



SENATE BILL No. 461

February 25, 1993, Introduced by Senators CARL, PRIDNIA
and MC MANUS and referred to the Committee on
Transportation and Tourism.

A bill to amend sections 3, 6, 7, 8, 9, 10, 11, and 12 of
Act No. 231 of the Public Acts of 1987, entitled as amended

"An act to create a transportation economic development fund in
the state treasury; to prescribe the uses of and distributions
from this fund; to create the office of economic development and
to prescribe its powers and duties; to prescribe the powers and
duties of the state transportation department, state transporta-
tion commission, and certain other bodies; and to permit the
issuance of certain bonds,"

sections 3, 6, 7, 8, and 10 as amended by Act No. 218 of the
Public Acts of 1989 and sections 9, 11, and 12 as amended by Act
No. 188 of the Public Acts of 1991, being sections 247.903,
247.906, 247.907, 247.908, 247.909, 247.910, 247.911, and 247.912
of the Michigan Compiled Laws; to add section 12a; to repeal cer-
tain acts and parts of acts; and to repeal certain parts of the
act.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 3, 6, 7, 8, 9, 10, 11, and 12 of Act
2 No. 231 of the Public Acts of 1987, sections 3, 6, 7, 8, and 10
3 as amended by Act No. 218 of the Public Acts of 1989 and
4 sections 9, 11, and 12 as amended by Act No. 188 of the Public
5 Acts of 1991, being sections 247.903, 247.906, 247.907, 247.908,
6 247.909, 247.910, 247.911, and 247.912 of the Michigan Compiled
7 Laws, are amended and section 12a is added to read as follows:

8 Sec. 3. (1) Money from the fund shall be allocated for
9 projects to be funded pursuant to section 11(3)(a) and (b) in
10 accordance with the adopted policies of the commission. No funds
11 shall be committed to any project, nor shall any project be
12 authorized for any funds under this act, until the commission
13 notifies the senate committee on ~~state affairs, tourism, and~~
14 transportation AND TOURISM and the house committee on transporta-
15 tion and the subcommittees on transportation of the senate and
16 house appropriations committees of the proposed projects in the
17 manner provided in section 18k of Act No. 51 of the Public Acts
18 of 1951, being section 247.668k of the Michigan Compiled Laws.
19 Hearings may be conducted to afford interested parties the oppor-
20 tunity to address aspects of the selection process, the final
21 project list, proposed funding, and related issues. If such
22 hearings are not conducted by the senate committee on state
23 affairs, tourism, and transportation and the house committee on
24 transportation and the subcommittees on transportation of the
25 senate and house appropriations committees within 30 days, if
26 both the senate and house are in session, or 60 days, if either
27 the senate or the house or both are not in session of project

1 notification by the commission, the department may proceed with
2 project authorization for funding.

3 (2) Projects in section 11(3)(a) and (b) shall be coordi-
4 nated with projects in section 11(3)(c) AND (D) through the des-
5 ignated representatives on the urban TASK FORCES and REGIONAL
6 rural task forces respectively.

7 (3) The department ~~shall~~ MAY be the contracting agent for
8 all projects to be funded by this act. ~~The department shall~~
9 ~~award contracts in accordance~~ CONTRACTS SHALL BE AWARDED
10 CONSISTENT with the policies of the commission.

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

14 (5) Of the money appropriated to the fund, not more than 1%
15 as annually appropriated by the legislature shall be appropriated
16 for administration of the fund. ~~The office of economic develop-~~
17 ~~ment may employ, subject to civil service rules, not more than 5~~
18 ~~positions to assist in the administration of the fund.~~

19 (6) The commission shall DO THE FOLLOWING:

20 (a) Establish criteria for the awarding of projects.

21 (b) Exercise such oversight as it may consider appropriate
22 to facilitate its development of policy for administration of the
23 fund.

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

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

5 Sec. 6. (1) ~~After the criteria for the evaluation of~~
6 ~~projects are approved pursuant to section 5, the administrator~~
7 ~~shall announce that applications for those projects that may be~~
8 ~~funded under section 11(3)(a) and (b) will be accepted.~~ The
9 administrator may solicit project applications FOR THE PROJECTS
10 THAT MAY BE FUNDED UNDER SECTION 11(3)(A) each calendar quarter.

