

# SENATE BILL No. 958

January 18, 2006, Introduced by Senator GILBERT 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, local 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 2004 PA 384.

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

1       Sec. 10. (1) A fund to be known as the Michigan transportation  
2 fund is established and shall be set up and maintained in the state  
3 treasury as a separate fund. Money received and collected under the  
4 motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170, 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 the  
7 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, except  
8 a truck safety fund fee provided in section 801(1)(k) of the  
9 Michigan vehicle code, 1949 PA 300, MCL 257.801, and money received  
10 under the motor carrier act, 1933 PA 254, MCL 475.1 to 479.43,  
11 shall be deposited in the state treasury to the credit of the  
12 Michigan transportation fund. In addition, income or profit derived  
13 from the investment of money in the Michigan transportation fund  
14 shall be deposited in the Michigan transportation fund. Except as  
15 provided in this act, no other money, whether appropriated from the

1 general fund of this state or any other source, shall be deposited  
2 in the Michigan transportation fund. Except as otherwise provided  
3 in this section, the legislature shall appropriate funds for the  
4 necessary expenses incurred in the administration and enforcement  
5 of the motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170,  
6 the motor carrier act, 1933 PA 254, MCL 475.1 to 479.43, and  
7 sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL  
8 257.801 to 257.810. Funds appropriated for necessary expenses shall  
9 be based upon established cost allocation methodology that reflects  
10 actual costs. Appropriations for the necessary expenses incurred by  
11 the department of state in administration and enforcement of  
12 sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL  
13 257.801 to 257.810, shall be made from the Michigan transportation  
14 fund and from funds in the transportation administration collection  
15 fund created in section 810b of the Michigan vehicle code, 1949 PA  
16 300, MCL 257.810b. Appropriations from the Michigan transportation  
17 fund for the necessary expenses incurred by department of state in  
18 administration and enforcement of sections 801 to 810 of the  
19 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, shall  
20 not exceed \$20,000,000.00 per state fiscal year. All money in the  
21 Michigan transportation fund is apportioned and appropriated in the  
22 following manner:

23 (a) Not more than \$3,000,000.00 as may be annually  
24 appropriated each fiscal year to the state trunk line fund for  
25 subsequent deposit in the rail grade crossing account.

26 (b) Not less than \$3,000,000.00 each year to the local bridge  
27 fund established in subsection (5) for the purpose of payment of

1 the principal, interest, and redemption premium on any notes or  
2 bonds issued by the state transportation commission under section  
3 11b.

4 (c) Revenue from 3 cents of the tax levied under section  
5 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, to  
6 the state trunk line fund, county road commissions, and cities and  
7 villages in the percentages provided in subdivision (i).

8 (d) Until September 30, 2004, all of the revenue from 1 cent  
9 of the tax levied under section 8(1)(a) of the motor fuel tax act,  
10 2000 PA 403, MCL 207.1008, to the state trunk line fund for repair  
11 of state bridges under section 11. Beginning October 1, 2004 and  
12 continuing through September 30, 2005, 3/4 of the revenue from 1  
13 cent of the tax levied under section 8(1)(a) of the motor fuel tax  
14 act, 2000 PA 403, MCL 207.1008, shall be appropriated to the state  
15 trunk line fund for the repair of state bridges under section 11,  
16 and 1/4 of the revenue from 1 cent of the tax levied under section  
17 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, shall  
18 be appropriated to the local bridge fund created in subsection (5)  
19 for distribution only to cities, villages, and county road  
20 commissions. Beginning October 1, 2005, 1/2 of the revenue from 1  
21 cent of the tax levied under section 8(1)(a) of the motor fuel tax  
22 act, 2000 PA 403, MCL 207.1008, shall be appropriated to the state  
23 trunk line fund for the repair of state bridges under section 11,  
24 and 1/2 of the revenue from 1 cent of the tax levied under section  
25 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, shall  
26 be appropriated to the local bridge fund created in subsection (5)  
27 for distribution only to cities, villages, and county road

1 commissions.

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

4 (f) Except as provided in subsection (4), 10% to the  
5 comprehensive transportation fund for the purposes described in  
6 section 10e.

7 (g) \$5,000,000.00 to the local bridge fund established in  
8 subsection (5) for distribution only to the local bridge advisory  
9 board, the regional bridge councils, cities, villages, and county  
10 road commissions.

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

21 (i) Not less than \$33,000,000.00 as may be annually  
22 appropriated each fiscal year to the local program fund created in  
23 section 11e.

24 (j) The balance of the Michigan transportation fund as  
25 follows, after deduction of the amounts appropriated in  
26 subdivisions (a) through (i) and section 11b:

27 (i) 39.1% to the state trunk line fund for the purposes

1 described in section 11.

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

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

4 (2) The money appropriated pursuant to this section shall be  
5 used for the purposes as provided in this act and any other  
6 applicable act. Subject to the requirements of section 9b, the  
7 department shall develop programs in conjunction with the Michigan  
8 state chamber of commerce and the Michigan minority business  
9 development council to assist small businesses, including those  
10 located in enterprise zones and those located in empowerment zones  
11 as determined under federal law, as defined by law in becoming  
12 qualified to bid.

