



# SENATE BILL No. 1061

July 3, 1996, Introduced by Senator BERRYMAN and referred to the Committee on Appropriations.

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, 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 certain acts and parts of acts,"

as amended by Act No. 294 of the Public Acts of 1993, 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. 294 of the Public Acts of 1993, 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 as certified at the beginning of the state fiscal  
11 year, except that, if a municipality has been newly incorporated  
12 since completion of the census, the population of the municipal-  
13 ity for purposes of the distribution of funds before completion  
14 of the next census shall be the population as determined by  
15 special federal census, if there is a census, and if not, by the

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

18       (2) From the amount available for distribution to cities and  
19 villages during each December, an amount equal to 0.7% of the  
20 total amount returned to all cities and villages under subsec-  
21 tions (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 located in those counties that  
24 are eligible for snow removal funds pursuant to section 12a and  
25 that have costs for winter maintenance on major and local streets  
26 that are greater than the statewide average. The distributions  
27 shall be made annually during February and shall be calculated

1 separately for the major and local street systems but may be paid  
2 in a combined warrant. The distribution to a city or village  
3 shall be equal to  $1/2$  of its winter maintenance expenditures  
4 after deducting the product of its total earnings under subsec-  
5 tions (3) and (4) multiplied by 2 times the average municipal  
6 winter maintenance factor. Winter maintenance expenditures shall  
7 be determined from the street financial reports for the most cur-  
8 rent fiscal years ending before July 1. A city or village that  
9 does not submit a street financial report for the fiscal year  
10 ending before July 1 by the subsequent December 31 shall be inel-  
11 igible for the winter maintenance payment that is to be based on  
12 that street financial report. The average municipal winter main-  
13 tenance factor shall be determined annually by the state trans-  
14 portation department by dividing the total expenditures of all  
15 cities and villages on winter maintenance of streets and highways  
16 by the total amount earned by all cities and villages under sub-  
17 sections (3) and (4) during the 12 months. If the sum of the  
18 distributions to be made under this subsection exceeds the amount  
19 withheld, the distributions to each eligible city and village  
20 shall be reduced proportionately. If the sum is less than the  
21 amount withheld, the balance shall be added to the amount avail-  
22 able for distribution under subsections (3) and (4) during the  
23 next month. The distributions shall be for use on the major and  
24 local street systems respectively and shall be subject to the  
25 same provisions as funds returned under subsections (3) and (4).  
26 (3) Seventy-five percent of the remaining amount to be  
27 returned to the cities and villages, after deducting the amounts

1 withheld pursuant to subsection (2), shall be returned 60% in the  
2 same proportion that the population of each bears to the total  
3 population of all cities and villages, and 40% in the same pro-  
4 portion that the equivalent major mileage in each bears to the  
5 total equivalent major mileage in all cities and villages. As  
6 used in this section, "equivalent major mileage" means the sum of  
7 2 times the state trunk line mileage certified by the state  
8 transportation department as of March 31 of each year, as being  
9 within the boundaries of each city and village having a popula-  
10 tion of 25,000 or more, plus the major street mileage in each  
11 city and village, multiplied by the following factor:

- 12 1.0 for cities and villages of 2,000 or less population;
- 13 1.1 for cities and villages from 2,001 to 10,000 population;
- 14 1.2 for cities and villages from 10,001 to 20,000 popula-  
15 tion;
- 16 1.3 for cities and villages from 20,001 to 30,000 popula-  
17 tion;
- 18 1.4 for cities and villages from 30,001 to 40,000 popula-  
19 tion;
- 20 1.5 for cities and villages from 40,001 to 50,000 popula-  
21 tion;
- 22 1.6 for cities and villages from 50,001 to 65,000 popula-  
23 tion;
- 24 1.7 for cities and villages from 65,001 to 80,000 popula-  
25 tion;
- 26 1.8 for cities and villages from 80,001 to 95,000  
27 population;

1 1.9 for cities and villages from 95,001 to 160,000  
2 population;

3 2.0 for cities and villages from 160,001 to 320,000 popula-  
4 tion;

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

10 (a) For the payment of contributions required to be made by  
11 a city or village under the provisions of contracts previously  
12 entered into under Act No. 205 of the Public Acts of 1941, ~~as~~  
13 ~~amended,~~ being sections 252.51 to 252.64 of the Michigan  
14 Compiled Laws, which contributions have been previously pledged  
15 for the payment of the principal and interest on bonds issued  
16 under that act; or for the payment of the principal and interest  
17 upon bonds issued by a city or village pursuant to Act No. 175 of  
18 the Public Acts of 1952, ~~as amended,~~ being sections 247.701 to  
19 247.707 of the Michigan Compiled Laws.

20 (b) Payment of obligations of the city or village on highway  
21 projects undertaken by the city or village jointly with the state  
22 transportation department.

