

HOUSE BILL No. 5745

April 7, 1992, Introduced by Reps. Mathieu, Sikkema, Bandstra, DeLange, Bender, Baade, Van Singel and DeMars and referred to the Committee on Transportation.

.A bill to amend section 10e of Act No. 51 of the Public Acts of 1951, entitled as amended

"An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety commission; to provide for the continuing review of transportation needs within the state; to authorize the state transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, critical bridge fund, and comprehensive transportation fund; to provide for the deposits in the state trunk line fund, critical

bridge fund, and comprehensive transportation fund 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 certain acts and parts of acts,"

as amended by Act No. 73 of the Public Acts of 1990, being section 247.660e of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 10e of Act No. 51 of the Public Acts of
2 1951, as amended by Act No. 73 of the Public Acts of 1990, being
3 section 247.660e of the Michigan Compiled Laws, is amended to
4 read as follows:

5 Sec. 10e. (1) The comprehensive transportation fund is
6 appropriated for each fiscal year in the following order of
7 priority.

8 (2) The first priority is to pay, but only from money
9 restricted as to use by section 9 of article IX of the state con-
10 stitution of 1963, the principal and interest on bonds or notes
11 issued under section 18b for comprehensive transportation pur-
12 poses as defined by law. A sufficient portion of the comprehen-
13 sive transportation fund is irrevocably appropriated to pay, when
14 due, the principal and interest on those bonds and notes.

1 (3) After making or setting aside payments required by
2 subsection (2), the second priority of the comprehensive
3 transportation fund is the payment of the department's cost in
4 administering the comprehensive transportation fund. The amount
5 to be expended pursuant to this subsection shall not exceed the
6 costs appropriated for the administration of the fund in the
7 fiscal year ending September 30, 1987, as adjusted annually on
8 October 1, by the change for the preceding 12 months in the
9 Detroit consumer price index for urban wage earners and shall be
10 appropriated annually by the legislature.

11 (4) After making or setting aside payments required by sub-
12 sections (2) and (3), the balance of the comprehensive transpor-
13 tation fund beginning October 1, 1987, shall be expended each
14 fiscal year as appropriated annually by the legislature pursuant
15 to the state transportation program approved by the commission as
16 follows:

17 (a) 65% for the fiscal year ending September 30, 1988, ~~and~~
18 70% for each fiscal year THROUGH SEPTEMBER 30, 1993, AND 75% FOR
19 EACH FISCAL YEAR thereafter, shall be distributed as operating
20 grants to eligible authorities and eligible governmental agencies
21 according to the following formulations and subject to the fol-
22 lowing requirements:

23 (i) For the fiscal year ending September 30, 1988, each eli-
24 gible authority and eligible governmental agency which receives
25 in those years grants under section 9 of the urban mass trans-
26 portation act of 1964, 49 U.S.C. 1607a, shall receive from the
27 funds distributed pursuant to this subparagraph a grant up to 50%

1 of the difference between the eligible operating expenses of the
2 eligible governmental agency or eligible authority and the amount
3 of operating grants received by that agency or authority pursuant
4 to section 9 of the urban mass transportation act of 1964, 49
5 U.S.C. 1607a. For the fiscal ~~year~~ YEARS ending September 30,
6 1989, ~~and for each fiscal year thereafter~~ THROUGH SEPTEMBER 30,
7 1991, each eligible authority and eligible governmental agency
8 which provides public transportation services in urbanized areas
9 under the provisions of section 9 of the urban mass transporta-
10 tion act of 1964, 49 U.S.C. 1607a, except as provided in subpara-
11 graph (vi), shall receive a grant of up to 40% of their eligible
12 operating expenses as defined by the state transportation
13 department. Funds not obligated at the end of the fiscal year
14 shall be used for the local share and effective bonus assistance
15 programs described in subdivision (d)(i). FOR THE FISCAL YEAR
16 ENDING SEPTEMBER 30, 1992 AND FOR EACH FISCAL YEAR THEREAFTER,
17 86% OF THE AMOUNT TO BE EXPENDED UNDER THIS SUBDIVISION IN THE
18 FORM OF GRANTS TO EACH ELIGIBLE AUTHORITY AND ELIGIBLE GOVERNMEN-
19 TAL AGENCY WHICH PROVIDES PUBLIC TRANSPORTATION SERVICES IN
20 URBANIZED AREAS UNDER THE PROVISIONS OF SECTION 9 OF THE URBAN
21 MASS TRANSPORTATION ACT OF 1964, 49 U.S.C. 1607a, IN AN AMOUNT
22 EQUAL TO THE PRODUCT OF THE TOTAL AMOUNT OF OPERATING ASSISTANCE
23 FUNDS AVAILABLE IN A PARTICULAR YEAR TIMES THE PERCENTAGE OF THE
24 TOTAL POPULATION OF ALL URBANIZED AREAS CONTAINED IN THE SERVICE
25 AREA OF THE ELIGIBLE AUTHORITY OR ELIGIBLE GOVERNMENTAL AGENCY
26 PLUS THE PERCENTAGE OF THE TOTAL ANNUAL VEHICLE MILES OF
27 TRANSPORTATION SERVICES PROVIDED BY ALL ELIGIBLE AUTHORITIES AND

