

SENATE BILL NO. 893

February 18, 1998, Introduced by Senators BENNETT, HOFFMAN, SHUGARS, BULLARD, JAYE, DUNASKISS, GAST, GEAKE and STILLE and referred to the Committee on Transportation and Tourism.

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 12 (MCL 247.662), as amended by 1997 PA 79, and by adding section 20b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 12. (1) The amount distributed to the county road com-
2 missions shall be returned to the county treasurers in the
3 manner, for the purposes, and under the terms and conditions
4 specified in this section. The department and the county road
5 association of Michigan shall jointly develop incentives for
6 counties to establish statewide purchasing pools for the more
7 efficient use of Michigan transportation funds.

8 (2) Each county road commission shall be reimbursed in an
9 amount up to \$10,000.00 per year for the sum paid to a licensed
10 professional engineer employed or retained by the county road
11 commission in the previous year. The sum shall be returned to
12 each county road commission certified by the state transportation
13 department as complying with this subsection regarding the
14 employment of an engineer.

15 (3) An amount equal to 1% of the total amount returned to
16 the county road commissions from the Michigan transportation fund

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1 during the prior calendar year shall be withheld annually from
2 the counties' November monthly distribution provided for in sec-
3 tion 17, and the amount shall be returned to the county road com-
4 missions for snow removal purposes as provided in section 12a.

5 (4) An amount equal to ~~10%~~ 15% of the total amount
6 returned to the county road commissions from the Michigan trans-
7 portation fund shall be returned to each county road commission
8 having county primary, or county local road, or both, mileage in
9 the urban areas as determined pursuant to section 12b. This sum
10 shall be distributed pursuant to section 12b. The return shall
11 be in addition to the amounts provided in subsections (6) and (7)
12 and for the purposes stated in those subsections.

13 (5) An amount equal to ~~4%~~ 15% of the total amount returned
14 to the county road commissions from the Michigan transportation
15 fund shall be returned to the county road commissions in the same
16 percentages as provided in subsection (7). All money returned to
17 the county road commissions as provided in this subsection shall
18 be expended by the county road commissions for the maintenance,
19 improvement, construction, reconstruction, acquisition, and
20 extension of county local road systems and shall be in addition
21 to the amounts provided in subsection (7).

22 (6) Seventy-five percent of the remainder of the total
23 amount to be returned to the counties shall be expended by each
24 county road commission for the maintenance, improvement, con-
25 struction, reconstruction, acquisition, and extension of the
26 county primary road system, including the acquisition of a
27 necessary right of way for the system, work incidental to the

1 system, and a roadside park or motor parkway appurtenant to the
2 system, and shall be returned to the counties as follows:

3 (a) Three-fourths of the amount in proportion to the amount
4 received within the respective county during the 12 months next
5 preceding the date of each monthly distribution, as specific
6 taxes upon registered motor vehicles under the Michigan vehicle
7 code, 1949 PA 300, MCL 257.1 to 257.923.

8 (b) One-tenth of the amount in the same proportion that the
9 total mileage in the county primary road system of each county
10 bears to the total mileage in all of the county primary road sys-
11 tems of the state.

12 (c) One eighty-third of the remaining 15% of the amount to
13 each county.

14 (7) The balance of the remainder of the total amount to be
15 returned to counties shall be expended by each county road com-
16 mission for the maintenance, improvement, construction, recon-
17 struction, acquisition, and extension of the county local road
18 system as defined by this act, including the acquisition of a
19 necessary right of way for the system, work incidental to the
20 system, and a roadside park or motor parkway appurtenant to the
21 system, and shall be returned to the counties as follows:

22 (a) Sixty-five percent of the amount in the same proportion
23 that the total mileage in the county local road system of each
24 county bears to the total mileage in all of the county local road
25 systems of the state.

26 (b) Thirty-five percent of the amount in the same proportion
27 that the total population outside of incorporated municipalities

1 in each county bears to the total population outside of
2 incorporated municipalities in all of the counties of the state,
3 according to the most recent statewide federal census as certi-
4 fied at the beginning of the state fiscal year.

