

HOUSE SUBSTITUTE FOR SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5007

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 promote safe and efficient travel for motor vehicle drivers, bicyclists, pedestrians, and other legal users of roads, streets, and highways; 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 sections 9a, 10c, 12, 13, and 20a (MCL 247.659a, 247.660c, 247.662, 247.663, and 247.670a), sections 9a, 10c, and 20a as amended by 2010 PA 257, section 12 as amended by 2010 PA 143, and section 13 as amended by 2010 PA 261.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9a. (1) As used in this section:

2 (a) "Asset management" means an ongoing process of
3 maintaining, upgrading, and operating physical assets cost-
4 effectively, based on a continuous physical inventory and condition
5 assessment.

6 (b) "Bridge" means a structure including supports erected over
7 a depression or an obstruction, such as water, a highway, or a
8 railway, for the purposes of carrying traffic or other moving
9 loads, and having an opening measuring along the center of the
10 roadway of more than 20 feet between undercopings of abutments or
11 spring lines of arches, or extreme ends of openings for multiple
12 boxes where the clear distance between openings is less than 1/2 of
13 the smaller contiguous opening.

1 (c) "Central storage data agency" means that agency or office
2 chosen by the council where the data collected is stored and
3 maintained.

4 (d) "Council" means the transportation asset management
5 council created by this section.

6 ~~—— (e) "County road commission" means the board of county road~~
7 ~~commissioners elected or appointed pursuant to section 6 of chapter~~
8 ~~IV of 1909 PA 283, MCL 224.6, or, in the case of a charter county~~
9 ~~with a population of 750,000 or more with an elected county~~
10 ~~executive that does not have a board of county road commissioners,~~
11 ~~the county executive for ministerial functions and the county~~
12 ~~commission provided for in section 14(1)(d) of 1966 PA 293, MCL~~
13 ~~45.514, for legislative functions.~~

14 (E) ~~(f)~~ "Department" means the state transportation
15 department.

16 (F) ~~(g)~~ "Federal-aid eligible" means ~~any~~ **A** public road or
17 bridge that is eligible for federal aid to be spent for the
18 construction, repair, or maintenance of that road or bridge.

19 (G) ~~(h)~~ "Local road agency" means a county road commission or
20 designated county road agency or city or village that is
21 responsible for the construction or maintenance of public roads
22 within the state under this act.

23 (H) ~~(i)~~ "Multiyear program" means a compilation of road and
24 bridge projects anticipated to be contracted for by the department
25 or a local road agency during a 3-year period. The multiyear
26 program shall include a listing of each project to be funded in
27 whole or in part with state or federal funds.

1 (I) ~~(j)~~—"State planning and development regions" means those
2 agencies required by section ~~134(b)~~ **134** of title 23 of the United
3 States Code, 23 USC 134, and those agencies established by
4 Executive Directive 1968-1.

5 (2) In order to provide a coordinated, unified effort by the
6 various roadway agencies within the state, the transportation asset
7 management council is hereby created within the state
8 transportation commission and is charged with advising the
9 commission on a statewide asset management strategy and the
10 processes and necessary tools needed to implement such a strategy
11 beginning with the federal-aid eligible highway system, and once
12 completed, continuing on with the county road and municipal
13 systems, in a cost-effective, efficient manner. Nothing in this
14 section shall prohibit a local road agency from using an asset
15 management process on its non-federal-aid eligible system. The
16 council shall consist of 10 voting members appointed by the state
17 transportation commission. The council shall include 2 members from
18 the county road association of Michigan, 2 members from the
19 Michigan municipal league, 2 members from the state planning and
20 development regions, 1 member from the Michigan townships
21 association, 1 member from the Michigan association of counties,
22 and 2 members from the department. Nonvoting members shall include
23 1 person from the agency or office selected as the location for
24 central data storage. Each agency with voting rights shall submit a
25 list of 2 nominees to the state transportation commission from
26 which the appointments shall be made. The Michigan townships
27 association shall submit 1 name, and the Michigan association of

1 counties shall submit 1 name. Names shall be submitted within 30
2 days after July 3, 2002. The state transportation commission shall
3 make the appointments within 30 days after receipt of the lists.

4 (3) The positions for the department shall be permanent. The
5 position of the central data storage agency shall be nonvoting and
6 shall be for as long as the agency continues to serve as the data
7 storage repository. The member from the Michigan association of
8 counties shall be initially appointed for 2 years. The member from
9 the Michigan townships association shall be initially appointed for
10 3 years. Of the members first appointed from the county road
11 association of Michigan, the Michigan municipal league, and the
12 state planning and development regions, 1 member of each group
13 shall be appointed for 2 years and 1 member of each group shall be
14 appointed for 3 years. At the end of the initial appointment, all
15 terms shall be for 3 years. The chairperson shall be selected from
16 among the voting members of the council.

17 (4) The department shall provide qualified administrative
18 staff and the state planning and development regions shall provide
19 qualified technical assistance to the council.

20 (5) The council shall develop and present to the state
21 transportation commission for approval within 90 days after the
22 date of the first meeting ~~such-~~**THE** procedures and requirements ~~as~~
23 **THAT** are necessary for the administration of the asset management
24 process. ~~This-~~**THE PROCEDURES AND REQUIREMENTS DEVELOPED AND**
25 **PRESENTED BY THE COUNCIL** shall, at a minimum, include the areas of
26 training, data storage and collection, reporting, development of a
27 multiyear program, budgeting and funding, and other issues related

1 to asset management. ~~that may arise from time to time.~~ All quality
2 control standards and protocols shall, at a minimum, be consistent
3 with ~~any~~ existing federal requirements and regulations and existing
4 government accounting standards.

5 (6) The council may appoint a technical advisory panel whose
6 members shall be representatives from the transportation
7 construction associations and related transportation road
8 interests. The asset management council shall select members to the
9 technical advisory panel from names submitted by the transportation
10 construction associations and related transportation road
11 interests. The technical advisory panel members shall be appointed
12 for 3 years. The asset management council shall determine the
13 research issues and assign projects to the technical advisory panel
14 to assist in the development of statewide policies. The technical
15 advisory panel's recommendations shall be advisory only and **ARE** not
16 binding on the asset management council.

17 (7) The department, each county road commission, and each city
18 and village of this state shall annually submit a report to the
19 transportation asset management council. This report shall include
20 a multiyear program developed through the asset management process
21 described in this section. Projects contained in the department's
22 annual multiyear program shall be consistent with the department's
23 asset management process and shall be reported consistent with
24 categories established by the transportation asset management
25 council. Projects contained in the annual multiyear program of each
26 local road agency shall be consistent with the asset management
27 process of each local road agency and shall be reported consistent

1 with categories established by the transportation asset management
2 council.

3 (8) Funding necessary to support the activities described in
4 this section shall be provided by an annual appropriation from the
5 Michigan transportation fund to the state transportation
6 commission.

7 (9) The department and each local road agency shall keep
8 accurate and uniform records on all road and bridge work performed
9 and funds expended for the purposes of this section, according to
10 the procedures developed by the council. Each local road agency and
11 the department shall annually report to the council the mileage and
12 condition of the road and bridge system under their jurisdiction
13 and the receipts and disbursements of road and street funds in the
14 manner prescribed by the council, which shall be consistent with
15 any current accounting procedures. An annual report shall be
16 prepared by the staff assigned to the council regarding the results
17 of activities conducted during the preceding year and the
18 expenditure of funds related to the processes and activities
19 identified by the council. The report shall also include an
20 overview of the activities identified for the succeeding year. The
21 council shall submit this report to the state transportation
22 commission, the legislature, and the transportation committees of
23 the house and senate by May 2 of each year.

