

# HOUSE BILL No. 5770

January 27, 2010, Introduced by Reps. Ball, Byrnes, Nerat, Bauer, Lori, Gonzales, Donigan and Lindberg 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 10 (MCL 247.660), as amended by 2007 PA 210.

**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  
 17 in the Michigan transportation fund. Except as otherwise provided

1 in this section, the legislature shall appropriate funds for the  
2 necessary expenses incurred in the administration and enforcement  
3 of the motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170,  
4 the motor carrier act, 1933 PA 254, MCL 475.1 to 479.43, and  
5 sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL  
6 257.801 to 257.810. Funds appropriated for necessary expenses shall  
7 be based upon established cost allocation methodology that reflects  
8 actual costs. Appropriations for the necessary expenses incurred by  
9 the department of state in administration and enforcement of  
10 sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL  
11 257.801 to 257.810, shall be made from the Michigan transportation  
12 fund and from funds in the transportation administration collection  
13 fund created in section 810b of the Michigan vehicle code, 1949 PA  
14 300, MCL 257.810b. Appropriations from the Michigan transportation  
15 fund for the necessary expenses incurred by department of state in  
16 administration and enforcement of sections 801 to 810 of the  
17 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, shall  
18 not exceed \$20,000,000.00 per state fiscal year except for the  
19 fiscal year ending September 30, 2006. ~~For the fiscal year ending~~  
20 ~~September 30, 2006, the legislature may appropriate funds in excess~~  
21 ~~of \$20,000,000.00 from the Michigan transportation fund for all~~  
22 ~~incremental additional expenses incurred by the department of state~~  
23 ~~in enforcing sections 801 to 810 of the Michigan vehicle code, 1949~~  
24 ~~PA 300, MCL 257.801 to 257.810, that arise because of the~~  
25 ~~replacement of standard design registration license plates as~~  
26 ~~provided in section 224 of the Michigan vehicle code, 1949 PA 300,~~  
27 ~~MCL 257.224.~~ **APPROPRIATIONS FOR THE NECESSARY EXPENSES INCURRED IN**

1 THE ADMINISTRATION AND ENFORCEMENT OF ANY INCREASE IN TAXES ON OR  
2 AFTER JANUARY 1, 2010 ASSESSED UNDER THE MOTOR FUEL TAX ACT, 2000  
3 PA 403, MCL 207.1001 TO 207.1170, OR THE MOTOR CARRIER FUEL TAX  
4 ACT, 1980 PA 119, MCL 207.211 TO 207.234, SHALL NOT BE MADE FROM  
5 REVENUES COLLECTED FROM ANY INCREASE IN TAXES ON OR AFTER JANUARY  
6 1, 2010 UNDER THE MOTOR FUEL TAX ACT, 2000 PA 403, MCL 207.1001 TO  
7 207.1170, OR THE MOTOR CARRIER FUEL TAX ACT, 1980 PA 119, MCL  
8 207.211 TO 207.234, BUT MAY BE COLLECTED FROM OTHER REVENUES  
9 COLLECTED UNDER THE MOTOR FUEL TAX ACT, 2000 PA 403, MCL 207.1001  
10 TO 207.1170, OR THE MOTOR CARRIER FUEL TAX ACT, 1980 PA 119, MCL  
11 207.211 TO 207.234. All money in the Michigan transportation fund  
12 is apportioned and appropriated in the following manner:

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

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

21 (c) Revenue from 3 cents of the tax levied under section  
22 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, to  
23 the state trunk line fund, county road commissions, and cities and  
24 villages in the percentages provided in subdivision ~~(i)~~ (J).

25 ~~(d) Until September 30, 2004, all of the revenue from 1 cent~~  
26 ~~of the tax levied under section 8(1)(a) of the motor fuel tax act,~~  
27 ~~2000 PA 403, MCL 207.1008, to the state trunk line fund for repair~~

~~of state bridges under section 11. Beginning October 1, 2004 and continuing through September 30, 2005, 3/4 of the revenue from 1 cent of the tax levied under section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, shall be appropriated to the state trunk line fund for the repair of state bridges under section 11, and 1/4 of the revenue from 1 cent of the tax levied under section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, shall be appropriated to the local bridge fund created in subsection (5) for distribution only to cities, villages, and county road commissions.~~ Beginning October 1, 2005, 1/2 of the revenue from 1 cent of the tax levied under section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, shall be appropriated to the state trunk line fund for the repair of state bridges under section 11, and 1/2 of the revenue from 1 cent of the tax levied under section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, shall be appropriated to the local bridge fund created in subsection (5) for distribution only to cities, villages, and county road commissions.