5 (8) Money deposited in, or becoming a part of the county
6 road funds of a board of county road commissioners shall be
7 expended first for the payment of principal and interest on the
8 bonds, for the payment of contractual contributions pledged for
9 the payment of bonds, for debt service requirements for the pay-
10 ment of contractual contributions pledged for the payment of
11 bonds, and for debt service requirements for the payment of notes
12 and loans in the following order of priority:

13 (a) For the payment of contributions required to be made by
14 a board of county road commissioners under a contract entered
15 into under 1941 PA 205, MCL 252.51 to 252.64, which contributions
16 have been pledged for the payment of the principal and interest
17 on bonds issued under that act, or for the payment of total debt
18 service requirements upon notes issued by a board of county road
19 commissioners under 1943 PA 143, MCL 141.251 to 141.254.

20 (b) For the payment of principal and interest upon bonds
21 issued under section 18c, and the payment of contributions of a
22 board of county road commissioners to be made pursuant to con-
23 tracts entered into under section 18d, which contributions are
24 pledged to the payment of principal and interest on bonds issued
25 after June 30, 1957, under the authorization of section 18c and
26 contracts executed pursuant to its provisions.

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

4 (9) Not to exceed 30% per year of the amount returned to a
5 county for use on the county primary road system may be expended,
6 with or without matching, on the county local road system of that
7 county. Not to exceed 15% per year of the amount returned to a
8 county for expenditure on the county local road system may be
9 used, with or without matching, on the county primary road system
10 of that county, and not to exceed an additional 15% per year of
11 the amount returned to a county for expenditure on the county
12 local road system, may, in case of an emergency or with the
13 approval of the state transportation department, be expended,
14 with or without matching, on the county primary road system of
15 that county. An amount returned to a county for and on account
16 of county local roads, under this section, in excess of the total
17 amount paid into the county treasury each year by all of the
18 townships of that county for and on account of the county local
19 roads pursuant to section 14(6) may be transferred to and
20 expended on the county primary road system of that county.

21 (10) Not less than 20% per year of the funds returned to a
22 county by this section shall be expended for snow and ice remov-
23 al, the construction or reconstruction of a new highway or exist-
24 ing highway, and the acquisition of a necessary right of way for
25 those highways, and work incidental to those highways, or for the
26 servicing of bonds issued by the county for these purposes.

1 Surplus funds may be expended for the development, construction,
2 or repair of an off-street parking facility.

3 (11) Not more than 5% per year of the funds returned to a
4 county for the county primary road system and the county local
5 road system shall be expended for the maintenance, improvement,
6 or acquisition of appurtenant roadside parks and motor parkways.

7 (12) Funds returned to a county shall be expended by the
8 county road commission for the purposes provided in this section
9 and shall be deposited by the county treasurer in a designated
10 county depository, in a separate account to the credit of the
11 county road fund, and shall be paid out only upon the order of
12 the county road commission, and interest accruing on the money
13 shall become a part of, and be deposited with the county road
14 fund.

15 (13) In a county to which the funds are returned the func-
16 tion of the county road commission shall be limited to the forma-
17 tion of policy and the performance of the official duties imposed
18 by law and delegated by the county board of commissioners. A
19 member of the county road commission shall not be employed indi-
20 vidually in any other capacity for other duties with the county
21 road commission.

22 (14) A county road commission may enter into an agreement
23 with a county road commission of an adjacent county and with a
24 city or village to perform work on a highway, road, or street,
25 and with the state transportation department with respect to a
26 state trunk line and connecting links of the state trunk line
27 within the limits of the county or adjacent to the county. The

1 agreement may provide for the performance by each contracting
2 party of the work contemplated by the contract including engi-
3 neering services and the acquisition of rights of way in connec-
4 tion with the work contemplated, by purchase or condemnation, by
5 any of the contracting parties in its own name and the agreement
6 may provide for joint participation in the costs.

7 (15) Money distributed from the Michigan transportation fund
8 may be expended for construction purposes on county local roads
9 only to the extent matched by money from other sources. However,
10 Michigan transportation funds may be expended for the construc-
11 tion of bridges on the county local roads in an amount not to
12 exceed 75% of the cost of the construction of local road
13 bridges. This subsection does not apply to section 11b.

