

# HOUSE BILL No. 4928

June 19, 2007, Introduced by Reps. Agema, Meekhof, Nitz, Hoogendyk, Caswell, Calley, Amos, LaJoy, Pastor, Wenke, Brandenburg, Marleau, Meltzer, Nofs, Sheen, Hansen, Ward, Palmer, Garfield, Moolenaar, DeRoche, Stahl and Caul and referred to the Committee on Transportation.

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 10e (MCL 247.660e), as amended by 1998 PA 87.

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

1       Sec. 10e. (1) The comprehensive transportation fund is  
2       appropriated for each fiscal year in the following order of  
3       priority.

4       (2) The first priority is to pay, but only from money  
5       restricted as to use by section 9 of article IX of the state  
6       constitution of 1963, the principal and interest on bonds or notes  
7       issued under section 18b for comprehensive transportation purposes  
8       as defined by law. A sufficient portion of the comprehensive  
9       transportation fund is irrevocably appropriated to pay, when due,  
10      the principal and interest on those bonds and notes.

11      (3) After making or setting aside payments required by  
12      subsection (2), the second priority of the comprehensive  
13      transportation fund is the payment of the department's cost in  
14      administering the comprehensive transportation fund. The amount to  
15      be expended pursuant to this subsection shall not exceed the costs

1 appropriated for the administration of the fund in the fiscal year  
2 ending September 30, 1987, as adjusted annually on October 1, by  
3 the change for the preceding 12 months in the Detroit consumer  
4 price index for urban wage earners and shall be appropriated  
5 annually by the legislature.

6 (4) After making or setting aside payments required by  
7 subsections (2) and (3), the balance of the comprehensive  
8 transportation fund shall be expended each fiscal year as  
9 appropriated annually by the legislature pursuant to the state  
10 transportation program approved by the commission as follows:

11 (a) The third priority shall be the payment of operating  
12 grants to eligible authorities and eligible governmental agencies  
13 according to the following formulations and subject to the  
14 following requirements:

15 (i) For the fiscal year ending September 30, 1998, and for each  
16 fiscal year thereafter, each eligible authority and eligible  
17 governmental agency which provides public transportation services  
18 in urbanized areas under Public Law 103-272, 49 ~~U.S.C.~~ **USC** 5307,  
19 with a Michigan population greater than 100,000 shall receive a  
20 grant of up to 50% of their eligible operating expenses as defined  
21 by the state transportation department.

22 (ii) For the fiscal year ending September 30, 1998, and each  
23 fiscal year thereafter, each eligible authority and eligible  
24 governmental agency which provides public transportation services  
25 in urbanized areas with a Michigan population less than or equal to  
26 100,000 and nonurbanized areas under Public Law 103-272, 49 ~~U.S.C.~~  
27 **USC** 5311, shall receive a grant of up to 60% of their eligible

1 operating expenses as defined by the state transportation  
2 department. For purposes of receiving a grant under this  
3 subparagraph in nonurbanized areas, eligible costs of services  
4 provided by water vehicle shall be reimbursed at not less than 50%  
5 of the portion of the costs not eligible for reimbursement by the  
6 federal government.

7 (iii) Funds shall not be distributed to an eligible authority or  
8 eligible governmental agency under this act unless the eligible  
9 authority or eligible governmental agency provides or agrees to  
10 provide preferential fares for public transportation services to  
11 persons 65 years of age or over or persons with disabilities riding  
12 in off peak periods of service. As used in this section, "person  
13 with disabilities" means an individual with a disability as that  
14 term is defined in 61 ~~F.R.P.~~ **FRP** 56424 (November 1, 1996) and 49  
15 ~~C.F.R.~~ **CFR** part 27. The preferential fares shall not be higher than  
16 50% of the regular 1-way single fare.

17 (iv) Eligible authorities and eligible governmental agencies  
18 shall not engage in charter service using vehicles, facilities, or  
19 equipment funded under this act except on an incidental basis as  
20 defined by 49 ~~C.F.R.~~ **CFR** part 604.

21 (v) Notwithstanding any other provision of this subsection,  
22 for the fiscal year ending September 30, 1998, each eligible  
23 authority and eligible governmental agency shall receive a  
24 distribution from the comprehensive transportation fund not less  
25 than the distribution received for eligible operating expenses for  
26 the fiscal year ending September 30, 1997. Beginning with the  
27 fiscal year ending September 30, 1998 and each fiscal year

1 thereafter, each eligible authority and eligible governmental  
2 agency shall receive a distribution from the comprehensive  
3 transportation fund for eligible operating expenses not less than  
4 the distribution received for the fiscal year ending September 30,  
5 1997. As it relates to this subsection the ratio between  
6 comprehensive transportation funds and local funds in the fiscal  
7 year ending September 30, 1989 shall be maintained for all fiscal  
8 years by the eligible authority and eligible governmental agency.  
9 Reductions in this ratio shall require a proportionate reduction in  
10 the comprehensive transportation funds provided for any fiscal  
11 year.