**(E) SUBJECT TO THE REQUIREMENTS OF THIS SUBDIVISION BEGINNING MARCH 1, 2010, ALL OF THE REVENUE FROM RATE INCREASES ON AND AFTER MARCH 1, 2010 IN THE MOTOR FUEL TAX ACT, 2000 PA 403, MCL 207.1001 TO 207.1170, AND THE MOTOR CARRIER FUEL TAX ACT, 1980 PA 119, MCL 207.211 TO 207.234, SHALL BE DEPOSITED IN THE TRANSPORTATION INVESTMENT FUND. THE TRANSPORTATION INVESTMENT FUND SHALL DEPOSIT 10% OF THE REVENUE INTO THE COMPREHENSIVE TRANSPORTATION FUND CREATED IN SECTION 10B AND, OF THE REMAINING 90% OF THE REVENUE, DISTRIBUTION SHALL BE 39.1% TO THE STATE TRUNK LINE FUND, 39.1% TO**

1 THE COUNTY ROAD COMMISSIONS OF THIS STATE, AND 21.8% TO THE CITIES  
2 AND VILLAGES OF THIS STATE. THE STATE TRANSPORTATION DEPARTMENT  
3 SHALL COMPILE A COMPLETE ACCOUNTING WITH A RECORD OF ALL  
4 DISBURSEMENTS FROM THE FUND FOR EACH FISCAL YEAR AND SHALL SUBMIT A  
5 WRITTEN DOCUMENT WITH A RECORD OF DISBURSEMENTS TO THE LEGISLATURE  
6 NO LATER THAN 30 DAYS AFTER THE END OF EACH FISCAL YEAR. THE STATE  
7 TRANSPORTATION DEPARTMENT SHALL DISTRIBUTE INFORMATION TO ANY  
8 ENTITY RECEIVING TRANSPORTATION INVESTMENT FUND DOLLARS THROUGH THE  
9 STATE TRUNK LINE FUND OR THE COMPREHENSIVE TRANSPORTATION FUND AND  
10 TO EACH COUNTY ROAD COMMISSION, CITY, OR VILLAGE THAT RECEIVES  
11 TRANSPORTATION INVESTMENT FUND DOLLARS DETAILING THE EXACT DOLLAR  
12 AMOUNT EACH ENTITY RECEIVES FROM THE TRANSPORTATION INVESTMENT  
13 FUND. AS A CONDITION OF RECEIVING DISTRIBUTIONS FROM THE  
14 TRANSPORTATION INVESTMENT FUND, ANY ENTITY THAT RECEIVES  
15 TRANSPORTATION INVESTMENT FUND DOLLARS SHALL PROVIDE FOR PUBLIC  
16 ACCESS A COMPLETE ACCOUNTING INCLUDING A RECORD OF ALL  
17 TRANSPORTATION INVESTMENT FUND DOLLARS RECEIVED AND ALL  
18 EXPENDITURES MADE OF TRANSPORTATION INVESTMENT FUND DOLLARS DURING  
19 THE FISCAL YEAR. THE ACCOUNTING SHALL BE PROVIDED AND DISTRIBUTED  
20 IN A MANNER THAT ASSURES OPEN PUBLIC ACCESS TO THE ACCOUNTING.

21 (F) ~~(e)~~—\$43,000,000.00 to the state trunk line fund for debt  
22 service costs on state of Michigan projects.

23 (G) ~~(f)~~—Except as provided in subsection (4), 10% to the  
24 comprehensive transportation fund for the purposes described in  
25 section 10e.

26 (H) ~~(g)~~—\$5,000,000.00 to the local bridge fund established in  
27 subsection (5) for distribution only to the local bridge advisory

1 board, the regional bridge councils, cities, villages, and county  
2 road commissions.

3 (I) ~~(h)~~—\$36,775,000.00 to the state trunk line fund for  
4 subsequent deposit in the transportation economic development fund,  
5 and, as of September 30, 1997, with first priority for allocation  
6 to debt service on bonds issued to fund transportation economic  
7 development fund projects. In addition, beginning October 1, 1997,  
8 \$3,500,000.00 is appropriated from the Michigan transportation fund  
9 to the state trunk line fund for subsequent deposit in the  
10 transportation economic development fund to be used for economic  
11 development road projects in any of the targeted industries  
12 described in section 9(1)(a) of 1987 PA 231, MCL 247.909.