1 ELIGIBLE GOVERNMENTAL AGENCIES THAT IS PROVIDED BY THE ELIGIBLE
2 AUTHORITY OR ELIGIBLE GOVERNMENTAL AGENCY RECEIVING THE GRANT
3 DIVIDED BY 2, BUT NOT TO EXCEED 50% OF THEIR ELIGIBLE OPERATING
4 EXPENSES AS DEFINED BY THE STATE TRANSPORTATION DEPARTMENT.
5 HOWEVER, AN ELIGIBLE AUTHORITY OR ELIGIBLE GOVERNMENTAL AGENCY
6 SHALL NOT RECEIVE LESS THAN THE AMOUNT OF OPERATING ASSISTANCE
7 RECEIVED IN ITS 1987 FISCAL YEAR. IF THE AMOUNT AVAILABLE FOR
8 DISTRIBUTION IS NOT SUFFICIENT TO MAKE THE PAYMENTS REQUIRED BY
9 OPERATION OF THIS SUBPARAGRAPH, EACH GRANT SHALL BE REDUCED ON A
10 PRO RATA BASIS. FUNDS NOT OBLIGATED AT THE END OF THE FISCAL
11 YEAR SHALL BE USED FOR THE LOCAL SHARE AND EFFECTIVE BONUS
12 ASSISTANCE PROGRAMS DESCRIBED IN SUBDIVISION (D)(i).

13 (ii) For the fiscal year ending September 30, 1988, each
14 eligible authority and eligible governmental agency which
15 receives in that year grants from the federal government under
16 section 18 of the urban mass transportation act of 1964, 49
17 U.S.C. 1614, shall receive from the funds distributed pursuant to
18 this subparagraph a grant up to 60% of the difference between the
19 eligible operating expenses of the eligible governmental agency
20 or eligible authority and the amount of operating grants received
21 by that agency or authority under section 18 of the urban mass
22 transportation act of 1964, 49 U.S.C. 1614. For the fiscal
23 ~~year~~ YEARS ending September 30, 1989, ~~and each fiscal year~~
24 ~~thereafter~~ THROUGH SEPTEMBER 30, 1991, each eligible authority
25 and eligible governmental agency which provides public transpor-
26 tation services in nonurbanized areas under the provisions of
27 section 18 of the urban mass transportation act of 1964, 49

1 U.S.C. 1614, except as provided in subparagraph (vi), shall
2 receive a grant of up to 50% of their eligible operating expenses
3 as defined by the state transportation department. Funds remain-
4 ing at the end of the fiscal year shall be used for the local
5 share and effective bonus assistance programs described in subdi-
6 vision (d)(i). FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1992,
7 AND EACH FISCAL YEAR THEREAFTER, 14% OF THE AMOUNT TO BE EXPENDED
8 UNDER THIS SUBDIVISION IN THE FORM OF GRANTS TO EACH ELIGIBLE
9 AUTHORITY AND ELIGIBLE GOVERNMENTAL AGENCY WHICH PROVIDES PUBLIC
10 TRANSPORTATION SERVICES IN NONURBANIZED AREAS UNDER THE PROVI-
11 SIONS OF SECTION 18 OF THE URBAN MASS TRANSPORTATION ACT OF 1964,
12 49 U.S.C. 1614, IN AN AMOUNT NOT TO EXCEED 60% OF THEIR ELIGIBLE
13 OPERATING EXPENSES AS DEFINED BY THE STATE TRANSPORTATION
14 DEPARTMENT. FUNDS REMAINING AT THE END OF THE FISCAL YEAR SHALL
15 BE USED FOR THE LOCAL SHARE AND EFFECTIVE BONUS ASSISTANCE PRO-
16 GRAMS DESCRIBED IN SUBDIVISION (D)(i). IF THE AMOUNT AVAILABLE
17 FOR DISTRIBUTION IS NOT SUFFICIENT TO MAKE THE PAYMENTS REQUIRED
18 BY OPERATION OF THIS SUBPARAGRAPH, EACH GRANT SHALL BE REDUCED ON
19 A PRO RATA BASIS.

