

# HOUSE BILL No. 5923

June 10, 1998, Introduced by Rep. Middleton 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 establish certain standards for road contracts for certain businesses; 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 acts and parts of acts,"

by amending section 10 (MCL 247.660), as amended by 1997 PA 79.

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

1       Sec. 10. (1) A fund to be known as the Michigan transporta-  
 2       tion fund is established and shall be set up and maintained in  
 3       the state treasury as a separate fund. Money received and col-  
 4       lected under 1927 PA 150, MCL 207.101 to 207.202, except a  
 5       license fee provided in that act, and a tax, fee, license, and  
 6       other money received and collected under sections 801 to 810 of  
 7       the Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810,  
 8       except a truck safety fund fee provided in section 801(1)(k) of  
 9       1949 PA 300, MCL 257.801, and money received under the motor car-  
 10      rier act, 1933 PA 254, MCL 475.1 to 479.43, shall be deposited in  
 11      the state treasury to the credit of the Michigan transportation  
 12      fund. In addition, income or profit derived from the investment  
 13      of money in the Michigan transportation fund shall be deposited  
 14      in the Michigan transportation fund. Except as provided in this  
 15      act, no other money, whether appropriated from the general fund  
 16      of this state or any other source, shall be deposited in the  
 17      Michigan transportation fund. Except as otherwise provided in

1 this section, the legislature shall appropriate funds for the  
2 necessary expenses incurred in the administration and enforcement  
3 of 1927 PA 150, MCL 207.101 to 207.202, 1933 PA 254, MCL 475.1 to  
4 479.43, and sections 801 to 810 of the Michigan vehicle code,  
5 1949 PA 300, MCL 257.801 to 257.810. Funds appropriated for nec-  
6 essary expenses shall be based upon established cost allocation  
7 methodology that reflects actual costs. Beginning with the  
8 fiscal year ending September 30, 1998 and the next 2 succeeding  
9 fiscal years thereafter, funds appropriated for these administra-  
10 tive expenses for all state agencies and departments, other than  
11 the department, the commission, the department of environmental  
12 quality expedited permit processing program for road agencies,  
13 the department of state, and the attorney general shall be phased  
14 out until further funds are no longer appropriated for this  
15 purpose. All money in the Michigan transportation fund is appor-  
16 tioned and appropriated, for the fiscal years ending September  
17 30, 1993 through September 30, ~~1998~~ 2000, in the following  
18 manner:

19 (a) Not more than \$3,000,000.00 as may be annually appropri-  
20 ated each fiscal year to the state trunk line fund for subsequent  
21 deposit in the rail grade crossing account.

22 (b) Not less than \$3,000,000.00 each year to the critical  
23 bridge fund established in section 11b for the purpose of payment  
24 of the principal, interest, and redemption premium on any notes  
25 or bonds issued by the state transportation commission under  
26 section 11b.

1 (c) Revenue from 3 cents of the tax levied under  
2 section 2(1) of 1950 PA 127, MCL 207.102, to the state trunk line  
3 fund, county road commissions, and cities and villages in the  
4 percentages provided in subdivision (h).

5 (d) Revenue from 1 cent of the tax levied under section 2(1)  
6 of 1950 PA 127, MCL 207.102, to the state trunk line fund for  
7 repair of state bridges under section 11.

8 (e) \$43,000,000.00 to the state trunk line fund for debt  
9 service costs on state of Michigan projects.

10 (f) 10% to the comprehensive transportation fund for the  
11 purposes described in section 10e.

12 (g) \$36,775,000.00 to the state trunk line fund for subse-  
13 quent deposit in the transportation economic development fund,  
14 and, as of September 30, 1997, with first priority for allocation  
15 to debt service on bonds issued to fund transportation economic  
16 development fund projects. In addition, beginning October 1,  
17 1997, \$3,500,000.00 is appropriated from the Michigan transporta-  
18 tion fund to the state trunk line fund for subsequent deposit in  
19 the transportation economic development fund to be used for eco-  
20 nomic development road projects in any of the targeted industries  
21 described in section 9(1)(a) of 1987 PA 231, MCL 247.909.