13 (J) ~~(i)~~—Not less than \$33,000,000.00 as may be annually  
14 appropriated each fiscal year to the local program fund created in  
15 section 11e.

16 (K) ~~(j)~~—The balance of the Michigan transportation fund as  
17 follows, after deduction of the amounts appropriated in  
18 subdivisions (a) through ~~(i)~~—(J) and section 11b:

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

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

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

23 (2) The money appropriated pursuant to this section shall be  
24 used for the purposes as provided in this act and any other  
25 applicable act. Subject to the requirements of section 9b, the  
26 department shall develop programs in conjunction with the Michigan  
27 state chamber of commerce and the Michigan minority business

1 development council to assist small businesses, including those  
2 located in enterprise zones and those located in empowerment zones  
3 as determined under federal law, as defined by law in becoming  
4 qualified to bid.

5 (3) Thirty-one and one-half percent of the funds appropriated  
6 to this state from the federal government pursuant to 23 USC 157,  
7 commonly known as minimum guarantee funds, shall be allocated to  
8 the transportation economic development fund, if such an allocation  
9 is consistent with federal law. These funds shall be distributed  
10 16-1/2% for development projects for rural counties as defined by  
11 law and 15% for capacity improvement or advanced traffic management  
12 systems in urban counties as defined by law. Federal funds  
13 allocated for distribution under this section shall be eligible for  
14 obligation and use by all recipients as defined by the  
15 transportation equity act for the 21st century, Public Law 105-178.

16 (4) For the fiscal year beginning October 1, 2003 only, the  
17 apportionment of 10% of Michigan transportation fund money to the  
18 comprehensive transportation fund as provided in subsection ~~(1)(f)~~  
19 **(1)(G)** shall be reduced by \$10,000,000.00 and the \$10,000,000.00  
20 shall be transferred to the state trunk line fund for capacity  
21 improvements to state trunk line highways.

22 (5) A fund to be known as the local bridge fund is established  
23 and is set up and maintained in the state treasury as a separate  
24 fund. The money appropriated to the local bridge fund and the  
25 interest accruing to that fund shall be expended for the local  
26 bridge program. The purpose of the fund is to provide financial  
27 assistance to highway authorities for the preservation,



1 improvement, or reconstruction of existing bridges or for the  
2 construction of bridges to replace existing bridges in whole or  
3 part. The money in the local bridge fund is not subject to section  
4 12(15) or 13(5). The local bridge advisory board is created and  
5 shall consist of 6 voting members appointed by the state  
6 transportation commission and 2 nonvoting members appointed by the  
7 state transportation department. The board shall include 3 members  
8 from the county road association of Michigan, 1 member who  
9 represents counties with populations 65,000 or greater, 1 member  
10 who represents counties with populations greater than 30,000 and  
11 less than 65,000, and 1 member who represents counties with  
12 populations of 30,000 or less. Three members shall be appointed  
13 from the Michigan municipal league, 1 member who represents cities  
14 with a population 75,000 or greater, 1 member who represents cities  
15 with a population less than 75,000, and 1 member who represents  
16 villages. Each organization with voting rights shall submit a list  
17 of nominees in each population category to the state transportation  
18 commission. The state transportation commission shall make the  
19 appointments from the lists submitted under this subsection. ~~Names~~  
20 ~~shall be submitted within 45 days after October 1, 2004. The state~~  
21 ~~transportation commission shall make the appointments by January~~  
22 ~~30, 2005.~~ Voting members shall be appointed for 2 years. The  
23 chairperson of the board shall be selected from among the voting  
24 members of the board. In addition to the 2 nonvoting members, the  
25 department shall provide qualified administrative staff and  
26 qualified technical assistance to the board.

27 (6) Beginning October 1, 2005, no less than 5% and no more

1 than 15% of the funds received in the local bridge fund may be used  
2 for critical repair of large bridges and emergencies as determined  
3 by the local bridge advisory board. Beginning October 1, 2005,  
4 funds remaining after the funds allocated for critical large bridge  
5 repair and emergencies are deducted shall be distributed by the  
6 board to the regional bridge councils created under this section.

7 One regional council shall be formed for each department of  
8 transportation region as those regions exist on October 1, 2004.

9 The regional councils shall consist of 2 members of the county road  
10 association of Michigan from counties in the region, 2 members of  
11 the Michigan municipal league from cities and villages in the  
12 region, and 1 member of the state transportation department in each  
13 region. The members of the state transportation department shall be  
14 nonvoting members who shall provide qualified administrative staff  
15 and qualified technical assistance to the regional councils.