20 (iii) Funds shall not be distributed to an eligible author-
21 ity or eligible governmental agency under this act unless the
22 eligible authority or eligible governmental agency provides or
23 agrees to provide preferential fares for public transportation
24 services to persons 65 years of age or over or handicappers
25 riding in off peak periods of service. As used in this section,
26 "handicapper" means a handicapped person as that term is defined
27 by the United States department of transportation in 49 C.F.R.

1 part 27. The preferential fares shall not be higher than 50% of
2 the regular 1-way single fare.

3 (iv) Eligible authorities and eligible governmental agencies
4 shall not engage in charter service using vehicles, facilities,
5 or equipment funded under this act except on an incidental basis
6 as defined by 49 C.F.R. part 604.

7 (v) Notwithstanding any other provision of this subsection,
8 for the fiscal years ending September 30, 1989, 1990, and 1991,
9 each eligible authority and eligible governmental agency shall
10 receive a distribution from the comprehensive transportation fund
11 not less than the distribution received for eligible operating
12 expenses for the fiscal year ending September 30, 1987.

13 ~~Beginning with the fiscal year ending September 30, 1992 and~~
14 ~~each fiscal year thereafter, each eligible authority and eligible~~
15 ~~governmental agency shall receive a distribution from the compre-~~
16 ~~hensive transportation fund for eligible operating expenses not~~
17 ~~less than the distribution received for the fiscal year ending~~
18 ~~September 30, 1989.~~ As it relates to this subsection the ratio
19 between comprehensive transportation funds and local funds in the
20 base years shall be maintained for all fiscal years by the eligi-
21 ble authority and eligible governmental agency. Reductions in
22 this ratio shall require a proportionate reduction in the compre-
23 hensive transportation funds provided for any fiscal year.

24 ~~(vi) Notwithstanding any other provision of this subsec-~~
25 ~~tion, operating grants to eligible authorities and eligible gov-~~
26 ~~ernmental agencies shall not increase from 1 fiscal year to the~~
27 ~~next fiscal year by an amount greater than the percentage change~~

1 ~~between the comprehensive transportation fund revenues~~
 2 ~~appropriated for the purposes of this subdivision in the preced-~~
 3 ~~ing fiscal year, except for the fiscal year ending September 30,~~
 4 ~~1989, in which case the fiscal year ending September 30, 1987~~
 5 ~~shall be used, and the estimated comprehensive transportation~~
 6 ~~fund revenues to be appropriated for the purposes of this subdi-~~
 7 ~~vision for the fiscal year for which grants are authorized under~~
 8 ~~this subsection. Any funds remaining under this subdivision~~
 9 ~~after this determination is made are hereby authorized to be used~~
 10 ~~for the purposes of subdivision (d)(i). The department shall~~
 11 ~~make this determination by March 1 of each year.~~

12 (vi) ~~(vii)~~ Each eligible authority and eligible governmen-
 13 tal agency receiving comprehensive transportation funds shall
 14 prepare and submit to the department a quarterly report of the
 15 progress made in carrying out its local transportation program
 16 within 40 days after the end of each fiscal year quarter. The
 17 progress report shall be made on forms authorized by the United
 18 States Department of transportation under the provisions of
 19 public law 100-17.

20 (vii) ~~(viii)~~ The department may periodically adjust or
 21 redistribute comprehensive transportation funds previously dis-
 22 tributed under this subdivision.