13 (3) Thirty-one and one-half percent of the funds appropriated  
14 to this state from the federal government pursuant to 23 USC 157,  
15 commonly known as minimum guarantee funds, shall be allocated to  
16 the transportation economic development fund, if such an allocation  
17 is consistent with federal law. These funds shall be distributed  
18 16-1/2% for development projects for rural counties as defined by  
19 law and 15% for capacity improvement or advanced traffic management  
20 systems in urban counties as defined by law. Federal funds  
21 allocated for distribution under this section shall be eligible for  
22 obligation and use by all recipients as defined by the  
23 transportation equity act for the 21st century, Public Law 105-178.

24 (4) For the fiscal year beginning October 1, 2003 only, the  
25 apportionment of 10% of Michigan transportation fund money to the  
26 comprehensive transportation fund as provided in subsection (1)(f)  
27 shall be reduced by \$10,000,000.00 and the \$10,000,000.00 shall be

1 transferred to the state trunk line fund for capacity improvements  
2 to state trunk line highways.

3 (5) A fund to be known as the local bridge fund is established  
4 and is set up and maintained in the state treasury as a separate  
5 fund. The money appropriated to the local bridge fund and the  
6 interest accruing to that fund shall be expended for the local  
7 bridge program. The purpose of the fund is to provide financial  
8 assistance to highway authorities for the preservation,  
9 improvement, or reconstruction of existing bridges or for the  
10 construction of bridges to replace existing bridges in whole or  
11 part. The money in the local bridge fund is not subject to section  
12 12(15) or 13(5). The local bridge advisory board is created and  
13 shall consist of 6 voting members appointed by the state  
14 transportation commission and 2 nonvoting members appointed by the  
15 state transportation department. The board shall include 3 members  
16 from the county road association of Michigan, 1 member who  
17 represents counties with populations 65,000 or greater, 1 member  
18 who represents counties with populations greater than 30,000 and  
19 less than 65,000, and 1 member who represents counties with  
20 populations of 30,000 or less. Three members shall be appointed  
21 from the Michigan municipal league, 1 member who represents cities  
22 with a population 75,000 or greater, 1 member who represents cities  
23 with a population less than 75,000, and 1 member who represents  
24 villages. Each organization with voting rights shall submit a list  
25 of nominees in each population category to the state transportation  
26 commission. The state transportation commission shall make the  
27 appointments from the lists submitted under this subsection. Names

1 shall be submitted within 45 days after October 1, 2004. The state  
2 transportation commission shall make the appointments by January  
3 30, 2005. Voting members shall be appointed for 2 years. The  
4 chairperson of the board shall be selected from among the voting  
5 members of the board. In addition to the 2 nonvoting members, the  
6 department shall provide qualified administrative staff and  
7 qualified technical assistance to the board.

8 (6) Beginning October 1, 2005, no less than 5% and no more  
9 than 15% of the funds received in the local bridge fund may be used  
10 for critical repair of large bridges and emergencies as determined  
11 by the local bridge advisory board. Beginning October 1, 2005,  
12 funds remaining after the funds allocated for critical large bridge  
13 repair and emergencies are deducted shall be distributed by the  
14 board to the regional bridge councils created under this section.  
15 One regional council shall be formed for each department of  
16 transportation region as those regions exist on October 1, 2004.  
17 The regional councils shall consist of 2 members of the county road  
18 association of Michigan from counties in the region, 2 members of  
19 the Michigan municipal league from cities and villages in the  
20 region, and 1 member of the state transportation department in each  
21 region. The members of the state transportation department shall be  
22 nonvoting members who shall provide qualified administrative staff  
23 and qualified technical assistance to the regional councils.

24 (7) Beginning October 1, 2005, funds in the local bridge fund  
25 after deduction of the amounts set aside for critical repair of  
26 large bridges and emergency repairs shall be distributed among the  
27 regional bridge councils according to all of the following ratios,



1 which shall be assigned a weight expressed as a percentage as  
2 determined by the board, with each ratio receiving no greater than  
3 a 50% weight and no less than a 25% weight:

4 (a) A ratio with a numerator that is the total number of local  
5 bridges in the region and a denominator that is the total number of  
6 local bridges in this state.

7 (b) A ratio with a numerator that is the total local bridge  
8 deck area in the region and a denominator that is the total local  
9 bridge deck area in this state.

10 (c) A ratio with a numerator that is the total amount of  
11 structurally deficient local bridge deck area in the region and a  
12 denominator that is the total amount of structurally deficient  
13 local bridge deck area in this state.

14 (8) Beginning October 1, 2005, the regional bridge councils  
15 shall allocate the funds received from the board for the  
16 preservation, improvement, and reconstruction of existing bridges  
17 or for the construction of bridges to replace existing bridges in  
18 whole or in part in each region.

19 (9) Beginning January 1, 2007 and each January after 2007, the  
20 department shall submit a report to the chair and the minority  
21 vice-chair of the appropriations committees of the senate and the  
22 house of representatives, and to the standing committees on  
23 transportation of the senate and the house of representatives, on  
24 all of the following activities for the previous state fiscal year:

25 (a) A listing of how much money was dedicated for emergency  
26 and large bridge repair.