12 (vi) Each eligible authority and eligible governmental agency  
13 receiving comprehensive transportation funds shall prepare and  
14 submit to the department a quarterly report of the progress made in  
15 carrying out its local transportation program within 40 days after  
16 the end of each fiscal year quarter. The progress report shall be  
17 made on forms authorized by the United States department of  
18 transportation under the provisions of the surface transportation  
19 and uniform relocation assistance act of 1987, ~~Public Law 100-17,~~  
20 ~~101 Stat. 132-23~~ **USC 101 TO 189.**

21 (vii) The department shall periodically adjust or redistribute  
22 comprehensive transportation funds previously distributed under  
23 this subdivision.

24 **(viii) EXCEPT AS PROVIDED IN SUBSECTION (15), FOR EACH FISCAL**  
25 **YEAR THAT BEGINS AFTER SEPTEMBER 30, 2007, THE DEPARTMENT SHALL**  
26 **ASSURE THAT EACH ELIGIBLE AUTHORITY AND ELIGIBLE GOVERNMENTAL**  
27 **AGENCY RECEIVING COMPREHENSIVE TRANSPORTATION FUNDS FOR ELIGIBLE**

1 OPERATING EXPENSES IS RECEIVING AT LEAST 20% OF ELIGIBLE OPERATING  
2 EXPENSES FROM FAREBOX REVENUE. EACH ELIGIBLE AUTHORITY AND ELIGIBLE  
3 GOVERNMENTAL AGENCY RECEIVING COMPREHENSIVE TRANSPORTATION FUNDS  
4 FOR ELIGIBLE OPERATING EXPENSES SHALL SUBMIT DOCUMENTATION TO THE  
5 DEPARTMENT SUFFICIENT FOR THE DEPARTMENT TO MAKE THIS  
6 DETERMINATION. THE DEPARTMENT SHALL REDUCE THE FUNDS RECEIVED BY  
7 ELIGIBLE AUTHORITIES AND ELIGIBLE GOVERNMENTAL AGENCIES THAT DO NOT  
8 MEET THIS REQUIREMENT BY THE AMOUNT THAT THE ELIGIBLE AUTHORITY AND  
9 ELIGIBLE GOVERNMENTAL AGENCY WOULD HAVE RECEIVED FROM THE  
10 DEPARTMENT IF THE REQUIREMENT OF THIS SUBSECTION HAD BEEN MET.

11 (b) For the fiscal year ending September 30, 1997, and each  
12 fiscal year thereafter, not less than 10% shall be distributed by  
13 the department for intercity passenger and intercity freight  
14 transportation purposes.

15 (c) For the fiscal year ending September 30, 1997, and each  
16 fiscal year thereafter, funds remaining in the fund after payment  
17 of the amounts required by subdivisions (a) and (b) shall be  
18 distributed by the department for public transportation purposes.  
19 For the fiscal year ending September 30, 1998, and each fiscal year  
20 thereafter, funds shall be made available to match all projects for  
21 eligible authorities and eligible governmental agencies that are  
22 approved for federal funding as provided by federal law and for  
23 which an approved transportation improvement program (TIP) and  
24 state transportation improvement plan (STIP) exist. Funds  
25 distributed under this subdivision shall be expended pursuant to  
26 specific line item appropriation for, but are not limited to, the  
27 following public transportation purposes:

1           (i) The specialized services assistance program. The  
2 specialized services assistance program shall be funded with not  
3 less than \$3,600,100.00 from funds distributed under this  
4 subdivision. Funds shall be distributed according to guidelines  
5 developed by the department based upon the following  
6 considerations:

7           (A) Proposals for coordinated specialized services assistance  
8 funding shall be developed jointly between existing eligible  
9 authorities or eligible governmental agencies that provide public  
10 transportation services and the area agencies on aging or any other  
11 organization representing specialized services interests, as  
12 defined in this subdivision. Plans shall be reviewed and approved  
13 by the bureau of urban and public transportation of the department.  
14 Upon approval, the department shall release the funds to the  
15 eligible authority or eligible governmental agency which shall then  
16 allocate the funds to the area agency on aging or any other  
17 organization representing specialized services interests, as  
18 defined in this subdivision for the purchase of services as  
19 approved in the plan by the department.