23 (viii) EACH ELIGIBLE AUTHORITY AND ELIGIBLE GOVERNMENT
 24 AGENCY RECEIVING STATE OPERATING ASSISTANCE FUNDS UNDER THIS SUB-
 25 DIVISION SHALL RECEIVE AN INDEPENDENT CERTIFIED AUDIT UNDER FED-
 26 ERAL SINGLE AUDIT RULES OR RULES PROMULGATED BY THE STATE
 27 TRANSPORTATION DEPARTMENT CERTIFYING THE FINANCIAL AND

1 OPERATIONAL DATA OF THAT AUTHORITY OR AGENCY. ELIGIBLE
2 AUTHORITIES OR ELIGIBLE GOVERNMENTAL AGENCIES THAT DO NOT FILE
3 SUCH AN AUDIT WITH THE STATE TRANSPORTATION DEPARTMENT WITHIN 180
4 CALENDAR DAYS AFTER THE END OF THEIR FISCAL YEAR, OR THAT RECEIVE
5 QUALIFIED AUDITORS' OPINIONS ABOUT THE FINANCIAL DATA OR OPERAT-
6 ING STATISTICS, SHALL FORFEIT 10% OF THEIR FORMULA OPERATING
7 ASSISTANCE AS CALCULATED UNDER SUBPARAGRAPH (i) OR (ii) IN THE
8 FOLLOWING FISCAL YEAR. THE AMOUNT OF FORFEITURE SHALL BE
9 INCREASED 10% FOR EACH FISCAL YEAR AN AUDITED STATEMENT IS NOT
10 PROVIDED.

11 (b) 35% for the fiscal year ending September 30, 1988, shall
12 be distributed by the department for public transportation
13 purposes. Funds distributed under this subdivision shall be
14 expended pursuant to specific line item appropriation for, but
15 are not limited to, the following public transportation
16 purposes:

17 (i) Not less than \$850,000.00 in each fiscal year for oper-
18 ating assistance grants for specialized services. As used in
19 this subparagraph, "specialized services" means public transpor-
20 tation services primarily designed for persons who are handicap-
21 pers or who are 65 years of age or older.

22 (ii) Operating and capital grants to eligible authorities
23 and eligible governmental agencies for new small bus service.

24 (iii) Intercity passenger transportation purposes.

25 (iv) Intercity freight transportation purposes.

26 (v) Bus capital expenditure matching funds.

1 (vi) Supplemental operating assistance to eligible
2 authorities and eligible governmental agencies.

3 (vii) Not more than \$1,000,000.00 in each fiscal year for
4 the credit program created under section 104.

5 (viii) Public transportation development.

6 (c) Not less than 10% for the fiscal year ending
7 September 30, 1989, and each fiscal year thereafter, shall be
8 distributed by the department for intercity passenger and inter-
9 city freight transportation purposes.

10 (d) ~~20%~~ 15% for the fiscal year ending September 30, 1989,
11 and each fiscal year thereafter, shall be distributed by the
12 department for public transportation purposes. Funds distributed
13 under this subdivision shall be expended pursuant to specific
14 line item appropriation for, but are not limited to, the follow-
15 ing public transportation purposes:

16 (i) Beginning with the fiscal year ending September 30,
17 1989, the local share and effective bonus assistance programs.
18 The local share and effective bonus assistance programs shall
19 each be funded with not less than \$1,000,000.00 from funds dis-
20 tributed under this subdivision. Eligible authorities and eligi-
21 ble governmental agencies shall receive local share and effective
22 bonus assistance funds according to guidelines developed by the
23 department. Any undistributed funds from subdivision (a) may
24 also be used for the purpose of this program.

25 (ii) Beginning with the fiscal year ending September 30,
26 1989, the specialized services assistance program. The
27 specialized services assistance program shall be funded with not

1 less than \$2,000,000.00 from funds distributed under this
2 subdivision. Funds shall be distributed according to guidelines
3 developed by the department based upon the following
4 considerations:

5 (A) Proposals for coordinated specialized services assist-
6 ance funding shall be developed jointly between existing eligible
7 authorities or eligible governmental agencies that provide public
8 transportation services and the area agencies on aging or any
9 other organization representing specialized services interests,
10 as defined in this subdivision. Plans shall be reviewed and
11 approved by the bureau of urban and public transportation of the
12 department. Upon approval, the department shall release the
13 funds to the eligible authority or eligible governmental agency
14 which shall then allocate the funds to the area agency on aging
15 or any other organization representing specialized services
16 interests, as defined in this subdivision for the purchase of
17 services as approved in the plan by the department.