27 (b) A listing of what emergency and large bridge repair

1 projects were funded.

2 (c) The actual weights used in the calculation required under  
3 subsection (7).

4 (d) A listing of the total money distributed to each region.

5 (e) A listing of what specific projects were funded pursuant  
6 to subsection (8).

7 (10) The state transportation commission shall borrow money  
8 and issue notes or bonds in an amount of not less than  
9 \$30,000,000.00 to supplement the funding provided for the local  
10 bridge program under subsection (6). The bonds or notes issued  
11 pursuant to this subsection may be issued by the commission for any  
12 purpose for which other local bridge funds may be used under this  
13 section. The bonds or notes authorized by this subsection shall be  
14 issued by resolution of the state transportation commission  
15 consistent with the requirements of section 18b.

16 (11) The state transportation department shall promulgate  
17 rules pursuant to the administrative procedures act of 1969, 1969  
18 PA 306, MCL 24.201 to 24.328, governing the administration of the  
19 local bridge program. The rules shall set forth the eligibility  
20 criteria for financial assistance under the program and other  
21 matters related to the program that the department considers  
22 necessary and desirable. The department shall take into  
23 consideration the availability of federal aid and other financial  
24 resources of the highway authority responsible for the bridge, the  
25 importance of the bridge to the highway, road, or street network,  
26 and the condition of the existing bridge.

27 (12) Beginning October 1, 2004, the revenue appropriated to

1 the local bridge fund pursuant to subsection (1)(d) shall be  
2 distributed only to the local bridge advisory board, the regional  
3 bridge councils, cities, villages, and county road commissions.

4 (13) BEGINNING OCTOBER 1, 2007, THE REGIONAL BRIDGE COUNCILS  
5 SHALL DETERMINE WHAT BRIDGE PROJECTS ARE ELIGIBLE FOR FUNDING FROM  
6 THE LOCAL BRIDGE FUND CREATED IN SUBSECTION (5) AND SHALL MAKE A  
7 LIST OF ELIGIBLE PROJECTS AVAILABLE TO INTERESTED PARTIES IN THE  
8 REGION. A DETERMINATION THAT A BRIDGE PROJECT IS ELIGIBLE FOR  
9 FUNDING IN A GIVEN FISCAL YEAR IS NOT APPROVAL TO DISBURSE THE  
10 FUNDS.

11 (14) BEGINNING OCTOBER 1, 2007, A COUNTY ROAD COMMISSION,  
12 CITY, OR VILLAGE MAY IMPLEMENT A BRIDGE PROJECT IF THE BRIDGE  
13 PROJECT IS ELIGIBLE FOR FUNDING BUT THE REGIONAL BRIDGE COUNCIL HAS  
14 NOT ALLOCATED FUNDS TO THE BRIDGE PROJECT FOR THE FISCAL YEAR THAT  
15 THE BRIDGE PROJECT IS ON THE LIST OF BRIDGE PROJECTS ELIGIBLE FOR  
16 FUNDING. THE COUNTY ROAD COMMISSION, CITY, OR VILLAGE MAY BORROW  
17 FUNDS TO IMPLEMENT A PROJECT THAT IS ELIGIBLE FOR FUNDING BUT HAS  
18 NOT BEEN ALLOCATED FUNDS BY THE REGIONAL BRIDGE COUNCIL. IF NO  
19 FUNDS ARE ALLOCATED FOR A FISCAL YEAR FOR A PROJECT THAT IS  
20 ELIGIBLE FOR FUNDING AND THAT WAS IMPLEMENTED WITH BORROWED FUNDS  
21 UNDER THIS SECTION, A COUNTY ROAD COMMISSION, CITY, OR VILLAGE MAY  
22 REAPPLY FOR INCLUSION ON THE LIST OF BRIDGE PROJECTS ELIGIBLE FOR  
23 FUNDING IN THE FOLLOWING FISCAL YEAR. THE FACT THAT THE BRIDGE  
24 PROJECT WAS ELIGIBLE FOR FUNDING IN THE PREVIOUS FISCAL YEAR SHALL  
25 NOT BE A FACTOR IN DETERMINING ELIGIBILITY FOR FUNDING IN THE  
26 FOLLOWING FISCAL YEAR. THE FACT THAT THE BRIDGE PROJECT WAS  
27 ACTUALLY IMPLEMENTED WITH BORROWED FUNDS SHALL NOT PREVENT

1 INCLUSION OF THE BRIDGE PROJECT ON THE LIST OF BRIDGE PROJECTS  
2 ELIGIBLE FOR FUNDING IN SUBSEQUENT FISCAL YEARS. IF A BRIDGE  
3 PROJECT THAT WAS IMPLEMENTED WITH BORROWED FUNDS IS ALLOCATED  
4 FUNDING IN A SUBSEQUENT FISCAL YEAR, THE FUNDING SHALL ONLY BE USED  
5 TO REPAY THE PRINCIPAL AMOUNT BORROWED.