24 Sec. 10c. As used in this act:

25 (a) "Urban or rural area" means a contiguous developed area,
26 including the immediate surrounding area, where transportation
27 services should reasonably be provided presently or in the future;

1 the area within the jurisdiction of an eligible authority; or for
2 the purpose of receiving funds for public transportation, a
3 contiguous developed area having a population of less than 50,000
4 that has an urban public transportation program approved by the
5 ~~state transportation~~ department and for which the state
6 transportation commission determines that public transportation
7 services should reasonably be provided presently or in the future.

8 (b) "Eligible authority" means an authority organized under
9 the metropolitan transportation authorities act of 1967, 1967 PA
10 204, MCL 124.401 to 124.426.

11 (c) "Eligible governmental agency" means a county, city, or
12 village or an authority created under 1963 PA 55, MCL 124.351 to
13 124.359; the urban cooperation act of 1967, 1967 (Ex Sess) PA 7,
14 MCL 124.501 to 124.512; 1967 (Ex Sess) PA 8, MCL 124.531 to
15 124.536; 1951 PA 35, MCL 124.1 to 124.13; the public transportation
16 authority act, 1986 PA 196, MCL 124.451 to 124.479; or the revenue
17 bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140.

18 (d) "Transit vehicle" means a bus, rapid transit vehicle,
19 railroad car, street railway car, water vehicle, taxicab, or other
20 type of public transportation vehicle or individual unit, whether
21 operated singly or in a group ~~which~~ **THAT** provides public
22 transportation.

23 (e) "Transit vehicle mile" means a transit vehicle operated
24 for 1 mile in public transportation service, including demand
25 actuated and line-haul vehicle miles.

26 (f) "Demand actuated vehicle" means a bus or smaller transit
27 vehicle operated for providing group rides to members of the

1 general public paying fares individually, and on demand rather than
2 in regularly scheduled route service.

3 (g) "Demand actuated vehicle mile" means a demand actuated
4 vehicle operated for 1 mile in service to the general public.

5 (h) "Public transportation", "comprehensive transportation",
6 "public transportation service", "comprehensive transportation
7 service", "public transportation purpose", or "comprehensive
8 transportation purpose" means the movement of people and goods by
9 publicly or privately owned water vehicle, bus, railroad car,

10 street railway, aircraft, rapid transit vehicle, taxicab, or other
11 conveyance ~~which-THAT~~ provides general or special service to the
12 public, but not including charter or sightseeing service or
13 transportation ~~which-THAT~~ is exclusively for school purposes.

14 Public transportation, public transportation services, or public
15 transportation purposes; and comprehensive transportation,
16 comprehensive transportation services, or comprehensive
17 transportation purposes as defined in this subdivision are declared
18 by law to be transportation purposes within the meaning of section
19 9 of article IX of the state constitution of 1963.

20 (i) "State transportation commission" **OR "COMMISSION"** means
21 the state transportation commission established in section 28 of
22 article V of the state constitution of 1963.

23 (j) "Governmental unit" means the state transportation
24 department, the state transportation commission, a county road
25 commission, a city, or a village.

26 (k) "Department" or "department of transportation" **OR "STATE**
27 **TRANSPORTATION DEPARTMENT"** means ~~the state transportation~~

1 ~~department,~~ the principal department of state government created
2 under section 350 of the executive organization act of 1965, 1965
3 PA 380, MCL 16.450.

4 (l) "Preservation" means an activity undertaken to preserve the
5 integrity of the existing roadway system. Preservation does not
6 include new construction of highways, roads, streets, or bridges, a
7 project that increases the capacity of a highway facility to
8 accommodate that part of traffic having neither an origin nor
9 destination within the local area, widening of a lane width or
10 more, or adding turn lanes of more than 1/2 mile in length.
11 Preservation includes, but is not limited to, 1 or more of the
12 following:

13 (i) Maintenance.

14 (ii) Capital preventive treatments.

15 (iii) Safety projects.

16 (iv) Reconstruction.

17 (v) Resurfacing.

18 (vi) Restoration.

19 (vii) Rehabilitation.

20 (viii) Widening of less than the width of 1 lane.

21 (ix) Adding auxiliary weaving, climbing, or speed change lanes.

22 (x) Modernizing intersections.

23 (xi) Adding auxiliary turning lanes of 1/2 mile or less.

24 (xii) Installing traffic signs in new locations, installing
25 signal devices in new locations, and replacing existing signal
26 devices.

27 (m) "Maintenance" means routine maintenance or preventive

1 maintenance, or both. Maintenance does not include capital
2 preventive treatments, resurfacing, reconstruction, restoration,
3 rehabilitation, safety projects, widening of less than 1 lane
4 width, adding auxiliary turn lanes of 1/2 mile or less, adding
5 auxiliary weaving, climbing, or speed-change lanes, modernizing
6 intersections, or the upgrading of aggregate surface roads to hard
7 surface roads. Maintenance of state trunk line highways does not
8 include streetlighting except for freeway lighting for traffic
9 safety purposes.

10 (n) "Routine maintenance" means actions performed on a regular
11 or controllable basis or in response to uncontrollable events upon
12 a highway, road, street, or bridge. Routine maintenance includes,
13 but is not limited to, 1 or more of the following:

- 14 (i) Snow and ice removal.
- 15 (ii) Pothole patching.
- 16 (iii) Unplugging drain facilities.
- 17 (iv) Replacing damaged sign and pavement markings.
- 18 (v) Replacing damaged guardrails.
- 19 (vi) Repairing storm damage.
- 20 (vii) Repair or operation of traffic signs and signal systems.
- 21 (viii) Emergency environmental cleanup.
- 22 (ix) Emergency repairs.
- 23 (x) Emergency management of road closures that result from
24 uncontrollable events.
- 25 (xi) Cleaning streets and associated drainage.
- 26 (xii) Mowing roadside.
- 27 (xiii) Control of roadside brush and vegetation.

1 (xiv) Cleaning roadside.

2 (xv) Repairing lighting.

3 (xvi) Grading.

4 (o) "Preventive maintenance" means a planned strategy of cost-
5 effective treatments to an existing roadway system and its
6 appurtenances that preserve assets by retarding deterioration and
7 maintaining functional condition without significantly increasing
8 structural capacity. Preventive maintenance includes, but is not
9 limited to, 1 or more of the following:

10 (i) Pavement crack sealing.

11 (ii) Micro surfacing.

12 (iii) Chip sealing.

13 (iv) Concrete joint resealing.

14 (v) Concrete joint repair.

15 (vi) Filling shallow pavement cracks.

16 (vii) Patching concrete.

17 (viii) Shoulder resurfacing.

18 (ix) Concrete diamond grinding.

19 (x) Dowel bar retrofit.

20 (xi) Bituminous overlays of 1-1/2 inches or less in thickness.

21 (xii) Restoration of drainage.

22 (xiii) Bridge crack sealing.

23 (xiv) Bridge joint repair.