11 (2) The requirements of the application form shall be pre-
12 pared by the administrator in accordance with the adopted poli-
13 cies of the commission.

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

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

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

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

24 (b) ~~For funding under section 11(3)(a), a~~ A proposed eco-
25 nomic development project shall be related to an immediate, non-
26 speculative opportunity for permanent job creation or retention

1 and an increase in the tax base of the local area if the project
2 is applied for by a local unit of government.

3 (c) ~~For funding under section 11(3)(a), negotiations~~
4 NEGOTIATIONS between an appropriate public agency and a developer
5 or business regarding a location or retention decision shall be
6 in process at the time of application.

7 (d) ~~For funding under section 11(3)(a), the~~ THE applicant
8 shall indicate that nontransportation infrastructure and support
9 services to support the project are underway or committed.

10 (e) ~~For funding under section 11(3)(a), the~~ THE applicant
11 shall attach a copy of a resolution of support from the appropri-
12 ate local unit of government.

13 (f) The project shall relate to 1 or more of the categories
14 described in section 9.

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

19 (2) The office of economic development shall review each
20 application based on the criteria approved ~~pursuant to section~~
21 5- BY THE COMMISSION and make its recommendation for projects to
22 be funded. The commission and the office of economic development
23 may consult with officers of local units of government, develop-
24 ers, or other experts in the subject matter area of the project
25 in the area in which the project is to be located.

26 (3) The commission shall inform the chairpersons of the
27 house and senate appropriations committees AND THE CHAIRPERSONS

1 OF THE HOUSE AND SENATE COMMITTEES THAT CONSIDER TRANSPORTATION
2 MATTERS of each project selected for funding not less than 30
3 days before the awarding of funding pursuant to section 18k of
4 Act No. 51 of the Public Acts of 1951, being section 247.668k of
5 the Michigan Compiled Laws. Funds shall not be committed to any
6 project until the hearings requirement set forth in section 3(1)
7 has been satisfied.

8 Sec. 9. (1) A project shall relate to 1 or more of the fol-
9 lowing categories:

10 (a) Economic development road projects in any of the follow-
11 ing targeted industries:

12 (i) Agriculture or food processing.

13 (ii) Tourism.

14 (iii) Forestry.

15 (iv) High technology research.

16 (v) Manufacturing.

17 (vi) Office centers solely occupied by the owner or not less
18 than 50,000 square feet occupying more than 3 acres of land.

19 (b) Projects that result in the addition of county roads or
20 city or village streets to the state trunk line system.

21 (c) Projects for reducing congestion on county primary and
22 city major streets within urban counties including advanced traf-
23 fic management systems.

24 (D) DEVELOPMENT PROJECTS FOR THE IMPROVEMENT OF RURAL PRI-
25 MARY ROADS IN RURAL COUNTIES AND MAJOR STREETS IN CITIES AND VIL-
26 LAGES WITH A POPULATION OF 5,000 OR LESS.

1 (E) ~~-(d)-~~ Projects for development within rural counties on
2 county rural primary roads or major streets within incorporated
3 villages and cities with a population of less than 5,000.

4 (2) THE MINIMUM REQUIREMENTS SPECIFIED IN SECTION 7 FOR
5 PROJECTS IDENTIFIED IN SUBSECTION (1)(A) SHALL ENSURE THAT THOSE
6 PROJECTS SATISFY THE FOLLOWING REQUIREMENTS:

7 (A) MEET A PARTICULAR TRANSPORTATION NEED THAT IS SHOWN TO
8 EXIST.

9 (B) HAVE AN IMMEDIATE POSITIVE IMPACT ON LOCAL EMPLOYMENT
10 AND THE ECONOMY.

11 (C) EXCLUDE SPECULATIVE PROJECTS WITH LITTLE OR NO RETURN ON
12 INVESTMENT.

13 (D) PROVIDE COOPERATION AND SUPPORT BETWEEN DEVELOPERS AND
14 STATE AND LOCAL GOVERNMENT.

15 (E) WERE EVALUATED ON THE BASIS OF IMPACT ON THE LOCAL
16 COMMUNITY.