20           (B) If an eligible authority or eligible governmental agency  
21 does not exist to provide public transportation service in a  
22 county, coordinated proposals for specialized services assistance  
23 funding may be submitted by the area agency on aging or any other  
24 organization representing specialized services interests, as  
25 defined in this subdivision. The proposals shall be reviewed and  
26 approved by the bureau of urban and public transportation of the  
27 department. Upon approval, the department shall release the funds

1 to the area agency on aging or any other organization representing  
2 specialized services interests, as defined in this subdivision for  
3 the purchase of services as approved in the plan by the department.

4 (C) For the purposes of this program, "specialized services"  
5 means public transportation primarily designed for persons with  
6 disabilities or persons who are 65 years of age or older.

7 (ii) Local bus capital. For the fiscal year ending September  
8 30, 1998 and each fiscal year thereafter, not less than  
9 \$8,000,000.00 will be distributed for either matching federal funds  
10 for local bus capital or 100% capital projects for eligible  
11 authorities and eligible governmental agencies that are not  
12 eligible to receive federal capital formula funds under section  
13 5307 of the federal intermodal surface transportation efficiency  
14 act, Public Law 102-240, or any successor act.

15 (iii) Local bus new services.

16 (iv) Not less than \$2,000,000.00 in each fiscal year for the  
17 credit program established under section 10/.

18 (v) Public transportation development.

19 (vi) Other public transportation programs approved by the  
20 commission.

21 (d) The unappropriated and unencumbered balance of the  
22 comprehensive transportation fund lapses at the end of each fiscal  
23 year and reverts to the comprehensive transportation fund for  
24 appropriation in the following fiscal year.

25 (5) Eligible authorities and eligible governmental agencies  
26 shall receive capital grants each fiscal year by the annual process  
27 described in this section. Amounts received by an eligible



1 authority or eligible governmental agency pursuant to this  
2 subsection shall be expended by that authority or agency solely for  
3 capital projects which have been approved by the state  
4 transportation commission. Any funds approved by distribution to an  
5 eligible authority or eligible governmental agency pursuant to this  
6 section which have not been encumbered by that agency or authority  
7 for an approved capital project by the end of the following fiscal  
8 year in which the funds were approved shall not be expended by the  
9 authority or agency and be available for distribution from the  
10 comprehensive transportation fund for the purposes described in  
11 this section.

12 (6) The department, in carrying out the policy of the state  
13 transportation commission, shall annually prepare and distribute by  
14 December 1, instructions to eligible governmental agencies,  
15 eligible authorities, and intercity carriers to enable the  
16 preparation of a local transportation program. Eligible  
17 governmental agencies, eligible authorities, and intercity carriers  
18 shall give public notice of their intent to apply for money in the  
19 comprehensive transportation fund to the residents of the counties,  
20 townships, villages, and cities affected by the local  
21 transportation program and shall make their application available  
22 for a period of 30 days. All comments received by the eligible  
23 governmental agency, eligible authority, or intercity carrier shall  
24 be transmitted to the department.

25 (7) On or before March 1 of each year, each intercity carrier,  
26 eligible authority, and eligible governmental agency shall submit  
27 to the department its local transportation program for the next

1 succeeding fiscal year. The format for each local transportation  
2 program shall be as prescribed by the federal transportation  
3 improvement program insofar as practical and shall include project  
4 descriptions, funding sources, and justification for each line  
5 item, and summary budgets based on distributions anticipated under  
6 subsection (4). The program shall contain at a minimum the  
7 contemplated routes, hours of service, estimated transit vehicle  
8 miles, costs of public transportation services, and projected  
9 capital improvements or projects as exclusively determined by the  
10 eligible authority or eligible governmental agency. The costs of  
11 service and capital improvements or projects shall be in sufficient  
12 detail to permit the state transportation department to evaluate  
13 and approve the annual public transportation program. Determination  
14 of individual projects to be included in the local transportation  
15 programs other than those provided in this subsection shall be made  
16 by the governing body of the eligible authority or eligible  
17 governmental agency.

18 (8) On or before March 1 of each year, the department shall  
19 prepare and file for public inspection and review the department  
20 transportation program. The department transportation program shall  
21 be prepared on similar format to the local transportation programs,  
22 and shall include a summary description of projects, with funding  
23 sources and project justifications for each line item for the  
24 fiscal year immediately succeeding the fiscal year in which the  
25 program is submitted. In addition, the department transportation  
26 program shall include summary, nondetailed budget and project  
27 descriptions and justifications excluding projects contained in a

1 local transportation program.

