds or notes with respect to which the certificate was issued or
10 the obligation to pay debt service on the bonds or notes. A
11 certification under this subsection is conclusive as to the matters
12 stated in the certification for purposes of the validity of bonds
13 and notes.

14 (19) In each charter county to which funds are returned under
15 this section, the responsibility for road improvement,
16 preservation, and traffic operation work, and the development,
17 construction, or repair of off-road parking facilities and
18 construction or repair of road lighting shall be coordinated by a
19 single administrator ~~to be~~ designated by the county executive who
20 shall be responsible for and shall represent the charter county in
21 transactions with the department pursuant to this act.

22 (20) Not more than 10% per year of all of the ~~funds~~ **MONEY**
23 received by and returned to a county from any source for the
24 purposes of this section may be expended for administrative
25 expenses. A county that expends more than 10% for administrative
26 expenses in a year is subject to section 14(5) unless a waiver is
27 granted by the department of treasury. As used in this subsection,

1 "administrative expenses" means those expenses that are not
2 assigned including, but not limited to, specific road construction
3 or preservation projects and are often referred to as general or
4 supportive services. Administrative expenses do not include net
5 equipment expense, net capital outlay, debt service principal and
6 interest, and payments to other state or local offices that are
7 assigned, but not limited to, specific road construction projects
8 or preservation activities.

9 (21) In addition to the financial compliance audits required
10 by law, the department may conduct performance audits and make
11 investigations of the disposition of all state ~~funds~~**MONEY** received
12 by county road commissions, county boards of commissioners, or any
13 other county governmental agency acting as the county road
14 authority, for transportation purposes to determine compliance with
15 the terms and conditions of this act. Performance audits shall be
16 conducted according to government auditing standards issued by the
17 United States general accounting office. The department shall
18 develop performance audit procedures and reporting requirements
19 sufficient to determine whether ~~funds~~**MONEY** expended under this
20 section ~~were~~**WAS** expended in compliance with this act by September
21 1, 2012 and shall report to the transportation committees of the
22 senate and house of representatives no later than October 1, 2012
23 on the additional audit procedures and reporting requirements. The
24 department shall provide notice to the county road commission,
25 county board of commissioners, or any other county governmental
26 agency acting as the county road authority, as applicable, of the
27 standards to be used for audits performed under this subsection.

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1 The notice shall be provided 6 months prior to the fiscal year in
2 which the audit is conducted. The department shall notify the
3 county road commission, county board of commissioners, or any other
4 county governmental agency acting as the county road authority of
5 any subsequent changes to the standards. County road commissions,
6 county boards of commissioners, or any other county governmental
7 agencies acting as county road authorities, as applicable, shall
8 make available to the department the pertinent records for the
9 audit. Performance audits may be performed at the discretion of the
10 department or upon receiving a request from the speaker of the
11 house of representatives or the senate majority leader.

12 (22) OF THE AMOUNTS APPROPRIATED FOR A COUNTY PRIMARY OR LOCAL
13 ROAD SYSTEM UNDER THIS SECTION, WHERE POSSIBLE, A COUNTY ROAD
14 COMMISSION SHALL SECURE PAVEMENT WARRANTIES FOR FULL REPLACEMENT OR
15 APPROPRIATE REPAIR FOR CONTRACTED CONSTRUCTION WORK ON PAVEMENT
16 PROJECTS WHOSE COST EXCEEDS [\$2,000,000.00] AND PROJECTS FOR NEW
17 CONSTRUCTION OR RECONSTRUCTION UNDERTAKEN AFTER THE EFFECTIVE DATE
18 OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION, IF ALLOWED BY THE
19 FEDERAL HIGHWAY ADMINISTRATION AND THE DEPARTMENT. A COUNTY ROAD
20 COMMISSION SHALL SUBMIT A PROPOSED WARRANTY PROGRAM TO THE
21 DEPARTMENT FOR APPROVAL NO LATER THAN FEBRUARY 1, 2016. IF A
22 PROPOSED WARRANTY PROGRAM SUBMITTED UNDER THIS SUBSECTION IS
23 APPROVED BY THE DEPARTMENT, THE COUNTY ROAD COMMISSION SHALL
24 IMPLEMENT THE PROGRAM NO LATER THAN 1 YEAR AFTER THE APPROVAL. A
25 COUNTY ROAD COMMISSION SHALL INCLUDE A LIST OF ALL WARRANTIES THAT
26 WERE SECURED UNDER THIS SUBSECTION AND INDICATE WHETHER ANY OF
27 THOSE WARRANTIES WERE REDEEMED WITH THE REPORT REQUIRED UNDER

