

SUBSTITUTE FOR
SENATE BILL NO. 445

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 10b, 10c, 10d, 10e, 10h, 10l, and 10n (MCL 247.660b, 247.660c, 247.660d, 247.660e, 247.660h, 247.660l, and 247.660n), section 10b as amended by 1982 PA 438, section 10c as amended by 2010 PA 257, section 10e as amended by 2008 PA 487, section 10h as amended by 2002 PA 498, section 10l as amended by 1987 PA 234, and section 10n as amended by 2002 PA 329.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 10b. (1) A fund to be known as the comprehensive
2 transportation fund is established and shall be set up and
3 maintained in the state treasury as a separate fund. In addition to
4 the money distributed to the comprehensive transportation fund
5 pursuant to this act, the money authorized to be credited to the
6 comprehensive transportation fund pursuant to section 25 of the
7 general sales tax act ~~, Act No. 167 of the Public Acts of 1933, as~~
8 ~~amended, being section 205.75 of the Michigan Compiled Laws, 1933~~
9 **PA 167, MCL 205.75**, shall be deposited in the comprehensive
10 transportation fund and is appropriated to the ~~state transportation~~

1 department for the purposes described in section 10e.

2 (2) The comprehensive transportation fund shall be
3 administered by the ~~state transportation~~ department in accordance
4 with this act.

5 (3) The general functions of the ~~state transportation~~
6 department in the administration of funds for comprehensive
7 transportation services shall include the following:

8 (a) Establishing public transportation procedures and
9 administrative practices for which there is a clear requirement for
10 uniformity statewide.

11 (b) Planning and providing for the current and long-range
12 development of a system of public transportation in areas for which
13 an eligible authority or eligible governmental agency does not
14 exist.

15 (c) Investigating public transportation conditions and making
16 recommendations for improvement to the state transportation
17 commission for forwarding to the legislature.

18 (d) Encouraging, coordinating, and administering grants for
19 research and demonstration projects to develop the application of
20 new ideas and concepts in public transportation facilities and
21 services as applied to state as opposed to nationwide problems.

22 (e) Performing each function necessary to comply fully with
23 present or future federal transportation acts.

24 (f) ~~Administering~~ **EXCEPT AS PROVIDED IN SECTION 8 OF THE**
25 **REGIONAL TRANSIT AUTHORITY ACT, ADMINISTERING** and distributing
26 money from the comprehensive transportation fund and the proceeds
27 of notes and bonds sold for public transportation purposes. If

1 money is raised by an eligible authority or an eligible
2 governmental agency for a public transportation capital outlay
3 project funded pursuant to sections 3, 5, and 6 of the urban mass
4 transportation act of 1964, 49 ~~U.S.C.~~ **USC** 1602, 1604, and 1605, or
5 federal law codified in 23 ~~U.S.C.~~ **USC** 101 to 407, ~~the~~ **THIS** state
6 shall pay not less than 66-2/3% of the local match. ~~The~~ **THIS** state
7 shall not expend money as a local match or otherwise, and an
8 eligible authority or eligible governmental agency shall not expend
9 money distributed pursuant to this act, as a local match or
10 otherwise, for the preliminary or final construction engineering
11 plans or the construction of a subway system within the area of the
12 southeastern Michigan transportation authority until that
13 expenditure is approved by concurrent resolution of the
14 legislature. The concurrent resolution shall be approved on a
15 record roll call vote of each house. ~~The~~ **THIS** state shall not
16 expend money for the construction, operation, or maintenance of a
17 commuter boat service system within a county which is a member of
18 the southeastern Michigan transportation authority until approved
19 by concurrent resolution of the legislature. The concurrent
20 resolution shall be approved on a record roll call vote of each
21 house.

22 (g) Applying for, receiving, and accepting any grant, gift,
23 contribution, loan, or other assistance in the form of money,
24 property, labor, and any other form from a public or private
25 source, including assistance from an agency or instrumentality of
26 the United States and doing each thing as is necessary to apply
27 for, receive, and administer that assistance in accordance with the

1 laws of this state.

2 (h) Promulgating rules for the implementation and
3 administration of the comprehensive transportation fund, pursuant
4 to the administrative procedures act of 1969 , ~~Act No. 306 of the~~
5 ~~Public Acts of 1969, as amended, being sections 24.201 to 24.315 of~~
6 ~~the Michigan Compiled Laws.1969 PA 306, MCL 24.201 TO 24.328.~~

7 (i) Issuing bonds or notes for public transportation purposes
8 in accordance with this act.

9 (j) Making direct expenditures, loans, grants, or guaranteeing
10 lease costs to public and private corporations for public
11 transportation purposes using the comprehensive transportation fund
12 or using as appropriate, the proceeds of notes and bonds authorized
13 by section 18b.

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

15 (a) "Urban or rural area" means a contiguous developed area,
16 including the immediate surrounding area, where transportation
17 services should reasonably be provided presently or in the future;
18 the area within the jurisdiction of an eligible authority; or for
19 the purpose of receiving funds for public transportation, a
20 contiguous developed area having a population of less than 50,000
21 that has an urban public transportation program approved by the
22 state transportation department and for which the state
23 transportation commission determines that public transportation
24 services should reasonably be provided presently or in the future.