17 (3) ~~-(2)-~~ A project that is within 1 or more of the catego-
18 ries in subsection (1) shall also meet the criteria developed for
19 that category. ~~pursuant to section 5.~~

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

1 (2) The costs of a project that are eligible to be funded
2 ~~for rural counties as provided by law~~ UNDER SECTION 11(3)(D)
3 shall be developed by the administrator in accordance with the
4 adopted policies of the commission and shall exclude right-of-way
5 acquisition, design, engineering, and routine maintenance.

6 (3) Matching funds of not less than ~~25%~~ 20% of the total
7 eligible costs of a project shall be required for those projects
8 described in section 9(1)(a), ~~and~~ (c), AND (D). This require-
9 ment may be set aside in the case of extreme economic hardship
10 for projects described in section 9(1)(a), ~~and~~ (c), AND (D) in
11 the local unit in which the project is located. Evaluation cri-
12 teria for projects described in section 9(1)(a) shall include
13 whether there is a contribution of more than the required ~~25%~~
14 20% matching funds as part of the determination of which projects
15 are to be funded.

16 Sec. 11. (1) Bonds may be issued as authorized by the com-
17 mission for the purpose of funding projects under this act in the
18 manner provided in sections 18b and 18k of Act No. 51 of the
19 Public Acts of 1951, being sections 247.668b and 247.668k of the
20 Michigan Compiled Laws, and in accordance with the adopted poli-
21 cies of the commission. Bonds shall not be committed for any
22 project under this act until the requirements set forth under
23 section 3(1) have been satisfied.

24 (2) Projects shall be funded in the following categories in
25 the following amounts:

26 (a) The first \$5,000,000.00 of the fund shall be distributed
27 each fiscal year to each qualified county in a percentage amount

1 equal to the same percentage amount that the number of acres of
2 commercial forest, national park, and national lakeshore land in
3 each qualified county bears to the total ~~number~~ of acres of com-
4 mercial forest, national park, and national lakeshore land in all
5 qualified counties in this state. REVENUE DISTRIBUTED UNDER THIS
6 SUBDIVISION SHALL BE USED FOR THE CONSTRUCTION OR RECONSTRUCTION
7 OF ROADS.

8 (b) The next \$2,500,000.00 of the fund shall be distributed
9 each fiscal year for county roads and city and village street
10 improvement on the ~~federal aid to urban system~~ ROADS ELIGIBLE
11 FOR FEDERAL AID in rural counties. THE DISTRIBUTION OF THESE
12 FUNDS SHALL BE DETERMINED BY THE ADMINISTRATOR IN ACCORDANCE WITH
13 POLICIES ADOPTED BY THE COMMISSION.

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

17 (a) Not more than 50% for economic development road projects
18 in any of the targeted industries. NOT MORE THAN 25% OF THE
19 FUNDS ALLOCATED FOR PROJECTS UNDER THIS SUBDIVISION IN A FISCAL
20 YEAR SHALL BE DISTRIBUTED CUMULATIVELY TO A SINGLE COUNTY AND ANY
21 CITIES WITHIN THAT COUNTY.

22 (b) Not more than 50% for projects that result in the addi-
23 tion of local roads to the state trunk line system.

24 (c) 25% for projects to reduce congestion on county primary
25 and city major streets within urban counties INCLUDING ADVANCED
26 TRAFFIC MANAGEMENT SYSTEMS. The funds shall be distributed ~~for~~
27 ~~the widening of county primary roads or city major streets or for~~

1 ~~advanced traffic management systems in~~ TO counties with
 2 populations in excess of 400,000 in accordance with the following
 3 formula:

4	<u>Population</u>	<u>Percentage of Funds</u>
5	1,750,000 or more	16%
6	1,000,000 to 1,750,000	40%
7	600,000 to 1,000,000	20%
8	400,000 to 600,000	24%

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

11 PROJECTS FUNDED UNDER THIS CATEGORY SHALL BE USED FOR THE
 12 WIDENING OF COUNTY PRIMARY ROADS OR CITY MAJOR STREETS OR FOR
 13 ADVANCED TRAFFIC MANAGEMENT SYSTEMS IN ELIGIBLE COUNTIES.