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1 SECTION 14(3), AND SHALL ALSO LIST ALL PAVEMENT PROJECTS WHOSE COST
2 EXCEEDS [\$2,000,000.00] FOR WHICH A WARRANTY WAS NOT SECURED. THE
3 LIST SHALL INCLUDE, BUT IS NOT LIMITED TO, ALL OF THE FOLLOWING
4 INFORMATION:

5 (A) THE TYPE OF PROJECT.

6 (B) THE COST OR ESTIMATED COST OF THE PROJECT.

7 (C) THE EXPECTED LIFESPAN OF THE PROJECT.

8 (D) WHETHER OR NOT THE PROJECT MET OR IS CURRENTLY MEETING ITS
9 EXPECTED LIFESPAN.

10 (E) IF THE PROJECT FAILED TO MEET OR IS NOT MEETING ITS
11 EXPECTED LIFESPAN, THE CAUSE OF THE FAILURE AND THE COST TO REPLACE
12 OR REPAIR THE PROJECT.

13 (F) THE ENTITY RESPONSIBLE FOR PAYING THE COST OF REPLACING OR
14 REPAIRING THE PROJECT.

15 Sec. 13. (1) The amount distributed to cities and villages
16 shall be returned to the treasurers of the cities and villages in
17 the manner, for the purposes, and under the terms and conditions
18 specified in this section. The amount received by a newly
19 incorporated municipality shall be in place of any other direct
20 distribution of ~~funds~~-MONEY from the Michigan transportation fund.
21 The population of a newly incorporated municipality as determined
22 under this section shall be added to the total population of all
23 incorporated cities and villages in the state in computing the
24 amounts to be returned under this section to each municipality in
25 the state. Major street mileage, local street mileage, and
26 equivalent major mileage, if applicable, shall be determined by the
27 department before the next month for which distribution is made

1 following the effective date of incorporation of a newly
2 incorporated municipality.

3 (2) From the amount available for distribution to cities and
4 villages during each December, an amount equal to 0.7% of the total
5 amount returned to all cities and villages under subsections (3)
6 and (4) during the previous calendar year shall be withheld. The
7 amount withheld shall be used to partially reimburse cities and
8 villages located in counties that are eligible for snow removal
9 funds pursuant to section 12a and that have costs for winter
10 maintenance on major and local streets that are greater than the
11 statewide average. The distributions shall be made annually during
12 February and shall be calculated separately for the major and local
13 street systems but may be paid in a combined warrant. The
14 distribution to a city or village shall be equal to 1/2 of its
15 winter maintenance expenditures after deducting the product of its
16 total earnings under subsections (3) and (4) multiplied by 2 times
17 the average municipal winter maintenance factor. Winter maintenance
18 expenditures shall be determined from the street financial reports
19 for the most current fiscal years ending before July 1. A city or
20 village that does not submit a street financial report for the
21 fiscal year ending before July 1 by the subsequent December 31 is
22 ineligible for the winter maintenance payment that is to be based
23 on that street financial report. The department shall determine the
24 average municipal winter maintenance factor annually by dividing
25 the total expenditures of all cities and villages on winter
26 maintenance of streets and highways by the total amount earned by
27 all cities and villages under subsections (3) and (4) during the 12

1 months. If the sum of the distributions to be made under this
2 subsection exceeds the amount withheld, the distributions to each
3 eligible city and village shall be reduced proportionately. If the
4 sum is less than the amount withheld, the balance shall be added to
5 the amount available for distribution under subsections (3) and (4)
6 during the next month. The distributions shall be for use on the
7 major and local street systems respectively and shall be subject to
8 the same provisions as ~~funds~~**MONEY** returned under subsections (3)
9 and (4).