25 (b) "Eligible authority" means an authority organized under
26 the metropolitan transportation authorities act of 1967, 1967 PA
27 204, MCL 124.401 to 124.426.

1 (c) "Eligible governmental agency" means a county, city, or
2 village or an authority created under 1963 PA 55, MCL 124.351 to
3 124.359; the urban cooperation act of 1967, 1967 (Ex Sess) PA 7,
4 MCL 124.501 to 124.512; 1967 (Ex Sess) PA 8, MCL 124.531 to
5 124.536; 1951 PA 35, MCL 124.1 to 124.13; the public transportation
6 authority act, 1986 PA 196, MCL 124.451 to 124.479; or the revenue
7 bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140.

8 (d) "Transit vehicle" means a bus, rapid transit vehicle,
9 railroad car, street railway car, water vehicle, taxicab, or other
10 type of public transportation vehicle or individual unit, whether
11 operated singly or in a group ~~which~~ **THAT** provides public
12 transportation.

13 (e) "Transit vehicle mile" means a transit vehicle operated
14 for 1 mile in public transportation service including demand
15 actuated and line-haul vehicle miles.

16 (f) "Demand actuated vehicle" means a bus or smaller transit
17 vehicle operated for providing group rides to members of the
18 general public paying fares individually, and on demand rather than
19 in regularly scheduled route service.

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

22 (h) "Public transportation", "comprehensive transportation",
23 "public transportation service", "comprehensive transportation
24 service", "public transportation purpose", or "comprehensive
25 transportation purpose" means the movement of people and goods by
26 publicly or privately owned water vehicle, bus, railroad car,
27 street railway, aircraft, rapid transit vehicle, taxicab, or other

1 conveyance ~~which~~ **THAT** provides general or special service to the
2 public, but not including charter or sightseeing service or
3 transportation which is exclusively for school purposes. Public
4 transportation, public transportation services, or public
5 transportation purposes; and comprehensive transportation,
6 comprehensive transportation services, or comprehensive
7 transportation purposes as defined in this subdivision are declared
8 by law to be transportation purposes within the meaning of section
9 9 of article IX of the state constitution of 1963.

10 (i) "State transportation commission" **OR "COMMISSION"** means
11 the state transportation commission established in section 28 of
12 article V of the state constitution of 1963.

13 (j) "Governmental unit" means the state transportation
14 department, the state transportation commission, a county road
15 commission, a city, or a village.

16 (k) "Department" or "department of transportation" means the
17 state transportation department, the principal department of state
18 government created under section 350 of the executive organization
19 act of 1965, 1965 PA 380, MCL 16.450.

20 (l) "Preservation" means an activity undertaken to preserve the
21 integrity of the existing roadway system. Preservation does not
22 include new construction of highways, roads, streets, or bridges, a
23 project that increases the capacity of a highway facility to
24 accommodate that part of traffic having neither an origin nor
25 destination within the local area, widening of a lane width or
26 more, or adding turn lanes of more than 1/2 mile in length.
27 Preservation includes, but is not limited to, 1 or more of the

1 following:

2 (i) Maintenance.

3 (ii) Capital preventive treatments.

4 (iii) Safety projects.

5 (iv) Reconstruction.

6 (v) Resurfacing.

7 (vi) Restoration.

8 (vii) Rehabilitation.

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

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

11 (x) Modernizing intersections.

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

13 (xii) Installing traffic signs in new locations, installing
14 signal devices in new locations, and replacing existing signal
15 devices.

16 (m) "Maintenance" means routine maintenance or preventive
17 maintenance, or both. Maintenance does not include capital
18 preventive treatments, resurfacing, reconstruction, restoration,
19 rehabilitation, safety projects, widening of less than 1 lane
20 width, adding auxiliary turn lanes of 1/2 mile or less, adding
21 auxiliary weaving, climbing, or speed-change lanes, modernizing
22 intersections, or the upgrading of aggregate surface roads to hard
23 surface roads. Maintenance of state trunk line highways does not
24 include streetlighting except for freeway lighting for traffic
25 safety purposes.

26 (n) "Routine maintenance" means actions performed on a regular
27 or controllable basis or in response to uncontrollable events upon

1 a highway, road, street, or bridge. Routine maintenance includes,
2 but is not limited to, 1 or more of the following:

- 3 (i) Snow and ice removal.
- 4 (ii) Pothole patching.
- 5 (iii) Unplugging drain facilities.
- 6 (iv) Replacing damaged sign and pavement markings.
- 7 (v) Replacing damaged guardrails.
- 8 (vi) Repairing storm damage.
- 9 (vii) Repair or operation of traffic signs and signal systems.
- 10 (viii) Emergency environmental cleanup.
- 11 (ix) Emergency repairs.
- 12 (x) Emergency management of road closures that result from
13 uncontrollable events.
- 14 (xi) Cleaning streets and associated drainage.
- 15 (xii) Mowing roadside.
- 16 (xiii) Control of roadside brush and vegetation.
- 17 (xiv) Cleaning roadside.
- 18 (xv) Repairing lighting.
- 19 (xvi) Grading.