24 (xv) Bridge seismic retrofit.

25 (xvi) Bridge scour countermeasures.

26 (xvii) Bridge painting.

27 (xviii) Pollution prevention.

1 (xix) New treatments as they ~~may be~~ **ARE** developed.

2 (p) "County road commission" means the board of county road
3 commissioners elected or appointed pursuant to section 6 of chapter
4 IV of 1909 PA 283, MCL 224.6, or, in the case of a charter county
5 with a population of 750,000 or more with an elected county
6 executive that does not have a board of county road commissioners,
7 the county executive for ministerial functions and the county
8 commission provided for in section 14(1)(d) of 1966 PA 293, MCL
9 45.514, for legislative functions. **IN ADDITION, IF A BOARD OF**
10 **COUNTY ROAD COMMISSIONERS IS DISSOLVED AS PROVIDED IN SECTION 6 OF**
11 **CHAPTER IV OF 1909 PA 283, MCL 224.6, COUNTY ROAD COMMISSION**
12 **INCLUDES THE COUNTY BOARD OF COMMISSIONERS OF THE COUNTY.**

13 (q) "Capital preventive treatments" means any preventive
14 maintenance category project on state trunk line highways that
15 qualifies under the department's capital preventive maintenance
16 program.

17 Sec. 12. (1) The amount distributed to the county road
18 commissions shall be returned to the county treasurers in the
19 manner, for the purposes, and under the terms and conditions
20 specified in this section. The department and the county road
21 association of Michigan shall jointly develop incentives for
22 counties to establish statewide purchasing pools for the more
23 efficient use of Michigan transportation funds.

24 (2) Each county road commission shall be reimbursed in an
25 amount up to \$10,000.00 per year for the sum paid to a licensed
26 professional engineer employed or retained by the county road
27 commission in the previous year. The sum shall be returned to each

1 county road commission certified by the ~~state transportation~~
2 department as complying with this subsection regarding the
3 employment of an engineer.

4 (3) An amount equal to 1% of the total amount returned to the
5 county road commissions from the Michigan transportation fund
6 during the prior calendar year shall be withheld annually from the
7 counties' November monthly distribution provided for in section 17,
8 and the amount shall be returned to the county road commissions for
9 snow removal purposes as provided in section 12a.

10 (4) An amount equal to 10% of the total amount returned to the
11 county road commissions from the Michigan transportation fund shall
12 be returned to each county road commission having county primary,
13 or county local road, or both, mileage in the urban areas as
14 determined pursuant to section 12b. This sum shall be distributed
15 pursuant to section 12b. The return shall be in addition to the
16 amounts provided in subsections (6) and (7) and for the purposes
17 stated in those subsections.

18 (5) An amount equal to 4% of the total amount returned to the
19 county road commissions from the Michigan transportation fund shall
20 be returned to the county road commissions in the same percentages
21 as provided in subsection (7). All money returned to the county
22 road commissions as provided in this subsection shall be expended
23 by the county road commissions for the preservation, construction,
24 acquisition, and extension of county local road systems and shall
25 be in addition to the amounts provided in subsection (7).

26 (6) Seventy-five percent of the remainder of the total amount
27 to be returned to the counties shall be expended by each county

1 road commission for the preservation, construction, acquisition,
2 and extension of the county primary road system, including the
3 acquisition of a necessary right of way for the system, work
4 incidental to the system, and a roadside park or motor parkway
5 appurtenant to the system, and shall be returned to the counties as
6 follows:

7 (a) Three-fourths of the amount in proportion to the amount
8 received within the respective county during the 12 months next
9 preceding the date of each monthly distribution, as specific taxes
10 upon registered motor vehicles under the Michigan vehicle code,
11 1949 PA 300, MCL 257.1 to 257.923.

12 (b) One-tenth of the amount in the same proportion that the
13 total mileage in the county primary road system of each county
14 bears to the total mileage in all of the county primary road
15 systems of the state.

16 (c) One eighty-third of the remaining 15% of the amount to
17 each county.

18 (7) The balance of the remainder of the total amount to be
19 returned to counties shall be expended by each county road
20 commission for the preservation, construction, acquisition, and
21 extension of the county local road system as defined by this act,
22 including the acquisition of a necessary right of way for the
23 system, work incidental to the system, and a roadside park or motor
24 parkway appurtenant to the system, and shall be returned to the
25 counties as follows:

26 (a) Sixty-five percent of the amount in the same proportion
27 that the total mileage in the county local road system of each

1 county bears to the total mileage in all of the county local road
2 systems of the state.

3 (b) Thirty-five percent of the amount in the same proportion
4 that the total population outside of incorporated municipalities in
5 each county bears to the total population outside of incorporated
6 municipalities in all of the counties of the state, according to
7 the most recent statewide federal census as certified at the
8 beginning of the state fiscal year.

9 (8) Money deposited in, or becoming a part of the county road
10 funds of a board of county road commissioners shall be expended
11 first for the payment of principal and interest on the bonds, for
12 the payment of contractual contributions pledged for the payment of
13 bonds, for debt service requirements for the payment of contractual
14 contributions pledged for the payment of bonds, and for debt
15 service requirements for the payment of notes and loans in the
16 following order of priority:

17 (a) For the payment of contributions required to be made by a
18 board of county road commissioners under a contract entered into
19 under 1941 PA 205, MCL 252.51 to 252.64, ~~which contributions~~ **THAT**
20 have been pledged for the payment of the principal and interest on
21 bonds issued under that act, or for the payment of total debt
22 service requirements upon notes issued by a board of county road
23 commissioners under 1943 PA 143, MCL 141.251 to 141.254.

24 (b) For the payment of principal and interest upon bonds
25 issued under section 18c, and the payment of contributions of a
26 board of county road commissioners ~~to be made pursuant to contracts~~
27 entered into under section 18d, ~~which contributions~~ **THAT** are

pledged to the payment of principal and interest on bonds issued after June 30, 1957, under the authorization of section 18c and contracts executed pursuant to its provisions.

(c) For the payment of principal and interest upon loans received pursuant to section ~~11(7)~~, **11(5)**, to the extent other funds have not been made available for that payment.

(9) Beginning November 1, 2008, ~~not to exceed~~ **NO MORE THAN** 50% per year of the amount returned to a county for use on the county primary road system may be expended, with or without matching, on the county local road system of that county. Except as otherwise provided in this subsection, beginning September 30, 2010, ~~not to exceed~~ **NO MORE THAN** 30% per year of the amount returned to a county for use on the county primary road system may be expended, with or without matching, on the county local road system of that county. An additional amount, not to exceed 20% per year of the amount returned to a county for use on the county primary road system, may be expended on the county local road system of that county if there is an emergency or if the county road commission determines that an additional 20% may be expended on the county local road system. The county road commission may attach any conditions to its determination if the determination is for nonemergency purposes, including, but not limited to, a requirement that the additional 20% expended on the county local road system only be used to supplement funds from other sources. ~~Not to exceed~~ **NO MORE THAN** 15% per year of the amount returned to a county for expenditure on the county local road system may be used, with or without matching, on the county primary road system of that county, and not to exceed an

1 additional 15% per year of the amount returned to a county for
2 expenditure on the county local road system, may, in case of an
3 emergency or with the approval of the county road commission, be
4 expended, with or without matching, on the county primary road
5 system of that county. An amount returned to a county for and on
6 account of county local roads, under this section, in excess of the
7 total amount paid into the county treasury each year by all of the
8 townships of that county for and on account of the county local
9 roads pursuant to section 14(6) may be transferred to and expended
10 on the county primary road system of that county.