10 (3) Seventy-five percent of the remaining amount to be
11 returned to the cities and villages, after deducting the amounts
12 withheld pursuant to subsection (2), shall be returned 60% in the
13 same proportion that the population of each bears to the total
14 population of all cities and villages, and 40% in the same
15 proportion that the equivalent major mileage in each bears to the
16 total equivalent major mileage in all cities and villages. The
17 amount returned under this subsection shall be used by each city
18 and village for the following purposes in the following order of
19 priority:

20 (a) For the payment of contributions required to be made by a
21 city or village under the provisions of contracts previously
22 entered into under 1941 PA 205, MCL 252.51 to 252.64, that have
23 been previously pledged for the payment of the principal and
24 interest on bonds issued under that act; or for the payment of the
25 principal and interest upon bonds issued by a city or village
26 pursuant to 1952 PA 175, MCL 247.701 to 247.707.

27 (b) Payment of obligations of the city or village on highway

1 projects undertaken by the city or village jointly with the
2 department.

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

6 (d) For the preservation, construction, acquisition, and
7 extension of the major street system as defined by this act
8 including the acquisition of a necessary right of way for the
9 system, work incidental to the system, and an appurtenant roadside
10 park or motor parkway, of the city or village and for the payment
11 of the principal and interest on that portion of the city's or
12 village's general obligation bonds that are attributable to the
13 construction or reconstruction of the city's or village's major
14 street system. Not more than 5% per year of the ~~funds~~**MONEY**
15 returned to a city or village by this subsection shall be expended
16 for the preservation or acquisition of appurtenant roadside parks
17 and motor parkways. Surplus ~~funds~~**MONEY** may be expended for the
18 development, construction, or repair of off-street parking
19 facilities, the construction or repair of street lighting, and
20 transfer to the local street system under subsection (6).

21 (e) For capital outlay projects for equipment and buildings,
22 contributions pledged for the payment of loans and for the payment
23 of contractual debt service requirements for the payment of bonds
24 for the purpose of providing ~~funds~~**MONEY** for capital outlay
25 projects for equipment and buildings necessary to the development
26 and maintenance of the road system so long as amounts allocated
27 under this subdivision are used for transportation purposes.

1 (4) The remaining amount to be returned to incorporated cities
2 and villages shall be expended in each city or village for the
3 preservation, construction, acquisition, and extension of the local
4 street system of the city or village, including the acquisition of
5 a necessary right of way for the system, work incidental to the
6 system, and subject to subsection (5), for the payment of the
7 principal and interest on the portion of the city's or village's
8 general obligation bonds that are attributable to the construction
9 or reconstruction of the city's or village's local street system.
10 The amount returned under this subsection shall be returned to the
11 cities and villages 60% in the same proportion that the population
12 of each bears to the total population of all incorporated cities
13 and villages in the state, and 40% in the same proportion that the
14 total mileage of the local street system of each bears to the total
15 mileage in the local street systems of all cities and villages of
16 the state. The payment of the principal and interest upon bonds
17 issued by a city or village pursuant to 1952 PA 175, MCL 247.701 to
18 247.707, and after that payment, the payment of debt service on
19 loans received under section 11(5), shall have priority in the
20 expenditure of money returned under this subsection.

21 (5) Money distributed to each city and village for the
22 maintenance and preservation of its local street system under this
23 act represents the total responsibility of the state for local
24 street system support. ~~Funds~~ **MONEY** distributed from the Michigan
25 transportation fund shall not be expended for construction purposes
26 on city and village local streets except to the extent matched from
27 local revenues including other money returned to a city or village

1 by ~~the~~**THIS** state under the state constitution of 1963 and statutes
2 of ~~the~~**THIS** state, from ~~funds~~**MONEY** that can be raised by taxation
3 in cities and villages for street purposes within the limitations
4 of the state constitution of 1963 and statutes of this state, from
5 special assessments, or from any other source.