18 (B) If an eligible authority or eligible governmental agency
19 does not exist to provide public transportation service in a
20 county, coordinated proposals for specialized services assistance
21 funding may be submitted by the area agency on aging or any other
22 organization representing specialized services interests, as
23 defined in this subdivision. The proposals shall be reviewed and
24 approved by the bureau of urban and public transportation of the
25 department. Upon approval, the department shall release the
26 funds to the area agency on aging or any other organization
27 representing specialized services interests, as defined in this

1 subdivision for the purchase of services as approved in the plan
2 by the department.

3 (C) For the purposes of this program, "specialized services"
4 means public transportation primarily designed for persons who
5 are handicappers or who are 65 years of age or older.

6 (iii) Local bus capital.

7 (iv) Local bus new services.

8 (v) Not more than \$1,000,000.00 in each fiscal year for the
9 credit program established under section 104.

10 (vi) Public transportation development.

11 (vii) Other public transportation programs approved by the
12 commission.

13 (e) The unappropriated and unencumbered balance of the com-
14 prehensive transportation fund lapses at the end of each fiscal
15 year and reverts to the comprehensive transportation fund for
16 appropriation in the following fiscal year.

17 (5) Eligible authorities and eligible governmental agencies
18 shall receive capital grants each fiscal year by the annual pro-
19 cess described in this section. Amounts received by an eligible
20 authority or eligible governmental agency pursuant to this sub-
21 section shall be expended by that authority or agency solely for
22 capital projects which have been approved by the state transpor-
23 tation commission. Any funds approved by distribution to an eli-
24 gible authority or eligible governmental agency pursuant to this
25 section which have not been encumbered by that agency or author-
26 ity for an approved capital project by the end of the following
27 fiscal year in which the funds were approved shall not be

1 expended by the authority or agency and be available for
2 distribution from the comprehensive transportation fund for the
3 purposes described in this section.

4 (6) The department, in carrying out the policy of the state
5 transportation commission, shall annually prepare and distribute
6 by December 1, instructions to eligible governmental agencies,
7 eligible authorities, and intercity carriers to enable the prepa-
8 ration of a local transportation program. Eligible governmental
9 agencies, eligible authorities, and intercity carriers shall give
10 public notice of their intent to apply for money in the compre-
11 hensive transportation fund to the residents of the counties,
12 townships, villages, and cities affected by the local transporta-
13 tion program and shall make their application available for a
14 period of 30 days. All comments received by the eligible govern-
15 mental agency, eligible authority, or intercity carrier shall be
16 transmitted to the department.

17 (7) On or before March 1 of each year, each intercity carri-
18 er, eligible authority, and eligible governmental agency shall
19 submit to the department its local transportation program for the
20 next succeeding fiscal year. The format for each local transpor-
21 tation program shall be as prescribed by the federal transporta-
22 tion improvement program insofar as practical and shall include
23 project descriptions, funding sources, and justification for each
24 line item, and summary budgets based on distributions anticipated
25 under subsection (4). The program shall contain at a minimum the
26 contemplated routes, hours of service, estimated transit vehicle
27 miles, costs of public transportation services, and projected

1 capital improvements or projects as exclusively determined by the
2 eligible authority or eligible governmental agency. The costs of
3 service and capital improvements or projects shall be in suffi-
4 cient detail to permit the state transportation department to
5 evaluate and approve the annual public transportation program.
6 Determination of individual projects to be included in the local
7 transportation programs other than those provided in this subsec-
8 tion shall be made by the governing body of the eligible author-
9 ity or eligible governmental agency.

10 (8) On or before March 1 of each year, the department shall
11 prepare and file for public inspection and review the department
12 transportation program. The department transportation program
13 shall be prepared on similar format to the local transportation
14 programs, and shall include a summary description of projects,
15 with funding sources and project justifications for each line
16 item for the fiscal year immediately succeeding the fiscal year
17 in which the program is submitted. In addition, the department
18 transportation program shall include summary, nondetailed budget
19 and project descriptions and justifications excluding projects
20 contained in a local transportation program.