11 (10) Not less than 20% per year of the funds returned to a
12 county by this section shall be expended for snow and ice removal,
13 the construction or reconstruction of a new highway or existing
14 highway, and the acquisition of a necessary right of way for those
15 highways, and work incidental to those highways, or for the
16 servicing of bonds issued by the county for these purposes. Surplus
17 funds may be expended for the development, construction, or repair
18 of an off-street parking facility.

19 (11) Not more than 5% per year of the funds returned to a
20 county for the county primary road system and the county local road
21 system shall be expended for the maintenance, improvement, or
22 acquisition of appurtenant roadside parks and motor parkways.

23 (12) Funds returned to a county shall be expended by the
24 county road commission for the purposes provided in this section
25 and shall be deposited by the county treasurer in a designated
26 county depository, in a separate account to the credit of the
27 county road fund, and shall be paid out only upon the order of the

1 county road commission, and interest accruing on the money shall
2 become a part of, and be deposited with the county road fund.

3 (13) In a county to which ~~the~~ funds are returned **UNDER THIS**
4 **SECTION**, the function of the county road commission shall be
5 limited to the formation of policy and the performance of the
6 official duties imposed by law and delegated by the county board of
7 commissioners. A member of the county road commission shall not be
8 employed individually in any other capacity for other duties with
9 the county road commission.

10 (14) A county road commission may enter into an agreement with
11 a county road commission of an adjacent county and with a city or
12 village to perform work on a highway, road, or street, and with the
13 ~~state transportation~~ department with respect to a state trunk line
14 and connecting links of the state trunk line within the limits of
15 the county or adjacent to the county. The agreement may provide for
16 the performance by each contracting party of the work contemplated
17 by the contract including engineering services and the acquisition
18 of rights of way in connection with the work contemplated, by
19 purchase or condemnation, by any of the contracting parties in its
20 own name and the agreement may provide for joint participation in
21 the costs.

22 (15) Money distributed from the Michigan transportation fund
23 may be expended for construction purposes on county local roads
24 only to the extent matched by money from other sources. However,
25 Michigan transportation funds may be expended for the construction
26 of bridges on the county local roads in an amount not to exceed 75%
27 of the cost of the construction of local road bridges. ~~This~~

~~subsection does not apply to section 11b.~~

(16) Notwithstanding any other provision of this act, at least 90% of the state revenue returned annually to the county road commission from the Michigan transportation fund less the amounts described in subdivisions (a) to (e) shall be expended annually by the county road commission for the preservation of highways, roads, streets, and bridges, and for the payment of contractual contributions pledged for the payment of bonds or portions of bonds, debt service requirements for the payment of bonds or portions of bonds, and debt service requirements for the payment of notes and loans or portions of notes and loans issued or received after July 1, 1983, for the purpose of providing funds for the preservation of highways, roads, streets, and bridges. If an appropriate certificate is filed under subsection ~~(19)~~ **(18)** but only to the extent necessary, this subsection ~~shall~~ **DOES** not prohibit the use of any amount of state revenue returned annually to the county road commissions for the payment of contractual contributions pledged for the payment of bonds, for debt service requirements for the payment of bonds, and for debt service requirements for the payment of notes or loans, whenever issued or received, as specified under subsection (8). The amounts ~~which~~ **THAT** are deducted from the state revenue returned to a county road commission from the Michigan transportation fund, for the purpose of the calculation required by this subsection are as follows:

(a) Amounts expended for the purposes described in subsection (8) for bonds, notes, loans, or other obligations issued or received before July 2, 1983.

1 (b) Amounts expended for the administrative costs of the
2 county road commission.

3 (c) Amounts expended for capital outlay projects for equipment
4 and buildings, and for the payment of contractual contributions
5 pledged for the payment of bonds, for debt service requirements for
6 the payment of bonds, and for debt service requirements for the
7 payment of notes and loans issued or received after July 1, 1983,
8 for the purpose of providing funds for capital outlay projects for
9 equipment and buildings.

10 (d) Amounts expended for projects vital to the economy of the
11 local area or the safety of the public in the local area. Before
12 these amounts can be deducted, the governing body over the county
13 road commission or the county road commission, as applicable, shall
14 pass a resolution approving these projects. This resolution shall
15 state which projects will be funded and the cost of each project. A
16 copy of each approved resolution shall be forwarded immediately to
17 the department.

18 (e) Amounts expended in urban areas as determined pursuant to
19 section 12b.

20 (17) As used in this subsection, "urban routes" means those
21 portions of 2-lane county primary roads within an urban area ~~which~~
22 ~~has~~ **THAT HAVE** average daily traffic in excess of 15,000.
23 Notwithstanding any other provision of this act, except as provided
24 in this subsection, a county road commission shall **ANNUALLY** expend
25 ~~annually~~ at least 90% of the federal revenue distributed to the ~~use~~
26 ~~of the~~ county road commission for highways, roads, streets, and
27 bridges, less the amount expended on urban routes for **PURPOSES**

1 other than preservation ~~purposes~~ and the amount expended for hard-
2 surfacing of gravel roads on the federal-aid system, on the
3 preservation of highways, roads, streets, and bridges. A county
4 road commission may expend in a ~~1~~ year less than 90% of the federal
5 revenue distributed to the ~~use of the~~ county road commission for
6 highways, roads, streets, and bridges, less the amount expended on
7 urban routes for **PURPOSES** other than preservation ~~purposes~~ and the
8 amount expended for hard-surfacing of gravel roads on the federal-
9 aid system, on the preservation of highways, roads, streets, and
10 bridges, if that year is part of a 3-year period in which at least
11 90% of the total federal revenue distributed in the 3-year period
12 to the ~~use of the~~ county road commission for highways, roads,
13 streets, and bridges, less the amount expended on urban routes for
14 **PURPOSES** other than preservation purposes and the amount expended
15 for hard-surfacing of gravel roads on the federal-aid system, is
16 expended on the preservation of highways, roads, streets, and
17 bridges. If a county road commission expends in a ~~1~~ year less than
18 90% of the federal revenue distributed to the ~~use of the~~ county
19 road commission for highways, roads, streets, and bridges, less the
20 amount expended on urban routes for **PURPOSES** other than
21 preservation ~~purposes~~ and the amount expended for hard-surfacing of
22 gravel roads on the federal-aid system, on the preservation of
23 highways, roads, streets, and bridges and that year is not a part
24 of a 3-year period in which at least 90% of the total federal
25 revenue distributed in the 3-year period to the ~~use of the~~ county
26 road commission for highways, roads, streets, and bridges, less the
27 amount expended on urban routes for **PURPOSES** other than