6 (6) Money returned under this section to a city or village
7 shall be expended on the major and local street systems of that
8 city or village. However, the first priority ~~shall be~~**IS** the major
9 street system. Money returned for expenditure on the major street
10 system shall be expended in the priority order provided in
11 subsection (3) except that surplus ~~funds~~**MONEY** may be transferred
12 for preservation of the local street system. Major street ~~funds~~
13 **MONEY** transferred for use on the local street system shall not be
14 used for construction but may be used for preservation. A city or
15 village shall not transfer more than 50% of its annual major street
16 funding for the local street system unless it has adopted and is
17 following an asset management process for its major and local
18 street systems and adopts a resolution with a copy to the
19 department setting forth all of the following:

20 (a) A list of the major streets in that city or village.

21 (b) A statement that the city or village is adequately
22 maintaining its major streets.

23 (c) The dollar amount of the transfer.

24 (d) The local streets to be funded with the transfer.

25 (e) A statement that the city or village is following an asset
26 management process for its major and local street systems.

27 (7) A city or village that has not adopted an asset management

1 plan shall obtain the concurrence of the department to transfer
2 more than 50% of its major street funding to its local street
3 system. The department may provide for pilot projects that would
4 allow a city or village that has adopted an asset management plan
5 under subsection (6) to combine their local and major street funds
6 into 1 street fund and to submit a single report to the department
7 on the expenditure of ~~funds~~**MONEY** on the local and major street
8 systems.

9 (8) Not more than 10% per year of all of the ~~funds~~**MONEY**
10 returned to a city or village from any source for the purposes of
11 this section may be expended for administrative expenses. A city or
12 village that expends more than 10% for administrative expenses in a
13 year is subject to section 14(5).

14 (9) In each city and village to which ~~funds are~~**MONEY IS**
15 returned under this section, the responsibility for street
16 preservation and the development, construction, or repair of off-
17 street parking facilities and construction or repair of street
18 lighting shall be coordinated by a single administrator ~~to be~~
19 designated by the governing body who shall be responsible for and
20 shall represent the municipality in transactions with the
21 department pursuant to this act.

22 (10) Cities and villages may provide for consolidated street
23 administration. A city or a village may enter into an agreement
24 with other cities or villages, the county road commission, or with
25 the state transportation commission for the performance of street
26 or highway work on a road or street within the limits of the city
27 or village or adjacent to the city or village. The agreement may

1 provide for any of the contracting parties to perform the work
2 contemplated by the contracts including services and acquisition of
3 rights of way, by purchase or condemnation in its own name. The
4 agreement may provide for joint participation in the costs if
5 appropriate.

6 (11) Interest earned on ~~funds~~**MONEY** returned to a city or a
7 village for purposes provided in this section shall be credited to
8 the appropriate street fund.

9 (12) In addition to the financial compliance audits required
10 by law, the department may conduct performance audits and make
11 investigations of the disposition of all state ~~funds~~**MONEY** received
12 by cities and villages for transportation purposes to determine
13 compliance with the terms and conditions of this act. Performance
14 audits shall be conducted according to government auditing
15 standards issued by the United States general accounting office.
16 The department shall develop all performance audit procedures and
17 reporting requirements sufficient to determine whether ~~funds~~**MONEY**
18 expended under this section ~~were~~**WAS** expended in compliance with
19 this act by September 1, 2012 and shall report to the
20 transportation committees of the senate and house of
21 representatives no later than October 1, 2012 on the additional
22 audit procedures and reporting requirements. The audit procedures
23 shall include a review of the road fund balance of the city or
24 village. The cities and villages shall report their road fund
25 balances by fund balance component. The department shall assist
26 cities and villages to ensure that road fund balances are
27 consistently classified and are in compliance with the audit and

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1 reporting requirements of this section. The department shall
2 provide notice to cities and villages of the standards to be used
3 for audits under this subsection prior to the fiscal year in which
4 the audit is conducted. The department shall notify cities and
5 villages of any subsequent changes to the standards. Cities and
6 villages shall make available to the department the pertinent
7 records for the audit. Performance audits may be performed at the
8 discretion of the department or upon receiving a request from the
9 speaker of the house of representatives or the senate majority
10 leader.

