

SUBSTITUTE FOR
SENATE BILL NO. 98

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 2006 PA 178.

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
 16 general fund of this state or any other source, shall be deposited

1 in the Michigan transportation fund. Except as otherwise provided
2 in this section, the legislature shall appropriate funds for the
3 necessary expenses incurred in the administration and enforcement
4 of the motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170,
5 the motor carrier act, 1933 PA 254, MCL 475.1 to 479.43, and
6 sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL
7 257.801 to 257.810. Funds appropriated for necessary expenses shall
8 be based upon established cost allocation methodology that reflects
9 actual costs. Appropriations for the necessary expenses incurred by
10 the department of state in administration and enforcement of
11 sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL
12 257.801 to 257.810, shall be made from the Michigan transportation
13 fund and from funds in the transportation administration collection
14 fund created in section 810b of the Michigan vehicle code, 1949 PA
15 300, MCL 257.810b. Appropriations from the Michigan transportation
16 fund for the necessary expenses incurred by department of state in
17 administration and enforcement of sections 801 to 810 of the
18 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, shall
19 not exceed \$20,000,000.00 per state fiscal year except for the
20 fiscal year ending September 30, 2006. For the fiscal year ending
21 September 30, 2006, the legislature may appropriate funds in excess
22 of \$20,000,000.00 from the Michigan transportation fund for all
23 incremental additional expenses incurred by the department of state
24 in enforcing sections 801 to 810 of the Michigan vehicle code, 1949
25 PA 300, MCL 257.801 to 257.810, that arise because of the
26 replacement of standard design registration license plates as
27 provided in section 224 of the Michigan vehicle code, 1949 PA 300,

1 MCL 257.224. All money in the Michigan transportation fund is
2 apportioned and appropriated in the following manner:

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

6 (b) Not less than \$3,000,000.00 each year to the local bridge
7 fund established in subsection (5) for the purpose of payment of
8 the principal, interest, and redemption premium on any notes or
9 bonds issued by the state transportation commission under former
10 section 11b or subsection (10).

11 (c) Revenue from 3 cents of the tax levied under section
12 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, to
13 the state trunk line fund, county road commissions, and cities and
14 villages in the percentages provided in subdivision (i).

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

1 cent of the tax levied under section 8(1)(a) of the motor fuel tax
2 act, 2000 PA 403, MCL 207.1008, shall be appropriated to the state
3 trunk line fund for the repair of state bridges under section 11,
4 and 1/2 of the revenue from 1 cent of the tax levied under section
5 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, shall
6 be appropriated to the local bridge fund created in subsection (5)
7 for distribution only to cities, villages, and county road
8 commissions.

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

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

14 (g) \$5,000,000.00 to the local bridge fund established in
15 subsection (5) for distribution only to the local bridge advisory
16 board, the regional bridge councils, cities, villages, and county
17 road commissions.

18 (h) \$36,775,000.00 to the state trunk line fund for subsequent
19 deposit in the transportation economic development fund, and, as of
20 September 30, 1997, with first priority for allocation to debt
21 service on bonds issued to fund transportation economic development
22 fund projects. In addition, beginning October 1, 1997,
23 \$3,500,000.00 is appropriated from the Michigan transportation fund
24 to the state trunk line fund for subsequent deposit in the
25 transportation economic development fund to be used for economic
26 development road projects in any of the targeted industries
27 described in section 9(1)(a) of 1987 PA 231, MCL 247.909.

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

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

7 (i) 39.1% to the state trunk line fund for the purposes
8 described in section 11.

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

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

11 (2) 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 Michigan
15 state chamber of commerce and the Michigan minority business
16 development council to assist small businesses, including those
17 located in enterprise zones and those located in empowerment zones
18 as determined under federal law, as defined by law in becoming
19 qualified to bid.

20 (3) Thirty-one and one-half percent of the funds appropriated
21 to this state from the federal government pursuant to 23 USC 157,
22 commonly known as minimum guarantee funds, shall be allocated to
23 the transportation economic development fund, if such an allocation
24 is consistent with federal law. These funds shall be distributed
25 16-1/2% for development projects for rural counties as defined by
26 law and 15% for capacity improvement or advanced traffic management
27 systems in urban counties as defined by law. Federal funds

1 allocated for distribution under this section shall be eligible for
2 obligation and use by all recipients as defined by the
3 transportation equity act for the 21st century, Public Law 105-178.

4 (4) For the fiscal year beginning October 1, 2003 only, the
5 apportionment of 10% of Michigan transportation fund money to the
6 comprehensive transportation fund as provided in subsection (1)(f)
7 shall be reduced by \$10,000,000.00 and the \$10,000,000.00 shall be
8 transferred to the state trunk line fund for capacity improvements
9 to state trunk line highways.

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

1 from the Michigan municipal league, 1 member who represents cities
2 with a population 75,000 or greater, 1 member who represents cities
3 with a population less than 75,000, and 1 member who represents
4 villages. Each organization with voting rights shall submit a list
5 of nominees in each population category to the state transportation
6 commission. The state transportation commission shall make the
7 appointments from the lists submitted under this subsection. Names
8 shall be submitted within 45 days after October 1, 2004. The state
9 transportation commission shall make the appointments by January
10 30, 2005. Voting members shall be appointed for 2 years. The
11 chairperson of the board shall be selected from among the voting
12 members of the board. In addition to the 2 nonvoting members, the
13 department shall provide qualified administrative staff and
14 qualified technical assistance to the board.

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

1 region. The members of the state transportation department shall be
2 nonvoting members who shall provide qualified administrative staff
3 and qualified technical assistance to the regional councils.