1 preservation ~~purposes~~ and the amount expended for hard-surfacing of
 2 gravel roads on the federal-aid system, is expended on the
 3 preservation of highways, roads, streets, and bridges, the county
 4 road commission shall expend in each year subsequent to the 3-year
 5 period 100%, or less in 1 year if sufficient for the purposes of
 6 this subsection, of the federal revenue distributed to the ~~use of~~
 7 ~~the~~ county road commission for highways, roads, streets, and
 8 bridges, less the amount expended on urban routes for **PURPOSES**
 9 other than preservation ~~purposes~~ and the amount expended for hard-
 10 surfacing of gravel roads on the federal-aid system, on the
 11 preservation of highways, roads, streets, and bridges until the
 12 average percentage spent on the preservation of highways, roads,
 13 streets, and bridges in the 3-year period and the subsequent years,
 14 less the amount expended on urban routes for **PURPOSES** other than
 15 preservation ~~purposes~~ and the amount expended for hard-surfacing of
 16 gravel roads on the federal-aid system, is at least 90%. A year may
 17 be included in only one 3-year period for the purposes of this
 18 subsection. The requirements of this subsection shall be waived if
 19 compliance would cause the county road commission to be ineligible
 20 ~~according to federal law~~ for federal revenue **UNDER FEDERAL LAW**, but
 21 only to the extent necessary to make the county road commission
 22 eligible ~~according to~~ **FOR THAT REVENUE UNDER** federal law. ~~for that~~
 23 ~~revenue.~~ For the purpose of the calculations required by this
 24 subsection, the amount expended on urban routes by a county road
 25 commission for **PURPOSES** other than preservation ~~purposes~~ and the
 26 amount expended for hard-surfacing of gravel roads on the federal-
 27 aid system shall be deducted from the total federal revenue

1 distributed to the use of the county road commission.

2 (18) A county road commission shall certify ~~, which~~
3 ~~certification shall, for purposes of the validity of bonds and~~
4 ~~notes, be conclusive as to the matters stated therein, to the state~~
5 ~~transportation department~~ on or before the issuance of any bonds or
6 notes issued after July 1, 1983, pursuant to 1943 PA 143, MCL
7 141.251 to 141.254, 1941 PA 205, MCL 252.51 to 252.64, or section
8 18c or 18d, for purposes other than the preservation of highways,
9 roads, streets, and bridges and purposes other than the purposes
10 specified in subsection (16)(c) that its average annual debt
11 service requirements for all bonds and notes or portions of bonds
12 and notes issued after July 1, 1983, for purposes other than the
13 preservation of highways, roads, streets, and bridges and other
14 than for the purposes specified in subsection (16)(c), including
15 the bond or note to be issued does not exceed 10% of the funds
16 returned to the county road commission pursuant to this act, less
17 the amounts specified in subsection (16)(a), (b), and (c) during
18 the last completed fiscal year of the county road commission. If
19 the purpose for which the bonds or notes are issued is changed
20 after the issuance of the notes or bonds, the change shall be made
21 in ~~such a manner to maintain~~ **THAT MAINTAINS** compliance with the
22 certification required by this subsection, as of the date the
23 certificate was originally issued, but no such change shall
24 invalidate or otherwise affect the bonds or notes with respect to
25 which the certificate was issued or the obligation to pay debt
26 service on the bonds or notes. **A CERTIFICATION UNDER THIS**
27 **SUBSECTION IS CONCLUSIVE AS TO THE MATTERS STATED IN THE**

1 **CERTIFICATION FOR PURPOSES OF THE VALIDITY OF BONDS AND NOTES.**

2 (19) In each charter county to which funds are returned under
3 this section, the responsibility for road improvement,
4 preservation, and traffic operation work, and the development,
5 construction, or repair of off-road parking facilities and
6 construction or repair of road lighting shall be coordinated by a
7 single administrator to be designated by the county executive who
8 shall be responsible for and shall represent the charter county in
9 transactions with the ~~state transportation department~~ pursuant to
10 this act.

11 (20) Not more than 10% per year of all of the funds received
12 by and returned to a county from any source for the purposes of
13 this section may be expended for administrative expenses. A county
14 that expends more than 10% for administrative expenses in a year
15 ~~shall be~~ **IS** subject to section 14(5) unless a waiver is granted by
16 the department of treasury. As used in this subsection,
17 "administrative expenses" means those expenses that are not
18 assigned including, but not limited to, specific road construction
19 or preservation projects and are often referred to as general or
20 supportive services. Administrative expenses ~~shall~~ **DO** not include
21 net equipment expense, net capital outlay, debt service principal
22 and interest, and payments to other state or local offices ~~which~~
23 **THAT** are assigned, but not limited to, specific road construction
24 projects or preservation activities.

25 (21) In addition to the financial compliance audits required
26 by law, the department ~~of treasury shall~~ **MAY** conduct performance
27 audits and make investigations of the disposition of all state

1 funds received by county road commissions, county boards of
2 commissioners, or any other county governmental agency acting as
3 the county road authority, for transportation purposes to determine
4 compliance with the terms and conditions of this act. Performance
5 audits shall be conducted according to government auditing
6 standards issued by the United States general accounting office.
7 **THE DEPARTMENT SHALL DEVELOP PERFORMANCE AUDIT PROCEDURES AND**
8 **REPORTING REQUIREMENTS SUFFICIENT TO DETERMINE WHETHER FUNDS**
9 **EXPENDED UNDER THIS SECTION WERE EXPENDED IN COMPLIANCE WITH THIS**
10 **ACT BY SEPTEMBER 1, 2012 AND SHALL REPORT TO THE TRANSPORTATION**
11 **COMMITTEES OF THE SENATE AND HOUSE OF REPRESENTATIVES NO LATER THAN**
12 **OCTOBER 1, 2012 ON THE ADDITIONAL AUDIT PROCEDURES AND REPORTING**
13 **REQUIREMENTS.** The department ~~of treasury~~ shall provide ~~6 months~~
14 notice to the county road commission, ~~or~~ county board of
15 commissioners, **OR ANY OTHER COUNTY GOVERNMENTAL AGENCY ACTING AS**
16 **THE COUNTY ROAD AUTHORITY,** as applicable, of the standards to be
17 used for audits performed under this subsection. **THE NOTICE SHALL**
18 **BE PROVIDED 6 MONTHS** prior to the fiscal year in which the audit is
19 conducted. The department shall notify the county road commission,
20 ~~or~~ county board of commissioners, **OR ANY OTHER COUNTY GOVERNMENTAL**
21 **AGENCY ACTING AS THE COUNTY ROAD AUTHORITY** of any subsequent
22 changes to the standards. County road commissions, ~~or~~ county boards
23 of commissioners, **OR ANY OTHER COUNTY GOVERNMENTAL AGENCIES ACTING**
24 **AS COUNTY ROAD AUTHORITIES,** as applicable, shall make available to
25 the department ~~of treasury~~ the pertinent records for the audit.
26 **PERFORMANCE AUDITS MAY BE PERFORMED AT THE DISCRETION OF THE**
27 **DEPARTMENT OR UPON RECEIVING A REQUEST FROM THE SPEAKER OF THE**