14 (16) Notwithstanding any other provision of this act, at
15 least 90% of the state revenue returned annually to the county
16 road commission from the Michigan transportation fund less the
17 amounts described in subdivisions (a) to (e) shall be expended
18 annually by the county road commission for the maintenance of
19 highways, roads, streets, and bridges, and for the payment of
20 contractual contributions pledged for the payment of bonds or
21 portions of bonds, debt service requirements for the payment of
22 bonds or portions of bonds, and debt service requirements for the
23 payment of notes and loans or portions of notes and loans issued
24 or received after July 1, 1983, for the purpose of providing
25 funds for the maintenance of highways, roads, streets, and
26 bridges. If an appropriate certificate is filed under
27 subsection (19) but only to the extent necessary, this subsection

1 shall not prohibit the use of any amount of state revenue
2 returned annually to the county road commissions for the payment
3 of contractual contributions pledged for the payment of bonds,
4 for debt service requirements for the payment of bonds, and for
5 debt service requirements for the payment of notes or loans,
6 whenever issued or received, as specified under subsection (8).
7 The amounts which are deducted from the state revenue returned to
8 a county road commission from the Michigan transportation fund,
9 for the purpose of the calculation required by this subsection
10 are as follows:

11 (a) Amounts expended for the purposes described in subsec-
12 tion (8) for bonds, notes, loans, or other obligations issued or
13 received before July 2, 1983.

14 (b) Amounts expended for the administrative costs of the
15 county road commission.

16 (c) Amounts expended for capital outlay projects for equip-
17 ment and buildings, and for the payment of contractual contribu-
18 tions pledged for the payment of bonds, for debt service require-
19 ments for the payment of bonds, and for debt service requirements
20 for the payment of notes and loans issued or received after
21 July 1, 1983, for the purpose of providing funds for capital
22 outlay projects for equipment and buildings.

23 (d) Amounts expended for projects vital to the economy of
24 the local area or the safety of the public in the local area.
25 Before these amounts can be deducted, the governing body over the
26 county road commission or the county road commission, as
27 applicable, shall pass a resolution approving these projects.

1 This resolution shall state which projects will be funded and the
2 cost of each project. A copy of each approved resolution shall
3 be forwarded immediately to the department.

4 (e) Amounts expended in urban areas as determined pursuant
5 to section 12b.

6 (17) As used in this subsection, "urban routes" means those
7 portions of 2 lane county primary roads within an urban area
8 which has average daily traffic in excess of 15,000.

9 Notwithstanding any other provision of this act, except as pro-
10 vided in this subsection, a county road commission shall expend
11 annually at least 90% of the federal revenue distributed to the
12 use of the county road commission for highways, roads, streets,
13 and bridges, less the amount expended on urban routes for other
14 than maintenance purposes and the amount expended for
15 hard-surfacing of gravel roads on the federal-aid system, on the
16 maintenance of highways, roads, streets, and bridges. A county
17 road commission may expend in a year less than 90% of the federal
18 revenue distributed to the use of the county road commission for
19 highways, roads, streets, and bridges, less the amount expended
20 on urban routes for other than maintenance purposes and the
21 amount expended for hard-surfacing of gravel roads on the
22 federal-aid system, on the maintenance of highways, roads,
23 streets, and bridges, if that year is part of a 3-year period in
24 which at least 90% of the total federal revenue distributed in
25 the 3-year period to the use of the county road commission for
26 highways, roads, streets, and bridges, less the amount expended
27 on urban routes for other than maintenance purposes and the

1 amount expended for hard-surfacing of gravel roads on the
2 federal-aid system, is expended on the maintenance of highways,
3 roads, streets, and bridges. If a county road commission expends
4 in a year less than 90% of the federal revenue distributed to the
5 use of the county road commission for highways, roads, streets,
6 and bridges, less the amount expended on urban routes for other
7 than maintenance purposes and the amount expended for
8 hard-surfacing of gravel roads on the federal-aid system, on the
9 maintenance of highways, roads, streets, and bridges and that
10 year is not a part of a 3-year period in which at least 90% of
11 the total federal revenue distributed in the 3-year period to the
12 use of the county road commission for highways, roads, streets,
13 and bridges, less the amount expended on urban routes for other
14 than maintenance purposes and the amount expended for
15 hard-surfacing of gravel roads on the federal-aid system, is
16 expended on the maintenance of highways, roads, streets, and
17 bridges, the county road commission shall expend in each year
18 subsequent to the 3-year period 100%, or less in 1 year if suffi-
19 cient for the purposes of this subsection, of the federal revenue
20 distributed to the use of the county road commission for high-
21 ways, roads, streets, and bridges, less the amount expended on
22 urban routes for other than maintenance purposes and the amount
23 expended for hard-surfacing of gravel roads on the federal-aid
24 system, on the maintenance of highways, roads, streets, and
25 bridges until the average percentage spent on the maintenance of
26 highways, roads, streets, and bridges in the 3-year period and
27 the subsequent years, less the amount expended on urban routes