22 (h) The balance of the Michigan transportation fund as fol-  
23 lows, after deduction of the amounts appropriated in subdivisions  
24 (a) through (g) and section 11b:

25 (i) 39.1% to the state trunk line fund for the purposes  
26 described in section 11. Beginning October 1, 1995, a state  
27 grant of not less than \$33,000,000.00, as may be annually

1 appropriated each fiscal year, after the payment of debt service  
2 pursuant to section 11(1)(a), shall be made to the local program  
3 fund created in section 11e.

4 (ii) 39.1% to the county road commissions of the state.

5 (iii) 21.8% to the cities and villages of the state.

6 (2) If a distribution formula is not enacted into law for  
7 any time period beginning after September 30, ~~1998~~ 2000, the  
8 following amounts are appropriated each fiscal year thereafter  
9 with the balance reverting to the Michigan transportation fund  
10 until a distribution formula is enacted:

11 (a) 80% of the revenue received in the same percentages as  
12 the distribution formula in effect before October 1, ~~1998~~ 2000  
13 to the state trunk line fund under the conditions provided in  
14 section 11, to the comprehensive transportation fund under the  
15 conditions provided in section 10e, to the county road commis-  
16 sions under the conditions provided in section 12, and to the  
17 cities and villages under the conditions provided in section 13.

18 (b) An amount is apportioned and appropriated to the compre-  
19 hensive transportation fund sufficient to pay the principal and  
20 interest payments due on bonds and notes issued for comprehensive  
21 transportation purposes under section 18b.

22 (c) An amount is apportioned and appropriated to the state  
23 trunk line fund sufficient to pay the principal and interest pay-  
24 ments due on bonds and notes issued for those purposes for which  
25 the state transportation commission may issue bonds and notes  
26 under section 18b, except for those bonds and notes issued for  
27 comprehensive transportation purposes, and sufficient to pay the

1 obligations of the state trunk line fund pursuant to contracts  
2 entered into under section 18d, which contributions are pledged  
3 for the payment of principal and interest on bonds issued under  
4 section 18d.

5 (d) An amount is apportioned and appropriated to county road  
6 commissions sufficient to pay the principal and interest payments  
7 due on bonds and notes described in section 12(8).

8 (e) An amount is apportioned and appropriated to cities and  
9 villages sufficient to pay the principal and interest payments  
10 due on bonds and notes described in section 13(3)(a).

11 (3) The money appropriated pursuant to this section shall be  
12 used for the purposes as provided in this act and any other  
13 applicable act. Subject to the requirements of section 9b, the  
14 department shall develop programs in conjunction with the  
15 Michigan state chamber of commerce and the Michigan minority  
16 business development council to assist small businesses, includ-  
17 ing those located in enterprise zones and those located in empow-  
18 erment zones as determined under federal law, as defined by law  
19 in becoming qualified to bid.

20 (4) The distribution formula enacted into law after  
21 September 30, ~~1998~~ 2000 shall not adversely affect the ability  
22 of the state or a city, village, county, or county road commis-  
23 sion which has issued bonds or notes payable from the Michigan  
24 transportation fund or the motor vehicle highway fund to pay the  
25 debt service on those bonds or notes.

26 (5) Thirty-one and one-half percent of the funds  
27 appropriated to this state from the federal government pursuant

1 to 23 U.S.C. 157, commonly known as minimum allocation and donor  
2 state bonus funds, shall be allocated to the transportation eco-  
3 nomic development fund, if such an allocation is consistent with  
4 federal law. These funds shall be distributed 16-1/2% for devel-  
5 opment projects for rural counties as defined by law and 15% for  
6 capacity improvement or advanced traffic management systems in  
7 urban counties as defined by law. Federal funds allocated for  
8 distribution under this section shall be eligible for obligation  
9 and use by all recipients as defined by the intermodal surface  
10 transportation efficiency act of 1991, Public Law 102-240, 105  
11 Stat. 1914.

12 (6) Notwithstanding any other provision of this section,  
13 there is appropriated for the fiscal year ending September 30,  
14 1997 a total of \$20,000,000.00 only to the state trunk line fund,  
15 the county road commissions, and the cities and villages, from  
16 the Michigan transportation fund. Funds appropriated under this  
17 subsection shall be disbursed according to the provisions of  
18 sections 11, 12, and 13.