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

- 26 (i) Pavement crack sealing.
- 27 (ii) Micro surfacing.

- 1 (iii) Chip sealing.
- 2 (iv) Concrete joint resealing.
- 3 (v) Concrete joint repair.
- 4 (vi) Filling shallow pavement cracks.
- 5 (vii) Patching concrete.
- 6 (viii) Shoulder resurfacing.
- 7 (ix) Concrete diamond grinding.
- 8 (x) Dowel bar retrofit.
- 9 (xi) Bituminous overlays of 1-1/2 inches or less in thickness.
- 10 (xii) Restoration of drainage.
- 11 (xiii) Bridge crack sealing.
- 12 (xiv) Bridge joint repair.
- 13 (xv) Bridge seismic retrofit.
- 14 (xvi) Bridge scour countermeasures.
- 15 (xvii) Bridge painting.
- 16 (xviii) Pollution prevention.
- 17 (xix) New treatments as they may be developed.
- 18 (p) "County road commission" means the board of county road
- 19 commissioners elected or appointed pursuant to section 6 of chapter
- 20 IV of 1909 PA 283, MCL 224.6, or, in the case of a charter county
- 21 with a population of 750,000 or more with an elected county
- 22 executive that does not have a board of county road commissioners,
- 23 the county executive for ministerial functions and the county
- 24 commission provided for in section 14(1)(d) of 1966 PA 293, MCL
- 25 45.514, for legislative functions. **IN ADDITION, IF A BOARD OF**
- 26 **COUNTY ROAD COMMISSIONERS IS DISSOLVED AS PROVIDED IN SECTION 6 OF**
- 27 **CHAPTER IV OF 1909 PA 283, MCL 224.6, COUNTY ROAD COMMISSION**

1 INCLUDES THE COUNTY BOARD OF COMMISSIONERS OF THE COUNTY.

2 (q) "Capital preventive treatments" means any preventive
3 maintenance category project on state trunk line highways that
4 qualifies under the department's capital preventive maintenance
5 program.

6 (R) "PUBLIC TRANSIT REGION" MEANS THAT TERM AS DEFINED IN THE
7 REGIONAL TRANSIT AUTHORITY ACT.

8 (S) "REGIONAL TRANSIT AUTHORITY" MEANS AN AUTHORITY CREATED
9 UNDER THE REGIONAL TRANSIT AUTHORITY ACT.

10 Sec. 10d. The comprehensive transportation fund shall be
11 distributed to eligible authorities for public transportation
12 purposes, distributed to eligible governmental agencies which are
13 not within the jurisdiction of an eligible authority for public
14 transportation purposes, **DISTRIBUTED TO A REGIONAL TRANSIT**
15 **AUTHORITY, FOR PUBLIC TRANSPORTATION PURPOSES,** and expended by the
16 department of ~~transportation~~ for public transportation purposes. A
17 distribution to an eligible governmental agency located within the
18 jurisdiction of an eligible authority for public transportation
19 purposes may be made directly if the eligible governmental agency
20 was providing public transportation service on January 3, 1973.
21 Except for an eligible governmental agency which was providing
22 public transportation service on January 3, 1973, distribution for
23 public transportation purposes may be made directly to an eligible
24 governmental agency located within the jurisdiction of an eligible
25 governmental agency or eligible authority which is providing public
26 transportation service on the date of the creation of the
27 comprehensive transportation fund, only if approved by the eligible

1 governmental agency or eligible authority in which the eligible
2 governmental agency is located. Further, except for an eligible
3 governmental agency or eligible authority in whose jurisdiction is
4 located an eligible governmental agency ~~which~~**THAT** was providing
5 public transportation service on January 3, 1973, a distribution
6 may be made directly to an eligible governmental agency or eligible
7 authority in whose jurisdiction is located an eligible governmental
8 agency ~~which~~**THAT** is providing public transportation service on the
9 date of the creation of the comprehensive transportation fund, only
10 if approved by the eligible governmental agency located within the
11 eligible governmental agency or eligible authority. A county ~~which~~
12 **THAT** withdraws from an eligible authority shall not be considered
13 to be within the jurisdiction of the eligible authority.

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

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

24 (3) After making or setting aside payments required by
25 subsection (2), the second priority of the comprehensive
26 transportation fund is the payment of the department's cost in
27 administering the comprehensive transportation fund. The amount to

1 be expended pursuant to this subsection shall not exceed the costs
2 appropriated for the administration of the fund in the fiscal year
3 ending September 30, 1987, as adjusted annually on October 1, by
4 the change for the preceding 12 months in the Detroit consumer
5 price index for urban wage earners and shall be appropriated
6 annually by the legislature.

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

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

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

23 (ii) For the fiscal year ending September 30, 1998, and each
24 fiscal year thereafter, each eligible authority and eligible
25 governmental agency ~~which~~ **THAT** provides public transportation
26 services in urbanized areas with a Michigan population less than or
27 equal to 100,000 and nonurbanized areas under 49 USC 5311, shall

1 receive a grant of up to 60% of their eligible operating expenses
2 as defined by the ~~state transportation~~ department. For purposes of
3 receiving a grant under this subparagraph in nonurbanized areas,
4 eligible costs of services provided by water vehicle shall be
5 reimbursed at not less than 50% of the portion of the costs not
6 eligible for reimbursement by the federal government.