1 for other than maintenance purposes and the amount expended for
2 hard-surfacing of gravel roads on the federal-aid system, is at
3 least 90%. A year may be included in only one 3-year period for
4 the purposes of this subsection. The requirements of this sub-
5 section shall be waived if compliance would cause the county road
6 commission to be ineligible according to federal law for federal
7 revenue, but only to the extent necessary to make the county road
8 commission eligible according to federal law for that revenue.
9 For the purpose of the calculations required by this subsection,
10 the amount expended on urban routes by a county road commission
11 for other than maintenance purposes and the amount expended for
12 hard-surfacing of gravel roads on the federal-aid system shall be
13 deducted from the total federal revenue distributed to the use of
14 the county road commission.

15 (18) As used in this section:

16 (a) "Maintenance" and "maintaining" mean snow removal; erec-
17 tion of traffic control devices and traffic signals and payment
18 of monthly electrical costs for those signals; street cleaning
19 and drainage; seal coating; patching and ordinary repairs; erec-
20 tion and maintenance of traffic signs and markings; safety
21 projects which do not increase through traffic capacity; and the
22 preservation, reconstruction, resurfacing, restoration, and reha-
23 bilitation of highways, roads, streets, and bridges. However,
24 maintenance and maintaining do not include projects which
25 increase the capacity of a highway facility to accommodate that
26 part of the traffic having neither origin nor destination within
27 the local area.

1 (b) "Maintenance" and "maintaining" include widening less
2 than lane width; adding auxiliary turning lanes of 1/2 mile or
3 less; adding auxiliary weaving, climbing, or speed change lanes;
4 and correcting substandard intersections.

5 (19) A county road commission shall certify, which certifi-
6 cation shall, for purposes of the validity of bonds and notes, be
7 conclusive as to the matters stated therein, to the state trans-
8 portation department on or before the issuance of any bonds or
9 notes issued after July 1, 1983, pursuant to 1943 PA 143, MCL
10 141.251 to 141.254, 1941 PA 205, MCL 252.51 to 252.64, or section
11 18c or 18d, for purposes other than the maintenance of highways,
12 roads, streets, and bridges and purposes other than the purposes
13 specified in subsection (16)(c) that its average annual debt
14 service requirements for all bonds and notes or portions of bonds
15 and notes issued after July 1, 1983, for purposes other than the
16 maintenance of highways, roads, streets, and bridges and other
17 than for the purposes specified in subsection (16)(c), including
18 the bond or note to be issued does not exceed 10% of the funds
19 returned to the county road commission pursuant to this act, less
20 the amounts specified in subsection (16)(a), (b), and (c) during
21 the last completed fiscal year of the county road commission. If
22 the purpose for which the bonds or notes are issued is changed
23 after the issuance of the notes or bonds, the change shall be
24 made in such a manner to maintain compliance with the certifica-
25 tion required by this subsection, as of the date the certificate
26 was originally issued, but no such change shall invalidate or
27 otherwise affect the bonds or notes with respect to which the

1 certificate was issued or the obligation to pay debt service on
2 the bonds or notes.

3 (20) In each charter county to which funds are returned
4 under this section, the responsibility for road improvement,
5 maintenance, and traffic operation work, and the development,
6 construction, or repair of off-road parking facilities and con-
7 struction or repair of road lighting shall be coordinated by a
8 single administrator to be designated by the county executive who
9 shall be responsible for and shall represent the charter county
10 in transactions with the state transportation department pursuant
11 to this act.

12 (21) Not more than 10% per year of all of the funds received
13 by and returned to a county from any source for the purposes of
14 this section may be expended for administrative expenses. A
15 county that expends more than 10% for administrative expenses in
16 a year shall be subject to section 14(5) unless a waiver is
17 granted by the department of treasury. As used in this subsec-
18 tion, "administrative expenses" means those expenses that are not
19 assigned including, but not limited to, specific road construc-
20 tion or maintenance projects and are often referred to as general
21 or supportive services. Administrative expenses shall not
22 include net equipment expense, net capital outlay, debt service
23 principal and interest, and payments to other state or local
24 offices which are assigned, but not limited to, specific road
25 construction projects or maintenance activities.