14 (D) 25% FOR DEVELOPMENT PROJECTS WITHIN RURAL COUNTIES.
 15 THESE REVENUES SHALL BE DISTRIBUTED FOR THE IMPROVEMENT OF RURAL
 16 PRIMARY ROADS IN RURAL COUNTIES AND MAJOR STREETS IN CITIES AND
 17 VILLAGES WITH A POPULATION OF 5,000 OR LESS. FUNDS DISTRIBUTED
 18 UNDER THIS SUBDIVISION SHALL BE ALLOCATED BY THE COMMISSION TO
 19 THE REGIONAL RURAL TASK FORCE AREAS DEFINED IN SECTION 12A IN THE
 20 SAME PROPORTION THAT THE RURAL PRIMARY MILEAGE OF THE REGIONAL
 21 RURAL TASK FORCE AREA BEARS TO THE TOTAL RURAL PRIMARY MILEAGE OF
 22 ALL COUNTIES. EACH RURAL COUNTY SHALL BE CREDITED WITH AN ALLO-
 23 CATION IN THE PROPORTION THAT THE COUNTY'S RURAL PRIMARY MILEAGE
 24 IS TO THE TOTAL RURAL PRIMARY MILEAGE OF THOSE RURAL COUNTIES
 25 WITHIN THE SAME REGIONAL RURAL TASK FORCE AREA. PROJECTS FUNDED
 26 UNDER THIS SUBDIVISION SHALL BE LIMITED TO UPGRADING RURAL

1 PRIMARY ROADS AND MAJOR STREETS TO CREATE AN ALL-SEASON ROAD
2 NETWORK.

3 (4) THE OBLIGATION AUTHORITY FOR ANY FEDERAL FUNDS ALLOCATED
4 UNDER SECTION 10 OF ACT NO. 51 OF THE PUBLIC ACTS OF 1951, BEING
5 SECTION 247.660 OF THE MICHIGAN COMPILED LAWS, SHALL BE DISTRIB-
6 UTED AMONG URBAN TASK FORCES AND REGIONAL RURAL TASK FORCES IN
7 THE SAME FASHION OUTLINE IN SUBSECTION (3)(C) AND (D). THESE
8 FUNDS SHALL BE OBLIGATED AND USED CONSISTENT WITH THE PROVISIONS
9 OF SECTION 10 OF ACT NO. 51 OF THE PUBLIC ACTS OF 1951.

10 Sec. 12. (1) The ~~federal aid to urban system (FAUS)~~ URBAN
11 task force which represents the majority of the communities in
12 the urban area of each county shall select and designate for eli-
13 gibility ~~widening~~ projects ~~or capital expenditures for~~
14 ~~advanced traffic management systems~~ for funding under section
15 11(3)(c) within their respective allocations. One nonvoting
16 member of each task force shall be a designee of and represent
17 the administrator. In the case of widening projects only, the
18 task forces shall designate projects for eligibility as follows:

19 (a) Projects shall be ~~on the~~ ELIGIBLE FOR federal aid.
20 ~~urban, federal aid primary or federal aid secondary systems.~~

21 (b) Projects shall consist of adding travel lanes, left turn
22 lanes, and intersectional improvements to roads with 2 travel
23 lanes carrying more than 10,000 vehicles per day or roads with
24 more than 2 travel lanes carrying more than 25,000 vehicles per
25 day in accordance with traffic counts done on or before ~~July 1,~~
26 ~~1987~~ APRIL 1, 1993.

1 (2) PROJECTS FUNDED UNDER SECTION 11(4) SHALL BE CONSISTENT
2 WITH THE PROVISIONS OF SECTION 10 OF ACT NO. 51 OF THE PUBLIC
3 ACTS OF 1951, BEING SECTION 247.660 OF THE MICHIGAN COMPILED
4 LAWS.

5 (3) ~~-(2)-~~ If any task force fails to submit sufficient qual-
6 ified projects to obligate its allocation by July 1 of any fiscal
7 year, those funds shall be made available to the remaining urban
8 task forces in the same proportion as the original allocation.

9 (4) ~~-(3)-~~ The individual urban task forces shall propose
10 project result evaluation criteria for all projects to the admin-
11 istrator and the commission for review and comment.

12 (5) ~~-(4)-~~ The urban task forces shall report to the adminis-
13 trator on an annual basis the status of all projects selected for
14 funding.