21 (9) On or before April 1 of each year, the department shall
22 prepare and file with the commission the proposed state transpor-
23 tation program for the next succeeding fiscal year. The proposed
24 state transportation program shall contain the local transporta-
25 tion programs of each intercity carrier, eligible authority and
26 eligible governmental agency, the department transportation
27 program, and the programs for the expenditure of the state trunk

1 line fund as they may have been supplemented, amended, or
2 modified since their original filing. The state transportation
3 program shall include the estimated amount of money in the funds
4 described in this subsection by revenue source, project justifi-
5 cations, project descriptions funding sources, and budget
6 summaries.

7 (10) On or before May 1 of each year, the state transporta-
8 tion commission shall act on the state transportation program for
9 the fiscal year commencing on the following October 1. In con-
10 sidering approval of the proposed projects of each intercity car-
11 rier, eligible authority, or eligible governmental agency, other
12 than projects which are to be funded pursuant to subsection (5),
13 the state transportation commission shall consider whether the
14 projects comply with state law, are within funds allocated in
15 this section, whether they may be funded within the approved bud-
16 gets, whether there are intercity carriers, eligible authorities,
17 and eligible governmental agencies responsible to implement the
18 projects, and the recommendations of the department on individual
19 projects. Upon making those determinations, the state transpor-
20 tation commission shall approve the projects which best meet the
21 criteria of this subsection.

22 (11) By October 1, the department and each intercity carri-
23 er, eligible authority, or eligible governmental agency shall
24 enter into a contractual agreement or standardized grant memoran-
25 dum of agreement, which may cover 1 or more projects to be made
26 from this section in the applicable fiscal year to the intercity

1 carrier, eligible authority, or eligible governmental agency from
2 the comprehensive transportation fund.

3 (12) After a multiyear public transportation program is
4 approved by the state transportation commission, the state trans-
5 portation department may enter into a grant-in-aid instrument
6 with an eligible authority, intercity carrier, or eligible gov-
7 ernmental agency obligating the state to a minimum level of fund-
8 ing for approved projects to be available over the multiyear
9 period of the program. This obligation shall be binding upon the
10 state transportation department as long as the provisions and
11 conditions of the state transportation commission approved pro-
12 gram are carried out as agreed.

13 (13) Contracts and grant memorandum agreements may be
14 audited by the state transportation commission's office of com-
15 mission audits using rules promulgated by the United States gen-
16 eral accounting office and the terms and conditions of the
17 respective contracts and agreements. Third party agreements are
18 subject to the review and approval of the department.

19 (14) Funds distributed by the department may pay 100% of the
20 portion of the cost not eligible for reimbursement by the federal
21 government for eligible capital projects authorized by the state
22 transportation commission using comprehensive transportation
23 funds or the proceeds of notes and bonds issued under section
24 18b. Priority for funding obligation shall be given to capital
25 projects for which federal funds have been authorized.

26 (15) All approved local bus new services initiated by
27 eligible authorities and eligible governmental agencies not in

1 their fourth year or beyond of funding on October 1, 1988, shall
2 be funded from subsection (4)(d)(iv). Local bus new services
3 shall be funded under subsection (4)(d)(iv) in the following per-
4 centages of eligible operating expenses as determined by the
5 department:

6 (a) Startup 100%.

7 (b) First year 90%.

8 (c) Second year 80%.

9 (d) Third year 70%.

10 (e) Fourth year and each year thereafter, up to 40% if such
11 service is provided within an urbanized area, up to 50% if such
12 service is provided within a nonurbanized area.

13 The balance of eligible operating expenses shall be met from
14 local revenue sources including farebox. The department shall
15 pay up to 100% of eligible capital expenses during the startup
16 and first 3 years of service, after the third year, the depart-
17 ment shall participate in eligible capital expenses in the same
18 percentage as for other eligible authorities and eligible govern-
19 mental agencies. For the purposes of this subsection, eligible
20 operating and capital expenses means those expenses determined by
21 the department as applicable to existing eligible authorities and
22 eligible governmental agencies. The department shall prioritize
23 annually all requests for comprehensive transportation funds to
24 institute new services under this subsection. First priority
25 shall be given to eligible authorities and eligible governmental
26 agencies who have not completed their first 3 years of service by
27 October 1, 1988. New services initiated by eligible authorities

1 and eligible governmental agencies under this subsection shall
2 meet all of the requirements of section 10.