11 (13) OF THE AMOUNTS APPROPRIATED FOR A CITY OR VILLAGE MAJOR
12 OR LOCAL STREET SYSTEM UNDER THIS SECTION, WHERE POSSIBLE, A CITY
13 OR VILLAGE SHALL SECURE PAVEMENT WARRANTIES FOR FULL REPLACEMENT OR
14 APPROPRIATE REPAIR FOR CONTRACTED CONSTRUCTION WORK ON PAVEMENT
15 PROJECTS WHOSE COST EXCEEDS [\$2,000,000.00] AND PROJECTS FOR NEW
16 CONSTRUCTION OR RECONSTRUCTION UNDERTAKEN AFTER THE EFFECTIVE DATE
17 OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION IF ALLOWED BY THE
18 FEDERAL HIGHWAY ADMINISTRATION AND THE DEPARTMENT. A CITY OR
19 VILLAGE SHALL SUBMIT A PROPOSED WARRANTY PROGRAM TO THE DEPARTMENT
20 FOR APPROVAL NO LATER THAN FEBRUARY 1, 2016. IF A PROPOSED WARRANTY
21 PROGRAM SUBMITTED UNDER THIS SUBSECTION IS APPROVED BY THE
22 DEPARTMENT, THE CITY OR VILLAGE SHALL IMPLEMENT THE PROGRAM NO
23 LATER THAN 1 YEAR AFTER THE APPROVAL. A CITY OR VILLAGE SHALL
24 INCLUDE A LIST OF ALL WARRANTIES THAT WERE SECURED UNDER THIS
25 SUBSECTION AND INDICATE WHETHER ANY OF THOSE WARRANTIES WERE
26 REDEEMED WITH THE REPORT REQUIRED UNDER SECTION 14(3), AND SHALL
27 ALSO LIST ALL PAVEMENT PROJECTS WHOSE COST EXCEEDS [\$2,000,000.00]

1 FOR WHICH A WARRANTY WAS NOT SECURED. THE LIST SHALL INCLUDE, BUT
2 IS NOT LIMITED TO, ALL OF THE FOLLOWING INFORMATION:

3 (A) THE TYPE OF PROJECT.

4 (B) THE COST OR ESTIMATED COST OF THE PROJECT.

5 (C) THE EXPECTED LIFESPAN OF THE PROJECT.

6 (D) WHETHER OR NOT THE PROJECT MET OR IS CURRENTLY MEETING ITS
7 EXPECTED LIFESPAN.

8 (E) IF THE PROJECT FAILED TO MEET OR IS NOT MEETING ITS
9 EXPECTED LIFESPAN, THE CAUSE OF THE FAILURE AND THE COST TO REPLACE
10 OR REPAIR THE PROJECT.

11 (F) THE ENTITY RESPONSIBLE FOR PAYING THE COST OF REPLACING OR
12 REPAIRING THE PROJECT.

13 (14) ~~(13)~~As used in this section:

14 (a) "Administrative expenses" means expenses that are not
15 assigned under this section, including, but not limited to,
16 specific road construction or maintenance projects, and are often
17 referred to as general or supportive services. Administrative
18 expenses do not include net equipment expense, net capital outlay,
19 debt service principal and interest, or payments to other state or
20 local offices that are assigned, but not limited to, specific road
21 construction projects or maintenance activities.

22 (b) "Equivalent major mileage" means the sum of 2 times the
23 state trunk line mileage certified by the department as of March 31
24 of each year, as being within the boundaries of each city and
25 village having a population of 25,000 or more, plus the major
26 street mileage in each city and village, multiplied by the
27 following factor:

1 (i) 1.0 for cities and villages of 2,000 or less population.

2 (ii) 1.1 for cities and villages from 2,001 to 10,000
3 population.

4 (iii) 1.2 for cities and villages from 10,001 to 20,000
5 population.

6 (iv) 1.3 for cities and villages from 20,001 to 30,000
7 population.

8 (v) 1.4 for cities and villages from 30,001 to 40,000
9 population.

10 (vi) 1.5 for cities and villages from 40,001 to 50,000
11 population.

12 (vii) 1.6 for cities and villages from 50,001 to 65,000
13 population.