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

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

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

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

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

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

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

1 (c) For the fiscal year ending September 30, 1997, and each
2 fiscal year thereafter, funds remaining in the fund after payment
3 of the amounts required by subdivisions (a) and (b) shall be
4 distributed by the department for public transportation purposes.
5 For the fiscal year ending September 30, 1998, and each fiscal year
6 thereafter, funds shall be made available to match all projects for
7 eligible authorities and eligible governmental agencies that are
8 approved for federal funding as provided by federal law and for
9 which an approved transportation improvement program (TIP) and
10 state transportation improvement plan (STIP) exist. Funds
11 distributed under this subdivision shall be expended pursuant to
12 specific line item appropriation for, but are not limited to, the
13 following public transportation purposes:

14 (i) The specialized services assistance program. The
15 specialized services assistance program shall be funded with not
16 less than \$3,600,100.00 from funds distributed under this
17 subdivision. Funds shall be distributed according to guidelines
18 developed by the department based upon the following
19 considerations:

20 (A) Proposals for coordinated specialized services assistance
21 funding shall be developed jointly between existing eligible
22 authorities or eligible governmental agencies that provide public
23 transportation services and the area agencies on aging or any other
24 organization representing specialized services interests, as
25 defined in this subdivision. Plans shall be reviewed and approved
26 by the bureau of urban and public transportation of the department.
27 Upon approval, the department shall release the funds to the

1 eligible authority or eligible governmental agency which shall then
2 allocate the funds to the area agency on aging or any other
3 organization representing specialized services interests, as
4 defined in this subdivision for the purchase of services as
5 approved in the plan by the department.

6 (B) If an eligible authority or eligible governmental agency
7 does not exist to provide public transportation service in a
8 county, coordinated proposals for specialized services assistance
9 funding may be submitted by the area agency on aging or any other
10 organization representing specialized services interests, as
11 defined in this subdivision. The proposals shall be reviewed and
12 approved by the bureau of urban and public transportation of the
13 department. Upon approval, the department shall release the funds
14 to the area agency on aging or any other organization representing
15 specialized services interests, as defined in this subdivision for
16 the purchase of services as approved in the plan by the department.

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

20 (ii) Local bus capital. For the fiscal year ending September
21 30, 1998 and each fiscal year thereafter, not less than
22 \$8,000,000.00 will be distributed for either matching federal funds
23 for local bus capital or 100% capital projects for eligible
24 authorities and eligible governmental agencies that are not
25 eligible to receive federal capital formula funds under section
26 5307 of the federal intermodal surface transportation efficiency
27 act, Public Law 102-240, or any successor act.

1 (iii) Local bus new services.

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

4 (v) Public transportation development.

5 (vi) Other public transportation programs approved by the
6 commission.

7 (d) The unappropriated and unencumbered balance of the
8 comprehensive transportation fund lapses at the end of each fiscal
9 year and reverts to the comprehensive transportation fund for
10 appropriation in the following fiscal year.

11 (5) Eligible authorities and eligible governmental agencies
12 shall receive capital grants each fiscal year by the annual process
13 described in this section. Amounts received by an eligible
14 authority or eligible governmental agency pursuant to this
15 subsection shall be expended by that authority or agency solely for
16 capital projects ~~which~~ **THAT** have been approved by the state
17 transportation commission. Any funds approved by distribution to an
18 eligible authority or eligible governmental agency pursuant to this
19 section ~~which~~ **THAT** have not been encumbered by that agency or
20 authority for an approved capital project by the end of the
21 following fiscal year in which the funds were approved shall not be
22 expended by the authority or agency and be available for
23 distribution from the comprehensive transportation fund for the
24 purposes described in this section.

25 (6) The department, in carrying out the policy of the state
26 transportation commission, shall annually prepare and distribute by
27 December 1, instructions to eligible governmental agencies,

1 eligible authorities, and intercity carriers to enable the
2 preparation of a local transportation program. Eligible
3 governmental agencies, eligible authorities, and intercity carriers
4 shall give public notice of their intent to apply for money in the
5 comprehensive transportation fund to the residents of the counties,
6 townships, villages, and cities affected by the local
7 transportation program and shall make their application available
8 for a period of 30 days. All comments received by the eligible
9 governmental agency, eligible authority, or intercity carrier shall
10 be transmitted to the department.

11 (7) On or before March 1 of each year, each intercity carrier,
12 eligible authority, and eligible governmental agency shall submit
13 to the department its local transportation program for the next
14 succeeding fiscal year. The format for each local transportation
15 program shall be as prescribed by the federal transportation
16 improvement program insofar as practical and shall include project
17 descriptions, funding sources, and justification for each line
18 item, and summary budgets based on distributions anticipated under
19 subsection (4). The program shall contain at a minimum the
20 contemplated routes, hours of service, estimated transit vehicle
21 miles, costs of public transportation services, and projected
22 capital improvements or projects as exclusively determined by the
23 eligible authority or eligible governmental agency. The costs of
24 service and capital improvements or projects shall be in sufficient
25 detail to permit the ~~state transportation~~ department to evaluate
26 and approve the annual public transportation program. Determination
27 of individual projects to be included in the local transportation

1 programs other than those provided in this subsection shall be made
2 by the governing body of the eligible authority or eligible
3 governmental agency.

