

SENATE BILL No. 555

October 22, 1991, Introduced by Senator KOIVISTO and referred to the Committee on Transportation and Tourism.

A bill to amend section 13 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. 234 of the Public Acts of 1987, being section 247.663 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 13 of Act No. 51 of the Public Acts of
2 1951, as amended by Act No. 234 of the Public Acts of 1987, being
3 section 247.663 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 13. (1) The amount distributed to cities and villages
6 shall be returned to the treasurers of the cities and villages in
7 the manner, for the purposes, and under the terms and conditions
8 specified in this section. As used in this section, "population"
9 means the population according to the most recent statewide fed-
10 eral census preceding the distribution, except that, if a munici-
11 pality has been newly incorporated since completion of the
12 census, the population of the municipality for purposes of the
13 distribution of funds before completion of the next census shall
14 be the population as determined by special federal census, if
15 there is a census, and if not, by the population as determined by

1 the official census in connection with the incorporation, if
2 there is such a census and, if not, by a special state census to
3 be taken at the expense of the municipality by the secretary of
4 state pursuant to section 6 of Act No. 279 of the Public Acts of
5 1909, as amended, being section 117.6 of the Michigan Compiled
6 Laws. The amount received by the newly incorporated municipality
7 shall be in place of any other direct distribution of funds from
8 the Michigan transportation fund. The population of the newly
9 incorporated municipality as determined under this section shall
10 be added to the total population of all incorporated cities and
11 villages in the state in computing the amounts to be returned
12 under this section to each municipality in the state. Major
13 street mileage, local street mileage, and equivalent major mile-
14 age, if applicable, shall be determined by the state transporta-
15 tion department before the next month for which distribution is
16 made following the effective date of incorporation of a newly
17 incorporated municipality.

18 (2) From the amount available for distribution to cities and
19 villages during each December, an amount equal to ~~0.5%~~ 0.7% of
20 the total amount returned to all cities and villages under sub-
21 sections (3) and (4) during the previous calendar year shall be
22 withheld. The amount withheld shall be used to partially reim-
23 burse those cities and villages ~~that attain 80 inches or more of~~
24 ~~snowfall as determined by the state transportation department for~~
25 ~~extraordinary amounts as determined by the state transportation~~
26 ~~department expended by those cities and villages on winter~~
27 ~~maintenance of streets and highways~~ LOCATED IN THOSE COUNTIES

1 THAT ARE ELIGIBLE FOR SNOW REMOVAL FUNDS PURSUANT TO SECTION 12A
2 AND THAT HAVE COSTS FOR WINTER MAINTENANCE ON MAJOR AND LOCAL
3 STREETS THAT ARE GREATER THAN THE STATEWIDE AVERAGE. The distri-
4 butions shall be made annually during ~~December~~ FEBRUARY and
5 shall be calculated separately for the major and local street
6 systems but may be paid in a combined warrant. The distribution
7 to a city or village shall be equal to 1/2 of its winter mainte-
8 nance expenditures after deducting the product of its total earn-
9 ings under subsections (3) and (4) ~~during the 12 months ending~~
10 ~~with the previous December~~ multiplied by 2 times the average
11 municipal winter maintenance factor. WINTER MAINTENANCE EXPENDI-
12 TURES SHALL BE DETERMINED FROM THE STREET FINANCIAL REPORTS FOR
13 THE MOST CURRENT FISCAL YEARS ENDING BEFORE JULY 1. A CITY OR
14 VILLAGE THAT DOES NOT SUBMIT A STREET FINANCIAL REPORT FOR THE
15 FISCAL YEAR ENDING BEFORE JULY 1 BY THE SUBSEQUENT DECEMBER 31
16 SHALL BE INELIGIBLE FOR THE WINTER MAINTENANCE PAYMENT THAT IS TO
17 BE BASED ON THAT STREET FINANCIAL REPORT. The average municipal
18 winter maintenance factor shall be determined annually by the
19 state transportation department by dividing the total expendi-
20 tures of all cities and villages on winter maintenance of streets
21 and highways by the total amount earned by all cities and vil-
22 lages under subsections (3) and (4) during the 12 months. If the
23 sum of the distributions to be made under this subsection exceeds
24 the amount withheld, the distributions to each eligible city and
25 village shall be reduced proportionately. If the sum is less
26 than the amount withheld, the balance shall be added to the
27 amount available for distribution under subsections (3) and (4)

1 during the next month. ~~Each city and village shall report its~~
2 ~~expenditures for winter maintenance of its streets and highways~~
3 ~~to the state transportation department on forms and in a manner~~
4 ~~prescribed by the state transportation department.~~ The distribu-
5 tions shall be for use on the major and local street systems
6 respectively and shall be subject to the same provisions as funds
7 returned under subsections (3) and (4).

8 (3) Seventy-five percent of the remaining amount to be
9 returned to the cities and villages, after deducting the amounts
10 withheld pursuant to subsection (2), shall be returned 60% in the
11 same proportion that the population of each bears to the total
12 population of all cities and villages, and 40% in the same pro-
13 portion that the equivalent major mileage in each bears to the
14 total equivalent major mileage in all cities and villages. As
15 used in this section, "equivalent major mileage" means the sum of
16 2 times the state trunk line mileage certified by the state
17 transportation department as of March 31 of each year, as being
18 within the boundaries of each city and village having a popula-
19 tion of 25,000 or more, plus the major street mileage in each
20 city and village, multiplied by the following factor:

- 21 1.0 for cities and villages of 2,000 or less population;
22 1.1 for cities and villages from 2,001 to 10,000 population;
23 1.2 for cities and villages from 10,001 to 20,000 popula-
24 tion;
25 1.3 for cities and villages from 20,001 to 30,000 popula-
26 tion;