26 (22) In addition to the financial compliance audits required
27 by law, the department of treasury shall conduct performance

1 audits and make investigations of the disposition of all state
2 funds received by county road commissions, county boards of com-
3 missioners, or any other county governmental agency acting as the
4 county road authority, for transportation purposes to determine
5 compliance with the terms and conditions of this act.

6 Performance audits shall be conducted according to government
7 auditing standards issued by the United States general accounting
8 office. The department of treasury shall provide 6 months notice
9 to the county road commission or county board of commissioners,
10 as applicable, of the standards to be used for audits performed
11 under this subsection prior to the fiscal year in which the audit
12 is conducted. The department shall notify the county road com-
13 mission or county board of commissioners of any subsequent
14 changes to the standards. County road commissions or county
15 boards of commissioners, as applicable, shall make available to
16 the department of treasury the pertinent records for the audit.

17 (23) IF 1 OR MORE TOWNSHIPS ASSUME JURISDICTION FOR THE
18 IMPROVEMENT AND MAINTENANCE OF ALL OR A PORTION OF THE COUNTY
19 LOCAL ROAD SYSTEM OR THE COUNTY PRIMARY SYSTEM, OR BOTH, WITHIN
20 THAT TOWNSHIP, THE AMOUNT RETURNED TO A COUNTY UNDER THIS SECTION
21 FOR THAT PORTION OF THE COUNTY LOCAL ROAD SYSTEM OR COUNTY PRI-
22 MARY SYSTEM, OR BOTH, SHALL BE ALLOCATED TO THOSE TOWNSHIPS IN
23 THE MANNER PROVIDED IN SECTION 20B ACCORDING TO THE FOLLOWING:

24 (A) SIXTY-FIVE PERCENT OF THE AMOUNT IN THE SAME PROPORTION
25 THAT THE TOTAL MILEAGE IN THE COUNTY LOCAL ROAD SYSTEM AND THE
26 COUNTY PRIMARY SYSTEM, IF APPLICABLE, IN THE TOWNSHIP BEARS TO

1 THE TOTAL MILEAGE IN THE COUNTY LOCAL ROAD SYSTEM AND THE COUNTY
2 PRIMARY SYSTEM, IF APPLICABLE, OF THE COUNTY.

3 (B) THIRTY-FIVE PERCENT OF THE AMOUNT IN THE SAME PROPORTION
4 THAT THE TOTAL POPULATION OUTSIDE OF THE INCORPORATED VILLAGES
5 AND CITIES IN THE TOWNSHIP BEARS TO THE TOTAL POPULATION OUTSIDE
6 OF INCORPORATED VILLAGES AND CITIES OF THE COUNTY, ACCORDING TO
7 THE MOST RECENT STATEWIDE FEDERAL CENSUS PRECEDING THE
8 DISTRIBUTION.

9 (24) IF A TOWNSHIP DOES NOT ASSUME JURISDICTION OVER ANY
10 PART OF THE COUNTY LOCAL ROAD SYSTEM OR THE COUNTY PRIMARY
11 SYSTEM, OR BOTH, IT MAY PROVIDE INPUT REGARDING EXPENDITURE OF
12 THE FUNDS ALLOCATED UNDER SUBSECTIONS (4) AND (5) BY SUBMITTING
13 THE 3-YEAR PLAN THAT SPECIFIES THE ROADS IT DESIRES TO HAVE
14 REPAIRED, MAINTAINED, OR IMPROVED BY THE COUNTY. A TOWNSHIP'S
15 SHARE OF THE FUNDS PROVIDED FOR IN THIS SUBSECTION SHALL BE
16 EXPENDED ONLY AS DIRECTED BY THE TOWNSHIP IF THE TOWNSHIP HAS
17 FILED WITH THE COUNTY ROAD COMMISSION BEFORE APRIL 1 OF EACH YEAR
18 A 3-YEAR PLAN SHOWING THE PROPOSED PROJECTS FOR WHICH THE FUNDS
19 ARE TO BE USED. A TOWNSHIP 3-YEAR PLAN MAY PROVIDE THAT FUNDS
20 MAY BE ACCUMULATED FOR A PERIOD OF NOT MORE THAN 3 YEARS. IN ANY
21 YEAR THAT A TOWNSHIP DOES NOT PROVIDE A PLAN TO THE COUNTY ROAD
22 COMMISSION BEFORE APRIL 1, THE PORTION ALLOCATED FOR THAT YEAR TO
23 THAT TOWNSHIP SHALL BE DIVIDED AMONG THE OTHER TOWNSHIPS SUBMIT-
24 TING PLANS. WHEN FUNDS ARE REDIVIDED AS PROVIDED IN THIS SUBSEC-
25 TION, TOWNSHIPS SUBMITTING PLANS MAY AMEND THEIR PLAN TO ADDRESS
26 THE ADDITIONAL FUNDS. SUBSECTION (15) DOES NOT APPLY TO A
27 DISTRIBUTION OF FUNDS UNDER THIS SUBSECTION. FUNDS DISTRIBUTED