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

15 (9) On or before April 1 of each year, the department shall
16 prepare and file with the commission the proposed state
17 transportation program for the next succeeding fiscal year. The
18 proposed state transportation program shall contain the local
19 transportation programs of each intercity carrier, eligible
20 authority and eligible governmental agency, the department
21 transportation program, and the programs for the expenditure of the
22 state trunk line fund as they may have been supplemented, amended,
23 or modified since their original filing. The state transportation
24 program shall include the estimated amount of money in the funds
25 described in this subsection by revenue source, project
26 justifications, project descriptions funding sources, and budget
27 summaries.

1 (10) On or before May 1 of each year, the state transportation
2 commission shall act on the state transportation program for the
3 fiscal year commencing on the following October 1. In considering
4 approval of the proposed projects of each intercity carrier,
5 eligible authority, or eligible governmental agency, other than
6 projects ~~which~~ **THAT** are to be funded pursuant to subsection (5),
7 the state transportation commission shall consider whether the
8 projects comply with state law, are within funds allocated in this
9 section, whether they may be funded within the approved budgets,
10 whether there are intercity carriers, eligible authorities, and
11 eligible governmental agencies responsible to implement the
12 projects, and the recommendations of the department on individual
13 projects. Upon making those determinations, the state
14 transportation commission shall approve the projects which best
15 meet the criteria of this subsection.

16 (11) By October 1, the department and each intercity carrier,
17 eligible authority, or eligible governmental agency shall enter
18 into a contractual agreement or standardized grant memorandum of
19 agreement, which may cover 1 or more projects to be made from this
20 section in the applicable fiscal year to the intercity carrier,
21 eligible authority, or eligible governmental agency from the
22 comprehensive transportation fund.

23 (12) After a multiyear public transportation program is
24 approved by the state transportation commission, the ~~state~~
25 ~~transportation~~ department may enter into a grant-in-aid instrument
26 with an eligible authority, intercity carrier, or eligible
27 governmental agency obligating the state to a minimum level of

1 funding for approved projects to be available over the multiyear
2 period of the program. This obligation shall be binding upon the
3 ~~state transportation~~ department as long as the provisions and
4 conditions of the state transportation commission approved program
5 are carried out as agreed.

6 (13) Contracts and grant memorandum agreements may be audited
7 by the state transportation commission's office of commission
8 audits using rules promulgated by the United States general
9 accounting office and the terms and conditions of the respective
10 contracts and agreements. Third party agreements are subject to the
11 review and approval of the department.

12 (14) Funds distributed by the department may pay 100% of the
13 portion of the cost not eligible for reimbursement by the federal
14 government for eligible capital projects authorized by the state
15 transportation commission using comprehensive transportation funds
16 or the proceeds of notes and bonds issued under section 18b.
17 Priority for funding obligation shall be given to capital projects
18 for which federal funds have been authorized.

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

25 (a) Startup 100%.

26 (b) First year 90%.

27 (c) Second year 80%.

1 (d) Third year 70%.

2 (e) Fourth year and each year thereafter, as determined by and
3 from funds provided under subsection (4)(a). The balance of
4 eligible operating expenses shall be met from local revenue sources
5 including farebox. The department shall pay up to 100% of eligible
6 capital expenses during the startup and first 3 years of service,
7 after the third year, the department shall participate in eligible
8 capital expenses in the same percentage as for other eligible
9 authorities and eligible governmental agencies. For the purposes of
10 this subsection, eligible operating and capital expenses means
11 those expenses determined by the department as applicable to
12 existing eligible authorities and eligible governmental agencies.
13 The department shall prioritize annually all requests for
14 comprehensive transportation funds to institute new services under
15 this subsection. First priority shall be given to eligible
16 authorities and eligible governmental agencies who have not
17 completed their first 3 years of service by October 1, 1998. New
18 services initiated by eligible authorities and eligible
19 governmental agencies under this subsection shall meet all of the
20 requirements of section 10.

21 (16) The department shall pay up to 80% of the portion of the
22 cost not eligible for reimbursement by the federal government for
23 intercity passenger operating assistance projects authorized by the
24 commission for the first 2 years of new services. For the third
25 year, eligible costs shall be reimbursed at up to 60% of the
26 portion of the cost not eligible for reimbursement by the federal
27 government. After the third year, eligible costs shall be

1 reimbursed at up to 50% of the portion of the cost not eligible for
2 reimbursement by the federal government. Eligible costs of services
3 provided as of September 30, 1981, shall be reimbursed at up to 50%
4 of the portion of the cost not eligible for reimbursement by the
5 federal government. However, the amount of funds from the
6 comprehensive transportation fund when added to federal funds and
7 local funds shall not exceed the total operating assistance project
8 cost.

9 (17) A vehicle purchased, leased, or rented after November 15,
10 1976, by an eligible authority or eligible governmental agency with
11 funds made available under this act ~~, which funds were~~ **AND** not
12 already committed under a contract in existence on November 15,
13 1976, shall not be used to provide service on a fixed schedule and
14 fixed route for which a passenger fee is charged unless the vehicle
15 is accessible to a person using a wheelchair from a roadway level
16 or curb level, and has accommodations in which 1 or more
17 wheelchairs can be secured.