1 1.4 for cities and villages from 30,001 to 40,000
2 population;

3 1.5 for cities and villages from 40,001 to 50,000 popula-
4 tion;

5 1.6 for cities and villages from 50,001 to 65,000 popula-
6 tion;

7 1.7 for cities and villages from 65,001 to 80,000 popula-
8 tion;

9 1.8 for cities and villages from 80,001 to 95,000 popula-
10 tion;

11 1.9 for cities and villages from 95,001 to 160,000 popula-
12 tion;

13 2.0 for cities and villages from 160,001 to 320,000 popula-
14 tion;

15 and for cities over 320,000 population, by a factor of 2.1
16 increased successively by 0.1 for each 160,000 population incre-
17 ment over 320,000. The amount returned under this subsection
18 shall be used by each city and village for the following purposes
19 in the following order of priority:

20 (a) For the payment of contributions required to be made by
21 a city or village under the provisions of contracts previously
22 entered into under Act No. 205 of the Public Acts of 1941, as
23 amended, being sections 252.51 to 252.64 of the Michigan Compiled
24 Laws, which contributions have been previously pledged for the
25 payment of the principal and interest on bonds issued under that
26 act; or for the payment of the principal and interest upon bonds
27 issued by a city or village pursuant to Act No. 175 of the Public

1 Acts of 1952, as amended, being sections 247.701 to 247.707 of
2 the Michigan Compiled Laws.

3 (b) Payment of obligations of the city or village on highway
4 projects undertaken by the city or village jointly with the state
5 transportation department.

6 (c) For the payment of principal and interest upon loans
7 received pursuant to section 11(7), to the extent other funds
8 have not been made available for that payment.

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

24 (4) The remaining amount to be returned to incorporated
25 cities and villages shall be expended in each city or village for
26 the maintenance, improvement, construction, reconstruction,
27 acquisition, and extension of the local street system of the city

1 or village, as defined by this act, including the acquisition of
2 a necessary right of way for the system. Work incidental to the
3 system, and subject to subsection (5), for the payment of the
4 principal and interest on that portion of the city's or village's
5 general obligation bonds which are attributable to the construc-
6 tion or reconstruction of the city's or village's local street
7 system. The amount returned under this subsection shall be
8 returned to the cities and villages 60% in the same proportion
9 that the population of each bears to the total population of all
10 incorporated cities and villages in the state, and 40% in the
11 same proportion that the total mileage of the local street system
12 of each bears to the total mileage in the local street systems of
13 all cities and villages of the state. The payment of the princi-
14 pal and interest upon bonds issued by a city or village pursuant
15 to Act No. 175 of the Public Acts of 1952, as amended, and after
16 that payment, the payment of debt service on loans received under
17 section 11(7), shall have priority in the expenditure of money
18 returned under this subsection.

19 (5) Money distributed to each city and village for the main-
20 tenance and improvement of its local street system under this act
21 represent the total responsibility of the state for local street
22 system support. Funds distributed from the Michigan transporta-
23 tion fund shall not be expended for construction purposes on city
24 and village local streets except to the extent matched from local
25 revenues including other money returned to a city or village by
26 the state under the state constitution of 1963 and statutes of
27 the state, from funds that can be raised by taxation in cities

1 and villages for street purposes within the limitations of the
2 state constitution of 1963 and statutes of the state, from spe-
3 cial assessments, or from any other source. This subsection does
4 not apply to section 11b.

5 (6) Money returned under this section to a city or village
6 shall be expended as follows:

7 (a) Not to exceed 25% per year of the amount returned to a
8 city or village for use on the major street system, may be
9 expended on the local street system of that city or village and
10 not to exceed an additional 15% per year of the amount returned
11 to an incorporated city or village for expenditure on the major
12 street system, may, in case of an emergency or with the approval
13 of the state transportation department, be expended on the local
14 street system of that city or village.

15 (b) Money returned for expenditure on the major street
16 system may be expended on the local street system in an amount
17 equal to the amount of local revenues, as provided in subsection
18 (5), expended by the city or village on the major street system
19 or on state trunk line highways, and to the extent that that
20 amount of major street money is not transferred for expenditure
21 on the local street system in that year, major street money
22 received during the next succeeding 2 years may be transferred
23 for expenditure on the local system until the amount so autho-
24 rized for transfer is fully expended.

25 (c) The amount returned to a city or village for expenditure
26 on the local system or a portion of that amount may be expended
27 on the major street system of that city or village.

1 (d) Not more than 10% per year of the funds returned under
2 subsections (3) and (4) to a city or village may be expended for
3 administrative expenses. A city or village which in a year
4 expends more than 10% for administrative expenses shall be
5 subject to section 14(5).

6 (7) In each city and village to which funds are returned
7 under this section, the responsibility for street improvement,
8 maintenance, and traffic operation work, and the development,
9 construction, or repair of off-street parking facilities and con-
10 struction or repair of street lighting shall be coordinated by a
11 single administrator to be designated by the governing body who
12 shall be responsible for and shall represent the municipality in
13 transactions with the state transportation department pursuant to
14 this act.

15 (8) Cities and villages may provide for consolidated street
16 administration. A city or a village may enter into an agreement
17 with other cities or villages, the county road commission, or
18 with the state transportation commission for the performance of
19 street or highway work on a road or street within the limits of
20 the city or village or adjacent to the city or village. The
21 agreement may provide for the performance by any of the contract-
22 ing parties of the work contemplated by the contracts including
23 services and acquisition of rights of way, by purchase or condem-
24 nation by any of the contracting parties in its own name. The
25 agreement may provide for joint participation in the costs if
26 appropriate.