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

23 (a) A ratio with a numerator that is the total number of local  
24 bridges in the region and a denominator that is the total number of  
25 local bridges in this state.

26 (b) A ratio with a numerator that is the total local bridge  
27 deck area in the region and a denominator that is the total local

1 bridge deck area in this state.

2 (c) A ratio with a numerator that is the total amount of  
3 structurally deficient local bridge deck area in the region and a  
4 denominator that is the total amount of structurally deficient  
5 local bridge deck area in this state.

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

11 (9) Beginning January 1, 2007 and each January after 2007, the  
12 department shall submit a report to the chair and the minority  
13 vice-chair of the appropriations committees of the senate and the  
14 house of representatives, and to the standing committees on  
15 transportation of the senate and the house of representatives, on  
16 all of the following activities for the previous state fiscal year:

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

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

21 (c) The actual weights used in the calculation required under  
22 subsection (7).

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

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

26 (10) The state transportation commission shall borrow money  
27 and issue notes or bonds in an amount of not less than

1 \$30,000,000.00 to supplement the funding provided for the local  
2 bridge program under subsection (6). The bonds or notes issued  
3 pursuant to this subsection may be issued by the commission for any  
4 purpose for which other local bridge funds may be used under this  
5 section. The bonds or notes authorized by this subsection shall be  
6 issued by resolution of the state transportation commission  
7 consistent with the requirements of section 18b.

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

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

23 (13) Beginning October 1, 2008, the regional bridge councils  
24 shall determine what bridge projects are selected for funding from  
25 the local bridge fund created in subsection (5) and shall make a  
26 list of selected projects available to interested parties in the  
27 region. A determination that a bridge project is selected for

1 funding in a given fiscal year is not approval to disburse the  
2 funds.

3 (14) Beginning October 1, 2008, a county road commission,  
4 city, or village may implement a bridge project if the bridge  
5 project has been selected for funding and is included in the  
6 appropriate regional bridge council's current multiyear bridge plan  
7 for the local bridge program but the regional bridge council has  
8 not allocated funds to the bridge project for the fiscal year that  
9 the bridge project is on the current multiyear bridge plan. A  
10 county road commission, city, or village may borrow funds to  
11 implement a project that has been selected for funding and is  
12 included in the appropriate regional bridge council's current  
13 multiyear bridge plan but has not been allocated funds by the  
14 regional bridge council. Based on available local bridge funds,  
15 when a bridge project that was implemented with borrowed funds is  
16 allocated funding in a subsequent fiscal year, the funding shall  
17 only be used to repay the amount approved by the multiyear bridge  
18 plan when the funds were borrowed. To be eligible for repayment of  
19 the amount borrowed, a bridge project that has been implemented  
20 with borrowed funds shall be administered through the department's  
21 local bridge program.

22 (15) THE FUEL TAX RESTRUCTURING COMMISSION IS CREATED IN THE  
23 DEPARTMENT. THE COMMISSION SHALL UNDERTAKE A STUDY WITHIN 3 YEARS  
24 OF THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS  
25 SUBSECTION TO DETERMINE THE LONG-TERM ALTERNATIVE TAX STRUCTURE FOR  
26 MOTOR FUEL TAXES. THE STUDY SHALL INCLUDE AN EXAMINATION OF  
27 FEASIBLE METHODS OF ALTERNATIVE TECHNOLOGY THAT MAY BE APPLIED TO

1 RESTRUCTURING. THE COMMISSION SHALL SUBMIT A FINAL REPORT OF THE  
2 RESULTS OF THE STUDY TO THE LEGISLATURE ON OR BEFORE JANUARY 1,  
3 2015. THE COMMISSION SHALL HAVE 5 MEMBERS. ONE MEMBER SHALL BE  
4 APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, AND 1  
5 MEMBER SHALL BE APPOINTED BY THE MINORITY LEADER OF THE HOUSE OF  
6 REPRESENTATIVES. ONE MEMBER SHALL BE APPOINTED BY THE SENATE  
7 MAJORITY LEADER, AND 1 MEMBER SHALL BE APPOINTED BY THE SENATE  
8 MINORITY LEADER. ONE MEMBER SHALL BE APPOINTED BY THE GOVERNOR.

9 Enacting section 1. This amendatory act does not take effect  
10 unless all of the following bills of the 95th Legislature are  
11 enacted into law:

12 (a) Senate Bill No.\_\_\_\_ or House Bill No. 5768(request no.  
13 05204'09).

14 (b) Senate Bill No.\_\_\_\_ or House Bill No. 5769(request no.  
15 05205'09).