18 (18) A vehicle **USED TO PROVIDE DEMAND ACTUATED SERVICE** shall
19 not be purchased, leased, or rented by an eligible authority or
20 eligible governmental agency after October 1, 1978, with funds made
21 available under this act ~~which vehicle is used to provide demand~~
22 ~~actuated service~~ unless the eligible authority or eligible
23 governmental agency has submitted a plan to the ~~state~~
24 ~~transportation~~ department describing the service to be provided by
25 the demand actuated service to persons 65 years of age or older and
26 persons with disabilities within the applicable service area and
27 that plan has been approved by the department. The department shall

1 approve the plan as submitted or modified or shall reject the plan
2 within 60 days after the plan is submitted. A plan ~~which~~**THAT**
3 describes the service to be provided by the demand actuated service
4 shall not be approved by the department unless that plan provides
5 the following:

6 (a) That demand actuated service will be provided to persons
7 65 years of age or older and persons with disabilities residing in
8 the entire service area subject to the plan.

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

13 (c) That the average time period required for demand actuated
14 service to persons 65 years of age or older and persons with
15 disabilities from the initiation of a service request to arrival at
16 the destination is equal to the average time period required for
17 demand actuated service provided to all other persons in the
18 service area subject to the plan.

19 (d) That the eligible authority or eligible governmental
20 agency submitting the plan has established a local advisory council
21 with not less than 50% of its membership representing persons 65
22 years of age or older and persons with disabilities within the
23 service area subject to the plan and that the local advisory
24 council has had an opportunity to review and comment upon the plan
25 before its submission to the department. Each eligible authority or
26 eligible governmental agency jointly with the area agency on aging
27 shall approve at least 1 or the equivalent of 12% of the membership

1 of the local advisory council. Each advisory council comment shall
2 be included in the plan when submitted to the department.

3 (19) Notwithstanding subsection (18), a plan required by
4 subsection (18) ~~which~~ **THAT** is not approved or rejected by the ~~state~~
5 ~~transportation~~ department within 60 days after submission shall be
6 considered approved as submitted.

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

11 (21) After January 1, 1979, the department shall submit an
12 annual report to the legislature detailing the service provided in
13 the prior year for persons 65 years of age or older and persons
14 with disabilities by fixed route service and demand actuated
15 service. This report shall include a record of passenger usage and
16 shall be submitted by April 1 of each year.

17 (22) Notwithstanding any other provision of this section, for
18 each fiscal year that begins after September 30, 2009, the governor
19 and the state budget director shall include in the annual budget
20 submitted to the legislature for the ensuing fiscal period under
21 section 18 of article V of the state constitution of 1963 an
22 appropriation from a fund or funds other than the comprehensive
23 transportation fund to a street railway organized under the
24 nonprofit street railway act, 1867 PA 35, MCL 472.1 to 472.27, of a
25 sum equal to the difference between the annual operating expenses
26 of the street railway and revenue received by the street railway
27 during the same annual period, including, but not limited to, tax

1 increment revenues received by the street railway under section 23
 2 of the nonprofit street railway act, 1867 PA 35, MCL 472.23. The
 3 appropriation submitted in the budget under this section shall not
 4 exceed 8% of the total private investment in the street railway as
 5 determined by the department. A street railway is not an eligible
 6 authority or eligible governmental agency for purposes of
 7 subdivision (4)(a).

8 **(23) FOR EACH ELIGIBLE AUTHORITY AND EACH ELIGIBLE**
 9 **GOVERNMENTAL AGENCY WITHIN A PUBLIC TRANSIT REGION, A REGIONAL**
 10 **TRANSIT AUTHORITY SHALL APPLY FOR, RECEIVE, AND DISBURSE FUNDS**
 11 **UNDER SECTION 8 OF THE REGIONAL TRANSIT AUTHORITY ACT.**

12 Sec. 10h. (1) By May 1 of each year, the state transportation
 13 commission shall report to each member of the legislature, the
 14 governor, and the auditor general its recommendations for a
 15 transportation program ~~which~~**THAT** the state transportation
 16 commission acts on under section 10e(10). The report shall specify
 17 the following:

18 (a) The estimated amount of money in the comprehensive
 19 transportation fund to be distributed in the following fiscal year
 20 and the amount of money in the comprehensive transportation fund to
 21 be distributed to each eligible authority, each intercity carrier,
 22 each eligible governmental agency, and the ~~state transportation~~
 23 department; the estimated amount of money in the state trunk line
 24 fund to be distributed to the ~~state transportation~~ department for
 25 the preservation, as defined in section 10c, of state trunk line
 26 highways; and the estimated amount of money in the state trunk line
 27 fund to be distributed to the ~~state transportation~~ department for

1 all other purposes in the following fiscal year. The report shall
2 further subdivide the money to be distributed to each eligible
3 authority, each intercity carrier, each eligible governmental
4 agency, the ~~state transportation~~ department from the comprehensive
5 transportation fund, the ~~state transportation~~ department from the
6 state trunk line fund for the preservation of state trunk line
7 highways, and the ~~state transportation~~ department from the state
8 trunk line fund for all other purposes specifying how much of that
9 money is proposed to be expended for either capital acquisitions,
10 including demonstration projects, or for operating expenses,
11 including demonstration projects.

