

# HOUSE BILL No. 4932

June 17, 1997, Introduced by Reps. Schermesser, Palamara, Mans, Goschka, Hanley, Hale, Baade, Wojno, Varga, Profit, Callahan, Brown, Thomas, Schauer, Wetters, Prusi, Kelly, DeHart, Scott and Leland and referred to the Committee on Appropriations.

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 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,"

by amending section 13 (MCL 247.663), as amended by 1993 PA 294.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 13. (1) The amount distributed to cities and villages  
 2 shall be returned to the treasurers of the cities and villages in  
 3 the manner, for the purposes, and under the terms and conditions  
 4 specified in this section. As used in this section, "population"  
 5 means the population according to the most recent statewide fed-  
 6 eral census as certified at the beginning of the state fiscal  
 7 year, except that, if a municipality has been newly incorporated  
 8 since completion of the census, the population of the municipal-  
 9 ity for purposes of the distribution of funds before completion  
 10 of the next census shall be the population as determined by spe-  
 11 cial federal census, if there is a census, and if not, by the  
 12 population as determined by the official census in connection  
 13 with the incorporation, if there is such a census and, if not, by  
 14 a special state census to be taken at the expense of the munici-  
 15 pality by the secretary of state pursuant to section 6 of ~~Act~~  
 16 ~~No. 279 of the Public Acts of 1909, as amended, being section~~  
 17 ~~117.6 of the Michigan Compiled Laws~~ 1909 PA 279, MCL 117.6. The

1 amount received by the newly incorporated municipality shall be  
2 in place of any other direct distribution of funds from the  
3 Michigan transportation fund. The population of the newly incor-  
4 porated municipality as determined under this section shall be  
5 added to the total population of all incorporated cities and vil-  
6 lages in the state in computing the amounts to be returned under  
7 this section to each municipality in the state. Major street  
8 mileage, local street mileage, and equivalent major mileage, if  
9 applicable, shall be determined by the state transportation  
10 department before the next month for which distribution is made  
11 following the effective date of incorporation of a newly incorpo-  
12 rated municipality.

13       (2) From the amount available for distribution to cities and  
14 villages during each December, an amount equal to 0.7% of the  
15 total amount returned to all cities and villages under subsec-  
16 tions (3) and (4) during the previous calendar year shall be  
17 withheld. The amount withheld shall be used to partially reim-  
18 burse those cities and villages located in those counties that  
19 are eligible for snow removal funds pursuant to section 12a and  
20 that have costs for winter maintenance on major and local streets  
21 that are greater than the statewide average. The distributions  
22 shall be made annually during February and shall be calculated  
23 separately for the major and local street systems but may be paid  
24 in a combined warrant. The distribution to a city or village  
25 shall be equal to 1/2 of its winter maintenance expenditures  
26 after deducting the product of its total earnings under  
27 subsections (3) and (4) multiplied by 2 times the average

1 municipal winter maintenance factor. Winter maintenance  
2 expenditures shall be determined from the street financial  
3 reports for the most current fiscal years ending before July 1.  
4 A city or village that does not submit a street financial report  
5 for the fiscal year ending before July 1 by the subsequent  
6 December 31 shall be ineligible for the winter maintenance pay-  
7 ment that is to be based on that street financial report. The  
8 average municipal winter maintenance factor shall be determined  
9 annually by the state transportation department by dividing the  
10 total expenditures of all cities and villages on winter mainte-  
11 nance of streets and highways by the total amount earned by all  
12 cities and villages under subsections (3) and (4) during the 12  
13 months. If the sum of the distributions to be made under this  
14 subsection exceeds the amount withheld, the distributions to each  
15 eligible city and village shall be reduced proportionately. If  
16 the sum is less than the amount withheld, the balance shall be  
17 added to the amount available for distribution under subsections  
18 (3) and (4) during the next month. The distributions shall be  
19 for use on the major and local street systems respectively and  
20 shall be subject to the same provisions as funds returned under  
21 subsections (3) and (4).

22       (3) Seventy-five percent of the remaining amount to be  
23 returned to the cities and villages, after deducting the amounts  
24 withheld pursuant to subsection (2), shall be returned 60% in the  
25 same proportion that the population of each bears to the total  
26 population of all cities and villages, and 40% in the same  
27 proportion that the equivalent major mileage in each bears to the

1 total equivalent major mileage in all cities and villages. As  
2 used in this section, "equivalent major mileage" means the sum of  
3 2 times the state trunk line mileage certified by the state  
4 transportation department as of March 31 of each year, as being  
5 within the boundaries of each city and village having a popula-  
6 tion of 25,000 or more, plus the major street mileage in each  
7 city and village, multiplied by the following factor:

- 8       1.0 for cities and villages of 2,000 or less population;  
9       1.1 for cities and villages from 2,001 to 10,000 population;  
10       1.2 for cities and villages from 10,001 to 20,000 popula-  
11 tion;  
12       1.3 for cities and villages from 20,001 to 30,000 popula-  
13 tion;  
14       1.4 for cities and villages from 30,001 to 40,000 popula-  
15 tion;  
16       1.5 for cities and villages from 40,001 to 50,000 popula-  
17 tion;  
18       1.6 for cities and villages from 50,001 to 65,000 popula-  
19 tion;  
20       1.7 for cities and villages from 65,001 to 80,000 popula-  
21 tion;  
22       1.8 for cities and villages from 80,001 to 95,000 popula-  
23 tion;  
24       1.9 for cities and villages from 95,001 to 160,000 popula-  
25 tion;  
26       2.0 for cities and villages from 160,001 to 320,000  
27 population;

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

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

17 (b) Payment of obligations of the city or village on highway  
18 projects undertaken by the city or village jointly with the state  
19 transportation department.

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

23 (d) For the maintenance, improvement, construction, recon-  
24 struction, acquisition, and extension of the major street system  
25 as defined by this act including the acquisition of a necessary  
26 right of way for the system, work incidental to the system, and  
27 an appurtenant roadside park or motor parkway, of the city or

1 village and for the payment of the principal and interest on that  
2 portion of the city's or village's general obligation bonds which  
3 are attributable to the construction or reconstruction of the  
4 city's or village's major street system. Not more than 5% per  
5 year of the funds returned to a city or village by this subsec-  
6 tion shall be expended for the maintenance, improvement, or  
7 acquisition of appurtenant roadside parks and motor parkways.  
8 Surplus funds may be expended for the development, construction,  
9 or repair of off-street parking facilities, and the construction  
10 or repair of street lighting.

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

1 principal and interest upon bonds issued by a city or village  
2 pursuant to ~~Act No. 175 of the Public Acts of 1952, as amended~~  
3 ~~1952 PA 175, MCL 247.701 TO 247.707, and after that payment, the~~  
4 ~~payment of debt service on loans received under section 11(7),~~  
5 ~~shall have priority in the expenditure of money returned under~~  
6 ~~this subsection.~~

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

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

22 ~~(a) Not to exceed 25% per year of the amount returned to a~~  
23 ~~city or village for use on the major street system, may be~~  
24 ~~expended on the local street system of that city or village and~~  
25 ~~not to exceed an additional 15% per year of the amount returned~~  
26 ~~to an incorporated city or village for expenditure on the major~~  
27 ~~street system, may, in case of an emergency or with the approval~~

~~1 of the state transportation department, be expended on the local  
2 street system of that city or village.~~

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

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

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

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

1 shall be responsible for and shall represent the municipality in  
2 transactions with the state transportation department pursuant to  
3 this act.

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

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