15 (6) ~~-(5)-~~ The programs and projects authorized in section
16 11(3)(c) shall be administered in a similar manner as current
17 ~~local~~ federal aid ~~programs~~ PROJECTS and in accordance with
18 the adopted policies of the commission.

19 SEC. 12A. (1) THE REGIONAL RURAL TASK FORCE SHALL MAKE REC-
20 OMMENDATIONS TO THE COMMISSION AND THE ADMINISTRATOR FOR FUNDING
21 PROJECTS UNDER SECTION 11(3)(D) WITHIN THEIR RESPECTIVE REGIONS.
22 IF ANY REPRESENTED COUNTY FAILS TO SUBMIT SUFFICIENT QUALIFIED
23 PROJECTS TO OBLIGATE ITS ALLOCATION AFTER 3 CONSECUTIVE YEARS,
24 THOSE FUNDS SHALL BE REALLOCATED TO THE REMAINING COUNTIES IN THE
25 SAME REGIONAL RURAL TASK FORCE AREA. THE REGIONAL RURAL TASK
26 FORCE AREAS SHALL COINCIDE WITH THE BOUNDARIES OF THE 14 STATE
27 PLANNING AND DEVELOPMENT REGIONS AS CONFIGURED ON JANUARY 1,

1 1990. IN A REGIONAL RURAL TASK FORCE AREA THAT IS COMPOSED OF 5
2 OR MORE COUNTIES, SUBTASK FORCES OF 2 OR MORE OF THE COUNTIES MAY
3 BE FORMED WITH THE APPROVAL OF THE TASK FORCE.

4 (2) THE REGIONAL RURAL TASK FORCE SHALL BE COMPOSED OF A
5 REPRESENTATIVE OF EACH COUNTY ROAD COMMISSION WITHIN THE REGIONAL
6 AREA PLUS AN EQUAL NUMBER OF REPRESENTATIVES FROM INCORPORATED
7 CITIES AND VILLAGES WITH A POPULATION OF 5,000 OR LESS WITHIN THE
8 REGIONAL AREA, AND A REPRESENTATIVE SELECTED BY THE
9 ADMINISTRATOR. PROJECTS SUBMITTED TO THE ADMINISTRATOR FOR FUND-
10 ING UNDER SECTION 11(3)(D) SHALL BE BASED ON THE FOLLOWING:

11 (A) ONLY PROJECTS ELIGIBLE FOR FEDERAL AID SHALL BE FUNDED
12 UNLESS OTHERWISE APPROVED BY THE REGIONAL RURAL TASK FORCE.

13 (B) PROJECTS SHALL BE ON EXISTING HARD SURFACE ROADS UNLESS
14 OTHERWISE WAIVED BY THE REGIONAL RURAL TASK FORCE.

15 (C) CONSTRUCTION SHALL BE TO ALL-SEASON STANDARDS.

16 (D) THESE FUNDS SHALL BE USED FOR PHYSICAL CONSTRUCTION ONLY
17 AND SHALL NOT INCLUDE COSTS OF RIGHT-OF-WAY ACQUISITION AND
18 ENGINEERING.

19 (3) PROJECTS FUNDED UNDER SECTION 11(4) SHALL BE CONSISTENT
20 WITH THE PROVISIONS OF SECTION 10 OF ACT NO. 51 OF THE PUBLIC
21 ACTS OF 1951, BEING SECTION 247.660 OF THE MICHIGAN COMPILED
22 LAWS.

23 (4) THE PROGRAMS AND PROJECTS AUTHORIZED IN SECTION 11(3)(D)
24 SHALL BE ADMINISTERED IN A SIMILAR MANNER AS THE CURRENT LOCAL
25 FEDERAL AID PROJECTS AND IN ACCORDANCE WITH THE ADOPTED POLICIES
26 OF THE COMMISSION.

1 Section 2. The following acts and parts of acts are
2 repealed:

3 (a) Sections 5 and 14 of Act No. 231 of the Public Acts of
4 1987, being sections 247.905 and 247.914 of the Michigan Compiled
5 Laws.

6 (b) Act No. 233 of the Public Acts of 1987, being
7 sections 247.931 to 247.933 of the Michigan Compiled Laws.

8 Section 3. This amendatory act shall not take effect unless
9 House Bill No. 4257 of the 87th Legislature is enacted into law.