12 (b) An account of all expenditures of funds distributed from
13 the state trunk line fund and the comprehensive transportation fund
14 to the ~~state transportation~~ department, eligible authorities,
15 intercity carriers, and eligible governmental agencies, and the
16 progress made by the ~~state transportation~~ department, eligible
17 authorities, intercity carriers, and eligible governmental agencies
18 in carrying out the approved transportation programs in the
19 preceding fiscal year through the use of those funds. The progress
20 report shall be made based on information supplied to the ~~state~~
21 ~~transportation~~ department on forms authorized by the federal
22 department of transportation. For those eligible authorities,
23 intercity carriers, and eligible governmental agencies not
24 receiving federal funds pursuant to the urban mass transportation
25 act of 1964, Public Law 88-365, the progress report shall be made
26 upon forms supplied by the ~~state transportation~~ department. The
27 progress report shall also contain the whole amount of the expenses

1 of the ~~state transportation~~ department for the fiscal year.

2 (c) Each project certified to be eligible for a multiyear
3 funding commitment.

4 (d) The status of all multiyear funding commitments.

5 (e) An account of the ~~state transportation~~ department's
6 compliance in the preceding year with the requirements of section
7 11(2) and (3). The report shall also specify the justification for
8 a waiver of the requirement of section 11(3), if that requirement
9 was waived.

10 (2) The financial transactions and accounts related to
11 distributions made from the comprehensive transportation fund to an
12 eligible authority ~~created under the metropolitan transportation~~
13 ~~authorities act of 1967, 1967 PA 204, MCL 124.401 to 124.426,~~ shall
14 be audited pursuant to ~~that act~~ **THE METROPOLITAN TRANSPORTATION**
15 **AUTHORITIES ACT OF 1967, 1967 PA 204, MCL 124.401 TO 124.426, OR**
16 **THE REGIONAL TRANSIT AUTHORITY ACT, WHICHEVER APPLIES.** The cost of
17 the audit shall be paid by the eligible authority. The financial
18 transactions and accounts related to distributions made from the
19 fund to an eligible governmental agency, other than a county, shall
20 be audited in accordance with the uniform budgeting and accounting
21 act, 1968 PA 2, MCL 141.421 to 141.440a. The financial transactions
22 and accounts related to distributions made from the fund to a
23 county ~~which~~ **THAT** is an eligible governmental agency shall be
24 audited in accordance with 1919 PA 71, MCL 21.41 to 21.55. The
25 financial transactions and accounts relative to distributions made
26 to an intercity carrier shall be audited by an independent
27 certified public accountant in accordance with instructions

1 promulgated by the department of treasury. A copy of the complete
 2 audit report and management letter shall be submitted by the
 3 eligible authority, intercity carrier, or eligible governmental
 4 agency to the ~~state transportation~~ department. The department of
 5 treasury shall develop minimum audit standards and requirements.

6 (3) There is hereby established a task force composed of the
 7 Michigan public transit association, the Michigan motorbus
 8 association, the Michigan rail users and supporters association,
 9 the Michigan railroad association, a representative of a state-
 10 owned or leased short line railroad, and the office of auditor
 11 general or a certified public accountant appointed by the auditor
 12 general, to assist the department in the development of the
 13 progress report requirements outlined in subsection (1)(b).

14 Sec. 10/. (1) ~~For~~ **SUBJECT TO SUBSECTION (2) AND (3), FOR** each
 15 12-month period beginning October 1, 1987, and each 12-month period
 16 thereafter, \$2,000,000.00 shall be returned from the distribution
 17 under section 10e(4)(a) by each ~~multicounty~~ **ELIGIBLE** authority
 18 ~~created under the metropolitan transportation authorities act of~~
 19 ~~1967, Act No. 204 of the Public Acts of 1967, being sections~~
 20 ~~124.401 to 124.425 of the Michigan Compiled Laws, in terms of~~
 21 **ORGANIZED OR CONTINUED UNDER THE REGIONAL TRANSIT AUTHORITY ACT AS**
 22 a credit to those cities, villages, and townships within each
 23 ~~transportation district of the authority created under section 16a~~
 24 ~~of Act No. 204 of the Public Acts of 1967, being section 124.416a~~
 25 ~~of the Michigan Compiled Laws, which apply~~ **THAT RECEIVE CREDITS**
 26 **UNDER THIS SECTION OR THAT ARE ELIGIBLE TO RECEIVE CREDITS AS OF**
 27 **OCTOBER 1, 2001 IF THE CITY, VILLAGE, OR TOWNSHIP APPLIES** to the

1 authority for the credit in accordance with procedures and
2 standards established by the authority. ~~except as provided by~~
3 ~~subsections (2) and (3).~~ The return of money in terms of a credit
4 shall be based upon the population of each city, village, or
5 township within the authority.