4 (7) Beginning October 1, 2005, funds in the local bridge fund
5 after deduction of the amounts set aside for critical repair of
6 large bridges and emergency repairs shall be distributed among the
7 regional bridge councils according to all of the following ratios,
8 which shall be assigned a weight expressed as a percentage as
9 determined by the board, with each ratio receiving no greater than
10 a 50% weight and no less than a 25% weight:

11 (a) A ratio with a numerator that is the total number of local
12 bridges in the region and a denominator that is the total number of
13 local bridges in this state.

14 (b) A ratio with a numerator that is the total local bridge
15 deck area in the region and a denominator that is the total local
16 bridge deck area in this state.

17 (c) A ratio with a numerator that is the total amount of
18 structurally deficient local bridge deck area in the region and a
19 denominator that is the total amount of structurally deficient
20 local bridge deck area in this state.

21 (8) Beginning October 1, 2005, the regional bridge councils
22 shall allocate the funds received from the board for the
23 preservation, improvement, and reconstruction of existing bridges
24 or for the construction of bridges to replace existing bridges in
25 whole or in part in each region.

26 (9) Beginning January 1, 2007 and each January after 2007, the
27 department shall submit a report to the chair and the minority

1 vice-chair of the appropriations committees of the senate and the
2 house of representatives, and to the standing committees on
3 transportation of the senate and the house of representatives, on
4 all of the following activities for the previous state fiscal year:

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

7 (b) A listing of what emergency and large bridge repair
8 projects were funded.

9 (c) The actual weights used in the calculation required under
10 subsection (7).

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

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

14 (10) The state transportation commission shall borrow money
15 and issue notes or bonds in an amount of not less than
16 \$30,000,000.00 to supplement the funding provided for the local
17 bridge program under subsection (6). The bonds or notes issued
18 pursuant to this subsection may be issued by the commission for any
19 purpose for which other local bridge funds may be used under this
20 section. The bonds or notes authorized by this subsection shall be
21 issued by resolution of the state transportation commission
22 consistent with the requirements of section 18b.

23 (11) The state transportation department shall promulgate
24 rules pursuant to the administrative procedures act of 1969, 1969
25 PA 306, MCL 24.201 to 24.328, governing the administration of the
26 local bridge program. The rules shall set forth the eligibility
27 criteria for financial assistance under the program and other

1 matters related to the program that the department considers
2 necessary and desirable. The department shall take into
3 consideration the availability of federal aid and other financial
4 resources of the highway authority responsible for the bridge, the
5 importance of the bridge to the highway, road, or street network,
6 and the condition of the existing bridge.

7 (12) Beginning October 1, 2004, the revenue appropriated to
8 the local bridge fund pursuant to subsection (1)(d) shall be
9 distributed only to the local bridge advisory board, the regional
10 bridge councils, cities, villages, and county road commissions.

11 (13) BEGINNING OCTOBER 1, 2008, THE REGIONAL BRIDGE COUNCILS
12 SHALL DETERMINE WHAT BRIDGE PROJECTS ARE SELECTED FOR FUNDING FROM
13 THE LOCAL BRIDGE FUND CREATED IN SUBSECTION (5) AND SHALL MAKE A
14 LIST OF SELECTED PROJECTS AVAILABLE TO INTERESTED PARTIES IN THE
15 REGION. A DETERMINATION THAT A BRIDGE PROJECT IS SELECTED FOR
16 FUNDING IN A GIVEN FISCAL YEAR IS NOT APPROVAL TO DISBURSE THE
17 FUNDS.

18 (14) BEGINNING OCTOBER 1, 2008, A COUNTY ROAD COMMISSION,
19 CITY, OR VILLAGE MAY IMPLEMENT A BRIDGE PROJECT IF THE BRIDGE
20 PROJECT HAS BEEN SELECTED FOR FUNDING AND IS INCLUDED IN THE
21 APPROPRIATE REGIONAL BRIDGE COUNCIL'S CURRENT MULTIYEAR BRIDGE PLAN
22 FOR THE LOCAL BRIDGE PROGRAM BUT THE REGIONAL BRIDGE COUNCIL HAS
23 NOT ALLOCATED FUNDS TO THE BRIDGE PROJECT FOR THE FISCAL YEAR THAT
24 THE BRIDGE PROJECT IS ON THE CURRENT MULTIYEAR BRIDGE PLAN. A
25 COUNTY ROAD COMMISSION, CITY, OR VILLAGE MAY BORROW FUNDS TO
26 IMPLEMENT A PROJECT THAT HAS BEEN SELECTED FOR FUNDING AND IS
27 INCLUDED IN THE APPROPRIATE REGIONAL BRIDGE COUNCIL'S CURRENT

1 MULTIYEAR BRIDGE PLAN BUT HAS NOT BEEN ALLOCATED FUNDS BY THE
2 REGIONAL BRIDGE COUNCIL. BASED ON AVAILABLE LOCAL BRIDGE FUNDS,
3 WHEN A BRIDGE PROJECT THAT WAS IMPLEMENTED WITH BORROWED FUNDS IS
4 ALLOCATED FUNDING IN A SUBSEQUENT FISCAL YEAR, THE FUNDING SHALL
5 ONLY BE USED TO REPAY THE AMOUNT APPROVED BY THE MULTIYEAR BRIDGE
6 PLAN WHEN THE FUNDS WERE BORROWED. TO BE ELIGIBLE FOR REPAYMENT OF
7 THE AMOUNT BORROWED, A BRIDGE PROJECT THAT HAS BEEN IMPLEMENTED
8 WITH BORROWED FUNDS SHALL BE ADMINISTERED THROUGH THE DEPARTMENT'S
9 LOCAL BRIDGE PROGRAM.