3 (16) The department shall pay up to 80% of the portion of
4 the cost not eligible for reimbursement by the federal government
5 for intercity passenger operating assistance projects authorized
6 by the commission for the first 2 years of new services. For the
7 third year, eligible costs shall be reimbursed at up to 60% of
8 the portion of the cost not eligible for reimbursement by the
9 federal government. After the third year, eligible costs shall
10 be reimbursed at up to 50% of the portion of the cost not eligi-
11 ble for reimbursement by the federal government. Eligible costs
12 of services provided as of September 30, 1981, shall be reim-
13 bursed at up to 50% of the portion of the cost not eligible for
14 reimbursement by the federal government. However, the amount of
15 funds from the comprehensive transportation fund when added to
16 federal funds and local funds shall not exceed the total operat-
17 ing assistance project cost.

18 (17) A vehicle purchased, leased, or rented after
19 November 15, 1976, by an eligible authority or eligible govern-
20 mental agency with funds made available under this act, which
21 funds were not already committed under a contract in existence on
22 November 15, 1976, shall not be used to provide service on a
23 fixed schedule and fixed route for which a passenger fee is
24 charged unless the vehicle is accessible to a person using a
25 wheelchair from a roadway level or curb level, and has accommo-
26 dations in which 1 or more wheelchairs can be secured.

1 (18) A vehicle shall not be purchased, leased, or rented by
2 an eligible authority or eligible governmental agency after
3 October 1, 1978, with funds made available under this act which
4 vehicle is used to provide demand actuated service unless the
5 eligible authority or eligible governmental agency has submitted
6 a plan to the state transportation department describing the
7 service to be provided by the demand actuated service to persons
8 65 years of age or older and handicappers within the applicable
9 service area and that plan has been approved by the department.
10 The department shall approve the plan as submitted or modified or
11 shall reject the plan within 60 days after the plan is
12 submitted. A plan which describes the service to be provided by
13 the demand actuated service shall not be approved by the depart-
14 ment unless that plan provides the following:

15 (a) That demand actuated service will be provided to persons
16 65 years of age or older and handicappers residing in the entire
17 service area subject to the plan.

18 (b) That as a minimum, demand actuated service will be pro-
19 vided to persons 65 years of age or older and handicappers during
20 the same hours as service is provided to all other persons in the
21 service area subject to the plan.

22 (c) That the average time period required for demand actu-
23 ated service to persons 65 years of age or older and handicappers
24 from the initiation of a service request to arrival at the desti-
25 nation is equal to the average time period required for demand
26 actuated service provided to all other persons in the service
27 area subject to the plan.

1 (d) That the eligible authority or eligible governmental
2 agency submitting the plan has established a local advisory coun-
3 cil with not less than 50% of its membership representing persons
4 65 years of age or older and handicappers within the service area
5 subject to the plan and that the local advisory council has had
6 an opportunity to review and comment upon the plan before its
7 submission to the department. Each eligible authority or eligi-
8 ble governmental agency jointly with the area agency on aging
9 shall approve at least 1 or the equivalent of 12% of the member-
10 ship of the local advisory council. Each advisory council com-
11 ment shall be included in the plan when submitted to the
12 department.

13 (19) Notwithstanding subsection (18), a plan required by
14 subsection (18) which is not approved or rejected by the state
15 transportation department within 60 days after submission shall
16 be considered approved as submitted.

17 (20) Subsections (17), (18), and (19) shall not apply to
18 vehicles or facilities used to transport persons by rail, air, or
19 water or to vehicles of common carriers licensed by the state
20 transportation department.

21 (21) Beginning January 1, 1979, the department shall submit
22 an annual report to the legislature detailing the service pro-
23 vided in the prior year for persons 65 years of age or older and
24 handicappers by fixed route service and demand actuated service.
25 This report shall include a record of passenger usage and shall
26 be submitted by April 1 of each year.

1 (22) The commission shall request a formal opinion from the
2 attorney general regarding the question of whether reducing the
3 age of persons entitled to specialized services from 65 to 60
4 would constitute a state mandated cost on units of local govern-
5 ment thus requiring the state to reimburse those units for the
6 increased costs of services. If the attorney general concludes
7 that reducing the age of persons entitled to specialized services
8 from 65 to 60 would not constitute a state mandated cost, the
9 legislature shall reduce the age from 65 to 60 within 2 years
10 after the effective date of this subsection.