2 (9) On or before April 1 of each year, the department shall  
3 prepare and file with the commission the proposed state  
4 transportation program for the next succeeding fiscal year. The  
5 proposed state transportation program shall contain the local  
6 transportation programs of each intercity carrier, eligible  
7 authority and eligible governmental agency, the department  
8 transportation program, and the programs for the expenditure of the  
9 state trunk line fund as they may have been supplemented, amended,  
10 or modified since their original filing. The state transportation  
11 program shall include the estimated amount of money in the funds  
12 described in this subsection by revenue source, project  
13 justifications, project descriptions funding sources, and budget  
14 summaries.

15 (10) On or before May 1 of each year, the state transportation  
16 commission shall act on the state transportation program for the  
17 fiscal year commencing on the following October 1. In considering  
18 approval of the proposed projects of each intercity carrier,  
19 eligible authority, or eligible governmental agency, other than  
20 projects which are to be funded pursuant to subsection (5), the  
21 state transportation commission shall consider whether the projects  
22 comply with state law, are within funds allocated in this section,  
23 whether they may be funded within the approved budgets, whether  
24 there are intercity carriers, eligible authorities, and eligible  
25 governmental agencies responsible to implement the projects, and  
26 the recommendations of the department on individual projects. Upon  
27 making those determinations, the state transportation commission

1 shall approve the projects which best meet the criteria of this  
2 subsection.

3 (11) By October 1, the department and each intercity carrier,  
4 eligible authority, or eligible governmental agency shall enter  
5 into a contractual agreement or standardized grant memorandum of  
6 agreement, which may cover 1 or more projects to be made from this  
7 section in the applicable fiscal year to the intercity carrier,  
8 eligible authority, or eligible governmental agency from the  
9 comprehensive transportation fund.

10 (12) After a multiyear public transportation program is  
11 approved by the state transportation commission, the state  
12 transportation department may enter into a grant-in-aid instrument  
13 with an eligible authority, intercity carrier, or eligible  
14 governmental agency obligating the state to a minimum level of  
15 funding for approved projects to be available over the multiyear  
16 period of the program. This obligation shall be binding upon the  
17 state transportation department as long as the provisions and  
18 conditions of the state transportation commission approved program  
19 are carried out as agreed.

20 (13) Contracts and grant memorandum agreements may be audited  
21 by the state transportation commission's office of commission  
22 audits using rules promulgated by the United States general  
23 accounting office and the terms and conditions of the respective  
24 contracts and agreements. Third party agreements are subject to the  
25 review and approval of the department.

26 (14) Funds distributed by the department may pay 100% of the  
27 portion of the cost not eligible for reimbursement by the federal

1 government for eligible capital projects authorized by the state  
2 transportation commission using comprehensive transportation funds  
3 or the proceeds of notes and bonds issued under section 18b.

4 Priority for funding obligation shall be given to capital projects  
5 for which federal funds have been authorized.

6 (15) All approved local bus new services initiated by eligible  
7 authorities and eligible governmental agencies not in their fourth  
8 year or beyond of funding on October 1, 1988, shall be funded from  
9 subsection (4)(c)(iii). Local bus new services shall be funded under  
10 subsection (4)(c)(iii) in the following percentages of eligible  
11 operating expenses as determined by the department:

12 (a) Startup 100%.

13 (b) First year 90%.

14 (c) Second year 80%.

15 (d) Third year 70%.

16 (e) Fourth year and each year thereafter, as determined by and  
17 from funds provided under subsection (4)(a). The balance of  
18 eligible operating expenses shall be met from local revenue sources  
19 including farebox. The department shall pay up to 100% of eligible  
20 capital expenses during the startup and first 3 years of service; 7  
21 after the third year, the department shall participate in eligible  
22 capital expenses in the same percentage as for other eligible  
23 authorities and eligible governmental agencies. For the purposes of  
24 this subsection, eligible operating and capital expenses means  
25 those expenses determined by the department as applicable to  
26 existing eligible authorities and eligible governmental agencies.  
27 The department shall prioritize annually all requests for

1 comprehensive transportation funds to institute new services under  
2 this subsection. First priority shall be given to eligible  
3 authorities and eligible governmental agencies who have not  
4 completed their first 3 years of service by October 1, 1998. New  
5 services initiated by eligible authorities and eligible  
6 governmental agencies under this subsection shall meet all of the  
7 requirements of section 10.