1 **HOUSE OF REPRESENTATIVES OR THE SENATE MAJORITY LEADER.**

2 Sec. 13. (1) The amount distributed to cities and villages
3 shall be returned to the treasurers of the cities and villages in
4 the manner, for the purposes, and under the terms and conditions
5 specified in this section. ~~As used in this section, "population"~~
6 ~~means the population according to the most recent statewide federal~~
7 ~~census as certified at the beginning of the state fiscal year,~~
8 ~~except that, if a municipality has been newly incorporated since~~
9 ~~completion of the census, the population of the municipality for~~
10 ~~purposes of the distribution of funds before completion of the next~~
11 ~~census shall be the population as determined by special federal~~
12 ~~census, if there is a special federal census, and if not, by the~~
13 ~~population as determined by the official census in connection with~~
14 ~~the incorporation, if there is such a census and, if not, by a~~
15 ~~special state census to be taken at the expense of the municipality~~
16 ~~by the secretary of state pursuant to section 6 of the home rule~~
17 ~~city act, 1909 PA 279, MCL 117.6.~~ The amount received by the ~~A~~
18 newly incorporated municipality shall be in place of any other
19 direct distribution of funds from the Michigan transportation fund.
20 The population of ~~the~~ **A** newly incorporated municipality as
21 determined under this section shall be added to the total
22 population of all incorporated cities and villages in the state in
23 computing the amounts to be returned under this section to each
24 municipality in the state. Major street mileage, local street
25 mileage, and equivalent major mileage, if applicable, shall be
26 determined by the ~~state transportation~~ department before the next
27 month for which distribution is made following the effective date

1 of incorporation of a newly incorporated municipality.

2 (2) From the amount available for distribution to cities and
3 villages during each December, an amount equal to 0.7% of the total
4 amount returned to all cities and villages under subsections (3)
5 and (4) during the previous calendar year shall be withheld. The
6 amount withheld shall be used to partially reimburse ~~those~~ cities
7 and villages located in ~~those~~ counties that are eligible for snow
8 removal funds pursuant to section 12a and that have costs for
9 winter maintenance on major and local streets that are greater than
10 the statewide average. The distributions shall be made annually
11 during February and shall be calculated separately for the major
12 and local street systems but may be paid in a combined warrant. The
13 distribution to a city or village shall be equal to 1/2 of its
14 winter maintenance expenditures after deducting the product of its
15 total earnings under subsections (3) and (4) multiplied by 2 times
16 the average municipal winter maintenance factor. Winter maintenance
17 expenditures shall be determined from the street financial reports
18 for the most current fiscal years ending before July 1. A city or
19 village that does not submit a street financial report for the
20 fiscal year ending before July 1 by the subsequent December 31
21 ~~shall be~~ **IS** ineligible for the winter maintenance payment that is
22 to be based on that street financial report. The **DEPARTMENT SHALL**
23 **DETERMINE THE** average municipal winter maintenance factor ~~shall be~~
24 ~~determined annually by the state transportation department by~~
25 dividing the total expenditures of all cities and villages on
26 winter maintenance of streets and highways by the total amount
27 earned by all cities and villages under subsections (3) and (4)

1 during the 12 months. If the sum of the distributions to be made
 2 under this subsection exceeds the amount withheld, the
 3 distributions to each eligible city and village shall be reduced
 4 proportionately. If the sum is less than the amount withheld, the
 5 balance shall be added to the amount available for distribution
 6 under subsections (3) and (4) during the next month. The
 7 distributions shall be for use on the major and local street
 8 systems respectively and shall be subject to the same provisions as
 9 funds returned under subsections (3) and (4).

10 (3) Seventy-five percent of the remaining amount to be
 11 returned to the cities and villages, after deducting the amounts
 12 withheld pursuant to subsection (2), shall be returned 60% in the
 13 same proportion that the population of each bears to the total
 14 population of all cities and villages, and 40% in the same
 15 proportion that the equivalent major mileage in each bears to the
 16 total equivalent major mileage in all cities and villages. ~~As used~~
 17 ~~in this section, "equivalent major mileage"~~
 18 ~~means the sum of 2 times the state trunk line mileage certified by~~
 19 ~~the state transportation department as of March 31 of each year, as~~
 20 ~~being within the boundaries of each city and village having a~~
 21 ~~population of 25,000 or more, plus the major street mileage in each~~
 22 ~~city and village, multiplied by the following factor:~~

- 23 ~~—— 1.0 for cities and villages of 2,000 or less population;~~
- 24 ~~—— 1.1 for cities and villages from 2,001 to 10,000 population;~~
- 25 ~~—— 1.2 for cities and villages from 10,001 to 20,000 population;~~
- 26 ~~—— 1.3 for cities and villages from 20,001 to 30,000 population;~~
- 27 ~~—— 1.4 for cities and villages from 30,001 to 40,000 population;~~

~~1 — 1.5 for cities and villages from 40,001 to 50,000 population;~~
~~2 — 1.6 for cities and villages from 50,001 to 65,000 population;~~
~~3 — 1.7 for cities and villages from 65,001 to 80,000 population;~~
~~4 — 1.8 for cities and villages from 80,001 to 95,000 population;~~
~~5 — 1.9 for cities and villages from 95,001 to 160,000 population;~~
~~6 — 2.0 for cities and villages from 160,001 to 320,000~~

~~7 population;~~

~~8 — and for cities over 320,000 population, by a factor of 2.1~~
~~9 increased successively by 0.1 for each 160,000 population increment~~
~~10 over 320,000.~~ The amount returned under this subsection shall be
~~11 used by each city and village for the following purposes in the~~
~~12 following order of priority:~~

(a) For the payment of contributions required to be made by a
city or village under the provisions of contracts previously
entered into under 1941 PA 205, MCL 252.51 to 252.64, ~~which~~
~~16 contributions~~ **THAT** have been previously pledged for the payment of
the principal and interest on bonds issued under that act; or for
the payment of the principal and interest upon bonds issued by a
city or village pursuant to 1952 PA 175, MCL 247.701 to 247.707.

(b) Payment of obligations of the city or village on highway
projects undertaken by the city or village jointly with the ~~state~~
~~22 transportation~~ department.

(c) For the payment of principal and interest upon loans
received pursuant to section 11(5), to the extent other funds have
not been made available for that payment.

(d) For the preservation, construction, acquisition, and
extension of the major street system as defined by this act

1 including the acquisition of a necessary right of way for the
2 system, work incidental to the system, and an appurtenant roadside
3 park or motor parkway, of the city or village and for the payment
4 of the principal and interest on that portion of the city's or
5 village's general obligation bonds ~~which~~**THAT** are attributable to
6 the construction or reconstruction of the city's or village's major
7 street system. Not more than 5% per year of the funds returned to a
8 city or village by this subsection shall be expended for the
9 preservation or acquisition of appurtenant roadside parks and motor
10 parkways. Surplus funds may be expended for the development,
11 construction, or repair of off-street parking facilities, ~~and the~~
12 construction or repair of street lighting, and transfer to the
13 local street system under subsection (6).

14 (e) For capital outlay projects for equipment and buildings,
15 contributions pledged for the payment of loans and for the payment
16 of contractual debt service requirements for the payment of bonds
17 for the purpose of providing funds for capital outlay projects for
18 equipment and buildings necessary to the development and
19 maintenance of the road system so long as amounts allocated under
20 this ~~subsection~~**SUBDIVISION** are used for transportation purposes.

