

SENATE BILL No. 1670

December 4, 2008, Introduced by Senator GILBERT 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
16 appropriated for the administration of the fund in the fiscal year

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

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

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

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

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

~~department. For purposes of receiving a grant under this
subparagraph in nonurbanized areas, eligible costs of services
provided by water vehicle shall be reimbursed at not less than 50%
of the portion of the costs not eligible for reimbursement by the
federal government.~~

(i) AN AMOUNT SHALL BE DETERMINED FOR TENTATIVE DISTRIBUTION TO EACH ELIGIBLE AUTHORITY AND ELIGIBLE GOVERNMENTAL AGENCY. THE AMOUNT SHALL BE CALCULATED BY MULTIPLYING 95% OF THE TOTAL FUNDS AVAILABLE FOR DISTRIBUTION BY A FRACTION, THE NUMERATOR OF WHICH IS THE NUMBER OF THE STATE POPULATION SERVED BY THE INDIVIDUAL ELIGIBLE AUTHORITY OR ELIGIBLE GOVERNMENTAL AGENCY RECEIVING THE DISTRIBUTION AND THE DENOMINATOR OF WHICH IS THE TOTAL STATE POPULATION SERVED BY ALL ELIGIBLE AUTHORITIES AND ELIGIBLE GOVERNMENTAL AGENCIES. THE RESULTING PRODUCT IS ADDED TO AN AMOUNT THAT IS CALCULATED BY MULTIPLYING 5% OF THE TOTAL FUNDS AVAILABLE FOR DISTRIBUTION BY A FRACTION, THE NUMERATOR OF WHICH IS THE TOTAL SQUARE MILEAGE SERVED BY THE INDIVIDUAL ELIGIBLE AUTHORITY OR ELIGIBLE GOVERNMENTAL AGENCY AND THE DENOMINATOR OF WHICH IS THE TOTAL SQUARE MILEAGE SERVED BY ALL ELIGIBLE AUTHORITIES AND ELIGIBLE GOVERNMENTAL AGENCIES.

(ii) AN ADDITIONAL CALCULATION FOR EACH ELIGIBLE AUTHORITY AND ELIGIBLE GOVERNMENTAL AGENCY SHALL BE MADE. THE DEPARTMENT SHALL DETERMINE AN AMOUNT OF TENTATIVE DISTRIBUTION IF THE ELIGIBLE AUTHORITY OR ELIGIBLE GOVERNMENTAL AGENCY IS SERVING URBANIZED AREAS UNDER 49 USC 5307 WITH A POPULATION GREATER THAN 100,000 AND RECEIVING 33.3% OF ELIGIBLE OPERATING EXPENSES. IF THE ELIGIBLE AUTHORITY OR ELIGIBLE GOVERNMENTAL AGENCY IS SERVING A NONURBANIZED

1 AREA UNDER 49 USC 5307, OR AN URBANIZED AREA WITH A POPULATION LESS
2 THAN OR EQUAL TO 100,000, THE DEPARTMENT SHALL BASE ITS CALCULATION
3 ON REIMBURSEMENT OF 40% OF ELIGIBLE OPERATING EXPENSES. EXCEPT AS
4 PROVIDED IN SUBPARAGRAPH (v), NO ELIGIBLE AUTHORITY OR ELIGIBLE
5 GOVERNMENTAL AGENCY SHALL RECEIVE AN AMOUNT IN EXCESS OF THE
6 DISTRIBUTIONS AUTHORIZED IN THIS SUBPARAGRAPH.

7 (iii) EACH ELIGIBLE AUTHORITY AND ELIGIBLE GOVERNMENTAL AGENCY
8 SHALL THEN BE ASSIGNED A DISTRIBUTION AMOUNT BASED ON THE LESSER OF
9 THE AMOUNT CALCULATED IN SUBPARAGRAPH (i) OR (ii).

10 (iv) EXCEPT AS PROVIDED IN SUBPARAGRAPH (ii), AN ELIGIBLE
11 AUTHORITY OR ELIGIBLE GOVERNMENTAL AGENCY THAT WAS ASSIGNED A
12 DISTRIBUTION AMOUNT IN SUBPARAGRAPH (iii) BASED ON THE AMOUNT
13 DETERMINED IN SUBPARAGRAPH (i) SHALL RECEIVE THE DISTRIBUTION AMOUNT
14 ASSIGNED AUGMENTED BY AN AMOUNT BASED ON RESIDUAL EXPENSES.
15 RESIDUAL EXPENSES FOR EACH ELIGIBLE AUTHORITY AND ELIGIBLE
16 GOVERNMENTAL AGENCY ARE DETERMINED BY DIVIDING THE FIGURE
17 DETERMINED IN SUBPARAGRAPH (i) BY 33.33% OR 40%, WHICHEVER IS
18 APPLICABLE, AND SUBTRACTING THE RESULTING QUOTIENT FROM THE
19 OPERATING EXPENSES OF THE ELIGIBLE AUTHORITY OR ELIGIBLE
20 GOVERNMENTAL AGENCY. THE DISTRIBUTION BASED ON RESIDUAL EXPENSES
21 UNDER THIS SUBPARAGRAPH IS DETERMINED BY MULTIPLYING THE AMOUNT
22 DETERMINED IN THE PRECEDING SENTENCE BY A FRACTION, THE NUMERATOR
23 OF WHICH IS THE TOTAL OPERATING FUNDS AVAILABLE TO ALL ELIGIBLE
24 AUTHORITIES AND ELIGIBLE GOVERNMENTAL AGENCIES AFTER THE ASSIGNED
25 DISTRIBUTION AMOUNT IN SUBPARAGRAPH (iii) AND THE DENOMINATOR OF
26 WHICH IS THE TOTAL RESIDUAL EXPENSES OF ALL ELIGIBLE AUTHORITIES
27 AND ELIGIBLE GOVERNMENTAL AGENCIES. IN NO EVENT SHALL THIS