6 (2) For each 12-month period described in subsection (1), a
7 city, village, or township described in subsection (1) may apply to
8 the authority to use its credit for public transportation purposes
9 within the authority's jurisdiction. However, the money returned ~~in~~
10 ~~terms of~~ **AS** a credit to any city, village, or township ~~which~~ **THAT**
11 provides public transportation service for that city, village, or
12 township shall be used exclusively toward reducing the operating
13 deficit of that service. ~~Moreover, any~~ **ANY** service provided by the
14 city, township, or village utilizing the credit received ~~pursuant~~
15 ~~to~~ **UNDER** this section shall be operated by the authority returning
16 the money in terms of a credit on a contractual basis with each
17 city, village, or township or with a combination of cities,
18 villages, and townships. If a city, township, or village has not
19 applied to the authority to utilize its credit pursuant to this
20 subsection by the last day of the 12-month period, that
21 municipality's share of the money credited pursuant to subsection
22 (1) shall be used by the authority for an expenditure within the
23 county within which the city, village, or township lies.

24 (3) A city, village, or township ~~which~~ **THAT** has applied for
25 and received approval from the authority for use of its credit
26 pursuant to subsection (2) shall have 1 year after the end of the
27 period in which the application was made to actually expend that

1 credit. A credit not actually expended by the city, village, or
2 township by the last day of the year after the end of the period in
3 which the application was made shall be used by the authority for
4 an expenditure within the county within which the city, village, or
5 township lies.

6 (4) Notwithstanding any other section of this or any other
7 act, each authority authorized by this section to return money in
8 terms of a credit shall have the final decision as to what
9 constitutes a proper expenditure, a public transportation service,
10 or a public transportation purpose under subsections (2) and (3).

11 (5) The expenditure of the amounts required to be expended
12 under subsections (2) and (3) shall not be conditioned on an
13 expenditure by a county in which the expenditure is required to be
14 expended.

15 (6) ~~The~~**AN** authority shall retain the ability to coordinate
16 services between contracting cities, villages, and townships or
17 groups of cities, villages, or townships.

18 (7) As used in this section, "operating deficit" means the
19 operating cost of a public transportation service less the revenues
20 generated by the service.

21 Sec. 10n. (1) Funds from the comprehensive transportation fund
22 may be distributed to a trustee, or to the Michigan municipal bond
23 authority as created under the shared credit rating act, 1985 PA
24 227, MCL 141.1051 to 141.1076, that is authorized to receive the
25 funds under a borrowing resolution adopted by an eligible
26 authority. The issuance of the notes of an eligible authority in
27 anticipation of payment of proceeds from the comprehensive

1 transportation fund shall be authorized by a borrowing resolution
2 of the eligible authority under the metropolitan transportation
3 authorities act of 1967, 1967 PA 204, MCL 124.401 to 124.426, **OR A**
4 **REGIONAL TRANSIT AUTHORITY UNDER THE REGIONAL TRANSIT AUTHORITY**
5 **ACT**. The issuance of the notes under this section is not subject to
6 the revised municipal finance act, 2001 PA 34, MCL 141.2101 to
7 141.2821, and shall be subject to the prior approval of the state
8 transportation commission. Failure of the commission to take action
9 within 35 days after receipt of notification from the eligible
10 authority of intent to issue the notes, constitutes approval by the
11 state transportation commission. The eligible authority may only
12 issue the notes in anticipation of funds to be received during its
13 current fiscal year at any time before the eligible authority's
14 receipt of the funds from the comprehensive transportation fund.
15 The principal amount of notes for which the funds to be received
16 from the comprehensive transportation fund are pledged shall not
17 exceed 85% of the amount remaining to be received by the eligible
18 authority from the comprehensive transportation fund in the current
19 fiscal year. The pledge of 100% of the funds the eligible authority
20 expects to receive from the comprehensive transportation fund shall
21 be secured by a direct transfer of the pledge funds from the
22 comprehensive transportation fund to the trustee or the Michigan
23 municipal bond authority that is authorized to receive the funds by
24 the borrowing resolution adopted by the eligible authority. The
25 notes of the eligible authority shall not be in any way a debt or a
26 liability of ~~the~~**THIS** state and shall not create or constitute any
27 indebtedness, liability, or obligations of ~~the~~**THIS** state or be or

1 constitute a pledge of the full faith and credit of ~~the~~**THIS** state.
2 Each note shall contain on its face a statement to the effect that
3 the eligible authority is obligated to pay the principal of and the
4 interest on the note only from funds of or due to the eligible
5 authority and that this state is not obligated to pay that
6 principal or interest and that neither the faith in credit nor the
7 taxing power of this state is pledged to the payment of the
8 principal of or the interest on the note. The notes shall mature
9 not more than 13 months from the date of issuance, shall bear
10 interest at a fixed or variable rate or rates of interest per
11 annum, and, in addition to other security required by this section,
12 may be secured by letter or line of credit issued by a financial
13 institution or as provided in the borrowing resolution.

14 (2) The issuance of notes under this section is subject to the
15 agency financing reporting act, **2002 PA 470, MCL 129.171 TO**
16 **129.177.**

17 Enacting section 1. This amendatory act does not take effect
18 unless Senate Bill No. 909 of the 96th Legislature is enacted into
19 law.