1 TO A COUNTY FOR SNOW REMOVAL PURPOSES UNDER SUBSECTION (3) ARE
2 NOT AFFECTED BY THIS SUBSECTION.

3 SEC. 20B. (1) A TOWNSHIP BOARD MAY ASSUME JURISDICTION FOR
4 THE IMPROVEMENT AND MAINTENANCE OF ALL OR ANY PART OF THE COUNTY
5 LOCAL ROAD SYSTEM WITHIN THAT TOWNSHIP IN THE MANNER PROVIDED BY
6 THIS SECTION.

7 (2) THE TOWNSHIP BOARD SHALL NOTIFY THE BOARD OF COUNTY ROAD
8 COMMISSIONERS AND THE DEPARTMENT OF ITS INTENT TO ASSUME JURIS-
9 DICTION BEFORE OCTOBER 1 OF ANY YEAR. EXCEPT AS PROVIDED IN SEC-
10 TION 12(23), BEGINNING JANUARY 1 IN THE YEAR FOLLOWING NOTIFICA-
11 TION, THE DEPARTMENT SHALL PAY TO THAT TOWNSHIP THAT SHARE OF
12 TRANSPORTATION FUNDS FORMERLY ALLOCATED TO THE COUNTY UNDER SEC-
13 TION 12 FOR THOSE LOCAL ROADS DESIGNATED BY THE TOWNSHIP.

14 (3) THE NOTIFICATION TO THE BOARD OF COUNTY ROAD COMMISSION-
15 ERS SHALL CONTAIN THE DESIGNATION OF ALL OR A PORTION OF THE
16 COUNTY LOCAL ROAD SYSTEM WITHIN THAT TOWNSHIP THAT THE TOWNSHIP
17 BOARD INTENDS TO ASSUME RESPONSIBILITY FOR MAINTENANCE AND
18 IMPROVEMENT.

19 (4) A TOWNSHIP MAY PROVIDE FOR CONSOLIDATED ROAD ADMINISTRA-
20 TION BY ENTERING INTO AGREEMENTS WITH OTHER TOWNSHIPS, CITIES,
21 VILLAGES, COUNTY ROAD COMMISSIONS, OR THE COMMISSION OR MAY CON-
22 TRACT WITH PRIVATE ENTITIES FOR THE PERFORMANCE OF THE SAME SERV-
23 ICES THAT THE COUNTY ROAD COMMISSION USES ITS FUNDS UNDER SECTION
24 12.

25 (5) THE TOWNSHIP SHALL KEEP SEPARATE ACCOUNTS AND ACCURATE
26 AND UNIFORM RECORDS OF ALL TRANSPORTATION FUNDS, AND SHALL FILE
27 WITH THE COMMISSION AND THE COUNTY ROAD COMMISSION ON OR BEFORE

1 APRIL 1 OF EACH YEAR, ON FORMS TO BE PROVIDED BY THE COMMISSION,
2 A REPORT SHOWING THE DISPOSITION OF FUNDS RECEIVED AND EXPENDED
3 FOR ROAD PURPOSES. THE FAILURE OF A TOWNSHIP TO USE FUNDS
4 RECEIVED FROM THE COUNTY FOR THE PURPOSES PRESCRIBED IN THIS SEC-
5 TION SHALL RESULT IN THE FORFEITURE BY THE TOWNSHIP OF ANY FUNDS
6 TO WHICH IT MAY HAVE BEEN ENTITLED UNDER THIS ACT. ALL FUNDS
7 FORFEITED SHALL THEREAFTER BE RETURNED TO THE COUNTY ROAD
8 COMMISSION.

9 (6) THE TOWNSHIP SHALL PROVIDE INSURANCE COVERING THE COUNTY
10 ROAD COMMISSION'S LIABILITY FOR FAILURE TO MAINTAIN THE LOCAL
11 ROADS SPECIFIED IN THE NOTIFICATION.