1 CALCULATION RESULT IN FUNDING FOR RESIDUAL EXPENSES OF ELIGIBLE
2 AUTHORITIES AND ELIGIBLE GOVERNMENTAL AGENCIES SERVING URBANIZED
3 AREAS WITH POPULATIONS LESS THAN OR EQUAL TO 100,000 OR
4 NONURBANIZED AREAS THAT IS LESS THAN 120% OF THE RATE OF FUNDING
5 FOR THE RESIDUAL EXPENSES OF ELIGIBLE AUTHORITIES AND ELIGIBLE
6 GOVERNMENTAL AGENCIES SERVING URBAN AREAS WITH POPULATIONS GREATER
7 THAN 100,000.

8 (v) IF, AFTER THE DISTRIBUTION IN SUBPARAGRAPH (iii) AUGMENTED
9 BY THE FUNDING OF RESIDUAL EXPENSES UNDER SUBPARAGRAPH (iv) AS
10 LIMITED UNDER SUBPARAGRAPH (ii), THERE ARE UNDISTRIBUTED OPERATING
11 FUNDS, THEN THE MAXIMUM FUNDING UNDER SUBPARAGRAPH (ii) SHALL
12 INCREASE BY 1.67% OF ELIGIBLE OPERATING EXPENSES FOR ELIGIBLE
13 AUTHORITIES AND ELIGIBLE GOVERNMENTAL AGENCIES SERVING URBANIZED
14 AREAS UNDER 49 USC 5307 WITH A POPULATION GREATER THAN 100,000 AND
15 SHALL INCREASE BY 2% OF ELIGIBLE OPERATING EXPENSES FOR ALL OTHER
16 ELIGIBLE AUTHORITIES AND ELIGIBLE GOVERNMENTAL AGENCIES. THE
17 DEPARTMENT SHALL RECALCULATE THE DISTRIBUTION FOR EACH ELIGIBLE
18 AUTHORITY AND ELIGIBLE GOVERNMENTAL AGENCY UNDER THIS SECTION
19 SUBSTITUTING THESE HIGHER PERCENTAGES FOR THE STATED PERCENTAGES IN
20 SUBPARAGRAPH (ii).

21 (vi) ~~(iii)~~—Funds shall not be distributed to an eligible
22 authority or eligible governmental agency under this act unless the
23 eligible authority or eligible governmental agency provides or
24 agrees to provide preferential fares for public transportation
25 services to persons 65 years of age or over or persons with
26 disabilities riding in off peak periods of service. As used in this
27 section, "person with disabilities" means an individual with a

1 disability as that term is defined in 61 F.R.P. 56424 (November 1,
2 1996) and 49 C.F.R.—CFR part 27. The preferential fares shall not
3 be higher than 50% of the regular 1-way single fare.

4 (vii) ~~(iv)~~—Eligible authorities and eligible governmental
5 agencies shall not engage in charter service using vehicles,
6 facilities, or equipment funded under this act except on an
7 incidental basis as defined by 49 C.F.R.—CFR part 604.

8 ~~—— (v) Notwithstanding any other provision of this subsection,~~
9 ~~for the fiscal year ending September 30, 1998, each eligible~~
10 ~~authority and eligible governmental agency shall receive a~~
11 ~~distribution from the comprehensive transportation fund not less~~
12 ~~than the distribution received for eligible operating expenses for~~
13 ~~the fiscal year ending September 30, 1997. Beginning with the~~
14 ~~fiscal year ending September 30, 1998 and each fiscal year~~
15 ~~thereafter, each eligible authority and eligible governmental~~
16 ~~agency shall receive a distribution from the comprehensive~~
17 ~~transportation fund for eligible operating expenses not less than~~
18 ~~the distribution received for the fiscal year ending September 30,~~
19 ~~1997. As it relates to this subsection the ratio between~~
20 ~~comprehensive transportation funds and local funds in the fiscal~~
21 ~~year ending September 30, 1989 shall be maintained for all fiscal~~
22 ~~years by the eligible authority and eligible governmental agency.~~
23 ~~Reductions in this ratio shall require a proportionate reduction in~~
24 ~~the comprehensive transportation funds provided for any fiscal~~
25 ~~year.~~

26 (viii) ~~(vi)~~—Each eligible authority and eligible governmental
27 agency receiving comprehensive transportation funds shall prepare

1 and submit to the department a quarterly report of the progress
2 made in carrying out its local transportation program within 40
3 days after the end of each fiscal year quarter. The progress report
4 shall be made on forms authorized by the United States department
5 of transportation under the provisions of the surface
6 transportation and uniform relocation assistance act of 1987,
7 Public Law 100-17, 101 Stat. 132.

8 (ix) ~~(vii)~~—The department shall periodically adjust or
9 redistribute comprehensive transportation funds previously
10 distributed under this subdivision.

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

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

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