14 (viii) 1.7 for cities and villages from 65,001 to 80,000
15 population.

16 (ix) 1.8 for cities and villages from 80,001 to 95,000
17 population.

18 (x) 1.9 for cities and villages from 95,001 to 160,000
19 population.

20 (xi) 2.0 for cities and villages from 160,001 to 320,000
21 population.

22 (xii) For cities over 320,000 population, a factor of 2.1
23 increased successively by 0.1 for each 160,000 population increment
24 over 320,000.

25 (c) "Population" means the population according to the most
26 recent statewide federal census as certified at the beginning of
27 the state fiscal year, except that, if a municipality has been

1 newly incorporated since completion of the census, the population
2 of the municipality for purposes of the distribution of ~~funds~~ **MONEY**
3 before completion of the next census shall be the population as
4 determined by special federal census, if there is a special federal
5 census, and if not, by the population as determined by the official
6 census in connection with the incorporation, if there is such a
7 census and, if not, by a special state census to be taken at the
8 expense of the municipality by the secretary of state pursuant to
9 section 6 of the home rule city act, 1909 PA 279, MCL 117.6.

10 Sec. 14. (1) Each county road commission and city and village
11 of the state shall prepare biennial primary road and major street
12 programs, based on long-range plans, and shall make the programs
13 available for review by the public.

14 (2) Separate accounts shall be kept by cities, villages, and
15 county road commissions of all money returned from the Michigan
16 transportation fund. This subsection ~~shall~~ **DOES** not ~~be construed to~~
17 prevent the combining of accounts on which separate bookkeeping
18 records are kept into a single deposit account.

19 (3) All county road commissions and cities and villages shall
20 keep accurate and uniform records on all road and street work and
21 funds, and shall annually report to the ~~state transportation~~
22 department at the time, in the manner, and on forms prescribed by
23 the ~~state transportation~~ department the mileage of each road system
24 under their jurisdiction and the receipts and disbursements of road
25 and street funds. In the annual report, each county road commission
26 shall report on its compliance in the preceding year with the
27 requirements of section 12(16) and (17). The report shall also

1 specify, with respect to section 12(17), the total dollar amount
2 expended for other than maintenance purposes which would not have
3 been permissible without the deduction of certain urban route
4 expenditures as permitted under section 12(17). The report shall
5 also specify the justification for a waiver of the requirement of
6 section 12(17), if that requirement was waived. **A COUNTY ROAD**
7 **COMMISSION, CITY, OR VILLAGE SHALL POST THE REPORT REQUIRED BY THIS**
8 **SUBSECTION ON ITS WEBSITE, IF THE COUNTY ROAD COMMISSION, CITY, OR**
9 **VILLAGE HAS A WEBSITE.**

10 (4) The ~~expenditure of adequate amounts, by county road~~
11 ~~commissions and the cities and villages~~ **ARE AUTHORIZED TO EXPEND**
12 **ADEQUATE AMOUNTS** from funds returned by this act ~~to cover the~~
13 ~~cost of administration, engineering, and record keeping, is hereby~~
14 ~~authorized,~~ and expenditures for those purposes shall be reported
15 separately by each county road commission, city, and village to the
16 ~~state transportation department.~~

17 (5) All distributions and returns of funds provided for in
18 this act shall be withheld from the ~~state transportation~~
19 ~~department,~~ eligible authorities, county road commissions, cities,
20 villages, or other eligible governmental agencies for failure to
21 comply with any of the requirements of this act, and the
22 withholding shall continue for the period of noncompliance.

23 (6) Money distributed to county road commissions for the
24 maintenance and improvement of county local road systems pursuant
25 to section 12 represents the total responsibility of ~~the~~ **THIS** state
26 for local county road support. Additional funds required for the
27 support of county local road systems may be supplied from other

1 money returned to the township governments by ~~the~~**THIS** state under
2 the state constitution of 1963 and statutes of ~~the~~**THIS** state, or
3 from funds that can be raised by taxation in the townships or
4 counties for road purposes within the limitations of the state
5 constitution of 1963 and statutes of ~~the~~**THIS** state.

6 Enacting section 1. This amendatory act takes effect October
7 1, 2015.