21 (4) The remaining amount to be returned to incorporated cities
22 and villages shall be expended in each city or village for the
23 preservation, construction, acquisition, and extension of the local
24 street system of the city or village, ~~as defined by this act,~~
25 including the acquisition of a necessary right of way for the
26 system, work incidental to the system, and subject to subsection
27 (5), for the payment of the principal and interest on ~~that~~**THE**

1 portion of the city's or village's general obligation bonds ~~which~~
2 **THAT** are attributable to the construction or reconstruction of the
3 city's or village's local street system. The amount returned under
4 this subsection shall be returned to the cities and villages 60% in
5 the same proportion that the population of each bears to the total
6 population of all incorporated cities and villages in the state,
7 and 40% in the same proportion that the total mileage of the local
8 street system of each bears to the total mileage in the local
9 street systems of all cities and villages of the state. The payment
10 of the principal and interest upon bonds issued by a city or
11 village pursuant to 1952 PA 175, MCL 247.701 to 247.707, and after
12 that payment, the payment of debt service on loans received under
13 section 11(5), shall have priority in the expenditure of money
14 returned under this subsection.

15 (5) Money distributed to each city and village for the
16 maintenance and preservation of its local street system under this
17 act represents the total responsibility of the state for local
18 street system support. Funds distributed from the Michigan
19 transportation fund shall not be expended for construction purposes
20 on city and village local streets except to the extent matched from
21 local revenues including other money returned to a city or village
22 by the state under the state constitution of 1963 and statutes of
23 the state, from funds that can be raised by taxation in cities and
24 villages for street purposes within the limitations of the state
25 constitution of 1963 and statutes of ~~the~~ **THIS** state, from special
26 assessments, or from any other source.

27 (6) Money returned under this section to a city or village

1 shall be expended on the major and local street systems of that
2 city or village. However, the first priority shall be the major
3 street system. Money returned for expenditure on the major street
4 system shall be expended in the priority order provided in
5 subsection (3) except that surplus funds may be transferred for
6 preservation of the local street system. Major street funds
7 transferred for use on the local street system shall not be used
8 for construction but may be used for preservation. ~~as defined in~~
9 ~~section 10e.~~ A city or village shall not transfer more than 50% of
10 its annual major street funding for the local street system unless
11 it has adopted and is following an asset management process for its
12 major and local street systems and adopts a resolution with a copy
13 to the department setting forth all of the following:

14 (a) A list of the major streets in that city or village.

15 (b) A statement that the city or village is adequately
16 maintaining its major streets.

17 (c) The dollar amount of the transfer.

18 (d) The local streets to be funded with the transfer.

19 (e) A statement that the city or village is following an asset
20 management process for its major and local street systems.

21 (7) A city or village that has not adopted an asset management
22 plan shall obtain the concurrence of the department to transfer
23 more than 50% of its major street funding to its local street
24 system. The department may provide for pilot projects that would
25 allow a city or village that has adopted an asset management plan
26 under subsection (6) to combine their local and major street funds
27 into 1 street fund and to submit a single report to the department

1 on the expenditure of funds on the local and major street systems.

2 (8) Not more than 10% per year of all of the funds returned to
3 a city or village from any source for the purposes of this section
4 may be expended for administrative expenses. ~~As used in this~~
5 ~~subsection, "administrative expenses" means those expenses that are~~
6 ~~not assigned including, but not limited to, specific road~~
7 ~~construction or maintenance projects and are often referred to as~~
8 ~~general or supportive services. Administrative expenses shall not~~
9 ~~include net equipment expense, net capital outlay, debt service~~
10 ~~principal and interest, and payments to other state or local~~
11 ~~offices that are assigned, but not limited to, specific road~~
12 ~~construction projects or maintenance activities. A city or village~~
13 ~~which in a year~~ **THAT** ~~expends more than 10% for administrative~~
14 ~~expenses shall be~~ **IN A YEAR IS** ~~subject to section 14(5).~~

15 (9) In each city and village to which funds are returned under
16 this section, the responsibility for street preservation and the
17 development, construction, or repair of off-street parking
18 facilities and construction or repair of street lighting shall be
19 coordinated by a single administrator to be designated by the
20 governing body who shall be responsible for and shall represent the
21 municipality in transactions with the ~~state transportation~~
22 ~~department pursuant to this act.~~

23 (10) Cities and villages may provide for consolidated street
24 administration. A city or a village may enter into an agreement
25 with other cities or villages, the county road commission, or with
26 the state transportation commission for the performance of street
27 or highway work on a road or street within the limits of the city

1 or village or adjacent to the city or village. The agreement may
2 provide for ~~the performance by~~ any of the contracting parties ~~of~~ **TO**
3 **PERFORM** the work contemplated by the contracts including services
4 and acquisition of rights of way, by purchase or condemnation ~~by~~
5 ~~any of the contracting parties~~ in its own name. The agreement may
6 provide for joint participation in the costs if appropriate.

7 (11) Interest earned on funds returned to a city or a village
8 for purposes provided in this section shall be credited to the
9 appropriate street fund.

10 (12) In addition to the financial compliance audits required
11 by law, the department ~~of treasury shall~~ **MAY** conduct performance
12 audits and make investigations of the disposition of all state
13 funds received by cities and villages for transportation purposes
14 to determine compliance with the terms and conditions of this act.
15 Performance audits shall be conducted according to government
16 auditing standards issued by the United States general accounting
17 office. **THE DEPARTMENT SHALL DEVELOP ALL PERFORMANCE AUDIT**
18 **PROCEDURES AND REPORTING REQUIREMENTS SUFFICIENT TO DETERMINE**
19 **WHETHER FUNDS EXPENDED UNDER THIS SECTION WERE EXPENDED IN**
20 **COMPLIANCE WITH THIS ACT BY SEPTEMBER 1, 2012 AND SHALL REPORT TO**
21 **THE TRANSPORTATION COMMITTEES OF THE SENATE AND HOUSE OF**
22 **REPRESENTATIVES NO LATER THAN OCTOBER 1, 2012 ON THE ADDITIONAL**
23 **AUDIT PROCEDURES AND REPORTING REQUIREMENTS. THE AUDIT PROCEDURES**
24 **SHALL INCLUDE A REVIEW OF THE ROAD FUND BALANCE OF THE CITY OR**
25 **VILLAGE. THE CITIES AND VILLAGES SHALL REPORT THEIR ROAD FUND**
26 **BALANCES BY FUND BALANCE COMPONENT. THE DEPARTMENT SHALL ASSIST**
27 **CITIES AND VILLAGES TO ENSURE THAT ROAD FUND BALANCES ARE**

1 CONSISTENTLY CLASSIFIED AND ARE IN COMPLIANCE WITH THE AUDIT AND
2 REPORTING REQUIREMENTS OF THIS SECTION. The department ~~of treasury~~
3 shall provide notice to cities and villages of the standards to be
4 used for audits under this subsection prior to the fiscal year in
5 which the audit is conducted. The department shall notify cities
6 and villages of any subsequent changes to the standards. Cities and
7 villages shall make available to the department ~~of treasury~~ the
8 pertinent records for the audit. **PERFORMANCE AUDITS MAY BE**
9 **PERFORMED AT THE DISCRETION OF THE DEPARTMENT OR UPON RECEIVING A**
10 **REQUEST FROM THE SPEAKER OF THE HOUSE OF REPRESENTATIVES OR THE**
11 **SENATE MAJORITY LEADER.**

12 (13) AS USED IN THIS SECTION:

13 (A) "ADMINISTRATIVE EXPENSES" MEANS EXPENSES THAT ARE NOT
14 ASSIGNED UNDER THIS SECTION, INCLUDING, BUT NOT LIMITED TO,
15 SPECIFIC ROAD CONSTRUCTION OR MAINTENANCE PROJECTS, AND ARE OFTEN
16 REFERRED TO AS GENERAL OR SUPPORTIVE SERVICES. ADMINISTRATIVE
17 EXPENSES DO NOT INCLUDE NET EQUIPMENT EXPENSE, NET CAPITAL OUTLAY,
18 DEBT SERVICE PRINCIPAL AND INTEREST, OR PAYMENTS TO OTHER STATE OR
19 LOCAL OFFICES THAT ARE ASSIGNED, BUT NOT LIMITED TO, SPECIFIC ROAD
20 CONSTRUCTION PROJECTS OR MAINTENANCE ACTIVITIES.