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

26 (d) For the maintenance, improvement, construction,  
27 reconstruction, acquisition, and extension of the major street

1 system as defined by this act including the acquisition of a  
2 necessary right of way for the system, work incidental to the  
3 system, and an appurtenant roadside park or motor parkway, of the  
4 city or village and for the payment of the principal and interest  
5 on that portion of the city's or village's general obligation  
6 bonds which are attributable to the construction or reconstruc-  
7 tion of the city's or village's major street system. Not more  
8 than 5% per year of the funds returned to a city or village by  
9 this subsection shall be expended for the maintenance, improve-  
10 ment, or acquisition of appurtenant roadside parks and motor  
11 parkways. Surplus funds may be expended for the development,  
12 construction, or repair of off-street parking facilities, and the  
13 construction or repair of street lighting.

14 (4) The remaining amount to be returned to incorporated  
15 cities and villages shall be expended in each city or village for  
16 the maintenance, improvement, construction, reconstruction,  
17 acquisition, and extension of the local street system of the city  
18 or village, as defined by this act, including the acquisition of  
19 a necessary right of way for the system. Work incidental to the  
20 system, and subject to subsection (5), for the payment of the  
21 principal and interest on that portion of the city's or village's  
22 general obligation bonds which are attributable to the construc-  
23 tion or reconstruction of the city's or village's local street  
24 system. The amount returned under this subsection shall be  
25 returned to the cities and villages 60% in the same proportion  
26 that the population of each bears to the total population of all  
27 incorporated cities and villages in the state, and 40% in the

1 same proportion that the total mileage of the local street system  
2 of each bears to the total mileage in the local street systems of  
3 all cities and villages of the state. The payment of the princi-  
4 pal and interest upon bonds issued by a city or village pursuant  
5 to Act No. 175 of the Public Acts of 1952, ~~as amended,~~ and  
6 after that payment, the payment of debt service on loans received  
7 under section 11(7), shall have priority in the expenditure of  
8 money returned under this subsection.

9 (5) Money distributed to each city and village for the main-  
10 tenance and improvement of its local street system under this act  
11 represents the total responsibility of the state for local street  
12 system support. ~~Funds distributed from the Michigan transporta-~~  
13 ~~tion fund shall not be expended for construction purposes on city~~  
14 ~~and village local streets except to the extent matched from local~~  
15 ~~revenues including other money returned to a city or village by~~  
16 ~~the state under the state constitution of 1963 and statutes of~~  
17 ~~the state, from funds that can be raised by taxation in cities~~  
18 ~~and villages for street purposes within the limitations of the~~  
19 ~~state constitution of 1963 and statutes of the state, from spe-~~  
20 ~~cial assessments, or from any other source. This subsection does~~  
21 ~~not apply to section 11b.~~

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

24 (a) Not to exceed 25% per year of the amount returned to a  
25 city or village for use on the major street system, may be  
26 expended on the local street system of that city or village and  
27 not to exceed an additional 15% per year of the amount returned



1 to an incorporated city or village for expenditure on the major  
2 street system, may, in case of an emergency or with the approval  
3 of the state transportation department, be expended on the local  
4 street system of that city or village.

5 ~~(b) Money returned for expenditure on the major street~~  
6 ~~system may be expended on the local street system in an amount~~  
7 ~~equal to the amount of local revenues, as provided in subsection~~  
8 ~~(5), expended by the city or village on the major street system~~  
9 ~~or on state trunk line highways, and to the extent that that~~  
10 ~~amount of major street money is not transferred for expenditure~~  
11 ~~on the local street system in that year, major street money~~  
12 ~~received during the next succeeding 2 years may be transferred~~  
13 ~~for expenditure on the local system until the amount so autho-~~  
14 ~~rized for transfer is fully expended.~~

15 (B) ~~(c)~~ The amount returned to a city or village for  
16 expenditure on the local system or a portion of that amount may  
17 be expended on the major street system of that city or village.

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

23 (7) In each city and village to which funds are returned  
24 under this section, the responsibility for street improvement,  
25 maintenance, and traffic operation work, and the development,  
26 construction, or repair of off-street parking facilities and  
27 construction or repair of street lighting shall be coordinated by

1 a single administrator to be designated by the governing body who  
2 shall be responsible for and shall represent the municipality in  
3 transactions with the state transportation department pursuant to  
4 this act.

5       (8) Cities and villages may provide for consolidated street  
6 administration. A city or a village may enter into an agreement  
7 with other cities or villages, the county road commission, or  
8 with the state transportation commission for the performance of  
9 street or highway work on a road or street within the limits of  
10 the city or village or adjacent to the city or village. The  
11 agreement may provide for the performance by any of the contract-  
12 ing parties of the work contemplated by the contracts including  
13 services and acquisition of rights of way, by purchase or condem-  
14 nation by any of the contracting parties in its own name. The  
15 agreement may provide for joint participation in the costs if  
16 appropriate.

17       (9) Interest earned on funds returned to a city or a village  
18 for purposes provided in this section shall be credited to the  
19 appropriate street fund.