8 (16) The department shall pay up to 80% of the portion of the  
9 cost not eligible for reimbursement by the federal government for  
10 intercity passenger operating assistance projects authorized by the  
11 commission for the first 2 years of new services. For the third  
12 year, eligible costs shall be reimbursed at up to 60% of the  
13 portion of the cost not eligible for reimbursement by the federal  
14 government. After the third year, eligible costs shall be  
15 reimbursed at up to 50% of the portion of the cost not eligible for  
16 reimbursement by the federal government. Eligible costs of services  
17 provided as of September 30, 1981, shall be reimbursed at up to 50%  
18 of the portion of the cost not eligible for reimbursement by the  
19 federal government. However, the amount of funds from the  
20 comprehensive transportation fund when added to federal funds and  
21 local funds shall not exceed the total operating assistance project  
22 cost.

23 (17) A vehicle purchased, leased, or rented after November 15,  
24 1976, by an eligible authority or eligible governmental agency with  
25 funds made available under this act, which funds were not already  
26 committed under a contract in existence on November 15, 1976, shall  
27 not be used to provide service on a fixed schedule and fixed route

1 for which a passenger fee is charged unless the vehicle is  
2 accessible to a person using a wheelchair from a roadway level or  
3 curb level, and has accommodations in which 1 or more wheelchairs  
4 can be secured.

5 (18) A vehicle shall not be purchased, leased, or rented by an  
6 eligible authority or eligible governmental agency after October 1,  
7 1978, with funds made available under this act which vehicle is  
8 used to provide demand actuated service unless the eligible  
9 authority or eligible governmental agency has submitted a plan to  
10 the state transportation department describing the service to be  
11 provided by the demand actuated service to persons 65 years of age  
12 or older and persons with disabilities within the applicable  
13 service area and that plan has been approved by the department. The  
14 department shall approve the plan as submitted or modified or shall  
15 reject the plan within 60 days after the plan is submitted. A plan  
16 which describes the service to be provided by the demand actuated  
17 service shall not be approved by the department unless that plan  
18 provides the following:

19 (a) That demand actuated service will be provided to persons  
20 65 years of age or older and persons with disabilities residing in  
21 the entire service area subject to the plan.

22 (b) That as a minimum, demand actuated service will be  
23 provided to persons 65 years of age or older and persons with  
24 disabilities during the same hours as service is provided to all  
25 other persons in the service area subject to the plan.

26 (c) That the average time period required for demand actuated  
27 service to persons 65 years of age or older and persons with

1 disabilities from the initiation of a service request to arrival at  
2 the destination is equal to the average time period required for  
3 demand actuated service provided to all other persons in the  
4 service area subject to the plan.

5 (d) That the eligible authority or eligible governmental  
6 agency submitting the plan has established a local advisory council  
7 with not less than 50% of its membership representing persons 65  
8 years of age or older and persons with disabilities within the  
9 service area subject to the plan and that the local advisory  
10 council has had an opportunity to review and comment upon the plan  
11 before its submission to the department. Each eligible authority or  
12 eligible governmental agency jointly with the area agency on aging  
13 shall approve at least 1 or the equivalent of 12% of the membership  
14 of the local advisory council. Each advisory council comment shall  
15 be included in the plan when submitted to the department.

16 (19) Notwithstanding subsection (18), a plan required by  
17 subsection (18) which is not approved or rejected by the state  
18 transportation department within 60 days after submission shall be  
19 considered approved as submitted.

20 (20) Subsections (17), (18), and (19) shall not apply to  
21 vehicles or facilities used to transport persons by rail, air, or  
22 water or to vehicles of common carriers licensed by the state  
23 transportation department.

24 (21) ~~After January 1, 1979, the~~ **THE** department shall submit an  
25 annual report to the legislature detailing the service provided in  
26 the prior year for persons 65 years of age or older and persons  
27 with disabilities by fixed route service and demand actuated



1 service. This report shall include a record of passenger usage and  
2 shall be submitted by April 1 of each year.

3 (22) Notwithstanding any other provision of this section, if  
4 the unreserved balance of the comprehensive transportation fund as  
5 of September 30, 1997 is greater than \$50,000,000.00, then the  
6 entire unreserved balance minus \$50,000,000.00 shall be  
7 appropriated for the fiscal year ending September 30, 1998 only to  
8 local bus transit authorities for discretionary capital  
9 expenditures. These funds shall be distributed to individual  
10 authorities in the same proportion provided for in the provisions  
11 of section 10e(4)(a)(i) except that the costs of services provided  
12 by water vehicle shall not be eligible for reimbursement.