21 (B) "EQUIVALENT MAJOR MILEAGE" MEANS THE SUM OF 2 TIMES THE
22 STATE TRUNK LINE MILEAGE CERTIFIED BY THE DEPARTMENT AS OF MARCH 31
23 OF EACH YEAR, AS BEING WITHIN THE BOUNDARIES OF EACH CITY AND
24 VILLAGE HAVING A POPULATION OF 25,000 OR MORE, PLUS THE MAJOR
25 STREET MILEAGE IN EACH CITY AND VILLAGE, MULTIPLIED BY THE
26 FOLLOWING FACTOR:

27 (i) 1.0 FOR CITIES AND VILLAGES OF 2,000 OR LESS POPULATION.

(ii) 1.1 FOR CITIES AND VILLAGES FROM 2,001 TO 10,000
POPULATION.

(iii) 1.2 FOR CITIES AND VILLAGES FROM 10,001 TO 20,000
POPULATION.

(iv) 1.3 FOR CITIES AND VILLAGES FROM 20,001 TO 30,000
POPULATION.

(v) 1.4 FOR CITIES AND VILLAGES FROM 30,001 TO 40,000
POPULATION.

(vi) 1.5 FOR CITIES AND VILLAGES FROM 40,001 TO 50,000
POPULATION.

(vii) 1.6 FOR CITIES AND VILLAGES FROM 50,001 TO 65,000
POPULATION.

(viii) 1.7 FOR CITIES AND VILLAGES FROM 65,001 TO 80,000
POPULATION.

(ix) 1.8 FOR CITIES AND VILLAGES FROM 80,001 TO 95,000
POPULATION.

(x) 1.9 FOR CITIES AND VILLAGES FROM 95,001 TO 160,000
POPULATION.

(xi) 2.0 FOR CITIES AND VILLAGES FROM 160,001 TO 320,000
POPULATION.

(xii) FOR CITIES OVER 320,000 POPULATION, A FACTOR OF 2.1
INCREASED SUCCESSIVELY BY 0.1 FOR EACH 160,000 POPULATION INCREMENT
OVER 320,000.

(C) "POPULATION" MEANS THE POPULATION ACCORDING TO THE MOST
RECENT STATEWIDE FEDERAL CENSUS AS CERTIFIED AT THE BEGINNING OF
THE STATE FISCAL YEAR, EXCEPT THAT, IF A MUNICIPALITY HAS BEEN
NEWLY INCORPORATED SINCE COMPLETION OF THE CENSUS, THE POPULATION

1 OF THE MUNICIPALITY FOR PURPOSES OF THE DISTRIBUTION OF FUNDS
 2 BEFORE COMPLETION OF THE NEXT CENSUS SHALL BE THE POPULATION AS
 3 DETERMINED BY SPECIAL FEDERAL CENSUS, IF THERE IS A SPECIAL FEDERAL
 4 CENSUS, AND IF NOT, BY THE POPULATION AS DETERMINED BY THE OFFICIAL
 5 CENSUS IN CONNECTION WITH THE INCORPORATION, IF THERE IS SUCH A
 6 CENSUS AND, IF NOT, BY A SPECIAL STATE CENSUS TO BE TAKEN AT THE
 7 EXPENSE OF THE MUNICIPALITY BY THE SECRETARY OF STATE PURSUANT TO
 8 SECTION 6 OF THE HOME RULE CITY ACT, 1909 PA 279, MCL 117.6.

9 Sec. 20a. A board of county road commissioners in a county and
 10 the township board of a township ~~having~~ **WITH** a population of ~~not~~
 11 ~~less than 15,000 , as determined by the most recent statewide~~
 12 ~~federal census,~~ **OR MORE**, and which in the prior year and the
 13 contract year will have levied a property tax of not less than 1
 14 mill on each dollar of assessed valuation of the township for the
 15 improvement or preservation of county roads within the township,
 16 may exercise the provisions of this section only by entering into a
 17 written contract of not more than 1 year providing for the
 18 preservation by the township of all or any part of the county local
 19 road system within that township, subject to, ~~but not limited to,~~
 20 **AT A MINIMUM**, the following conditions:

21 (a) The contract shall specify the total amount of money that
 22 shall be annually expended by the contracting township for the
 23 preservation of **ALL OR PART OF** the local road system. ~~or part~~
 24 ~~thereof.~~ The contracting road commission may pay not more than 90%
 25 of the amount specified in the contract to the contracting township
 26 annually. The contracting road commission shall not pay more than
 27 66% of an amount equal to the average annual amount of funds

1 expended by the county road commission on the local road system
2 located within the contracting township for construction and
3 preservation purposes over the previous 5-year period from local
4 road funds received by the county under this act. ~~Any~~**THE**
5 **CONTRACTING TOWNSHIP SHALL MATCH ANY** funds expended by the
6 contracting road commission on the local road system located within
7 the contracting township in excess of 66%. ~~shall be matched by the~~
8 ~~contracting township.~~ The amount paid **TO** the contracting township
9 shall not directly or indirectly include money transferred from the
10 primary fund allocation to the county ~~as set forth in~~ **UNDER** section
11 12(8).

12 (b) The contracting township shall keep separate accounts and
13 accurate and uniform records on all road preservation work and
14 funds, and shall file with the state transportation commission and
15 the contracting county road commission on or before April 1 of each
16 year, on forms ~~to be~~ provided by the state transportation
17 commission, a report showing the disposition of funds received and
18 expended for road purposes.

19 (c) The contract shall require the contracting township to
20 provide insurance covering the contracting road commission's
21 liability for failure to preserve the local roads specified in the
22 contract.

23 (d) The contracting road commission shall determine and
24 specify the equipment and personnel necessary to provide the
25 preservation as set forth in the contract, and the contract shall
26 not take effect until the contracting township has acquired the
27 necessary equipment and personnel specified in the contract.

1 (e) As used in this section, +

2 ~~—— (i) "County road commission" means the board of county road~~
3 ~~commissioners elected or appointed pursuant to section 6 of chapter~~
4 ~~IV of 1909 PA 283, MCL 224.6, or, in the case of a charter county~~
5 ~~with a population of 750,000 or more with an elected county~~
6 ~~executive that does not have a board of county road commissioners,~~
7 ~~the county executive for ministerial functions and the county~~
8 ~~commission provided for in section 14(1)(d) of 1966 PA 293, MCL~~
9 ~~45.514, for legislative functions.~~

10 ~~—— (ii) "Preservation"~~ **"PRESERVATION"** means that term as defined
11 in section 10c unless the contracting parties specify a different
12 meaning in the contract.