

SUBSTITUTE FOR
SENATE BILL NO. 149

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 section 10 (MCL 247.660), as amended by 2007 PA 210.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 10. (1) A fund to be known as the Michigan transportation
2 fund is established ~~and shall be set up and maintained~~ in the state
3 treasury as a separate fund. Money received and collected under the
4 motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170, except a
5 license fee provided in that act, and a tax, fee, license, and
6 other money received and collected under sections 801 to 810 of the
7 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, except
8 a truck safety fund fee ~~provided in~~ **UNDER** section 801(1)(k) of the
9 Michigan vehicle code, 1949 PA 300, MCL 257.801, ~~and~~ money received
10 under the motor carrier act, 1933 PA 254, MCL 475.1 to 479.43, **AND**
11 **MONEY RECEIVED AND COLLECTED UNDER SECTION 25(5) OF THE GENERAL**
12 **SALES TAX ACT, 1933 PA 167, MCL 205.75**, shall be deposited in the
13 state treasury to the credit of the Michigan transportation fund.
14 In addition, income or profit derived from the investment of money
15 in the Michigan transportation fund shall be deposited in the

1 Michigan transportation fund. Except as provided in this act, no
2 other money, whether appropriated from the general fund of this
3 state or any other source, shall be deposited in the Michigan
4 transportation fund. Except as otherwise provided in this section,
5 the legislature shall appropriate ~~funds~~ **MONEY** for the necessary
6 expenses incurred in the administration and enforcement of the
7 motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170, **AND** the
8 motor carrier act, 1933 PA 254, MCL 475.1 to 479.43, and sections
9 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL 257.801
10 to 257.810. Funds appropriated for necessary expenses shall be
11 based upon established cost allocation methodology that reflects
12 actual costs. Appropriations for the necessary expenses incurred by
13 the department of state in administration and enforcement of
14 sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL
15 257.801 to 257.810, shall be made from the Michigan transportation
16 fund and from funds in the transportation administration collection
17 fund created in section 810b of the Michigan vehicle code, 1949 PA
18 300, MCL 257.810b. Appropriations from the Michigan transportation
19 fund for the necessary expenses incurred by department of state in
20 administration and enforcement of sections 801 to 810 of the
21 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, shall
22 not exceed \$20,000,000.00 per state fiscal year. ~~except for the~~
23 ~~fiscal year ending September 30, 2006. For the fiscal year ending~~
24 ~~September 30, 2006, the legislature may appropriate funds in excess~~
25 ~~of \$20,000,000.00 from the Michigan transportation fund for all~~
26 ~~incremental additional expenses incurred by the department of state~~
27 ~~in enforcing sections 801 to 810 of the Michigan vehicle code, 1949~~

~~PA 300, MCL 257.801 to 257.810, that arise because of the~~
~~replacement of standard design registration license plates as~~
~~provided in section 224 of the Michigan vehicle code, 1949 PA 300,~~
~~MCL 257.224.~~ FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2015, THE
 DEPARTMENT OF STATE SHALL RECEIVE AN APPROPRIATION OF
 \$20,000,000.00 FROM THE MICHIGAN TRANSPORTATION FUND FOR THE
 NECESSARY EXPENSES INCURRED BY THE DEPARTMENT OF STATE IN THE
 ADMINISTRATION AND ENFORCEMENT OF SECTIONS 801 TO 810 OF THE
 MICHIGAN VEHICLE CODE, 1949 PA 300, MCL 257.801 TO 257.810. FOR THE
 FISCAL YEAR ENDING SEPTEMBER 30, 2016, THE APPROPRIATIONS FOR
 NECESSARY EXPENSES MADE TO THE DEPARTMENT OF STATE FROM THE
 MICHIGAN TRANSPORTATION FUND SHALL ONLY BE MADE BETWEEN OCTOBER 1,
 2015 AND DECEMBER 31, 2015. BEGINNING JANUARY 1, 2016, NO FURTHER
 APPROPRIATIONS FOR NECESSARY EXPENSES INCURRED BY THE DEPARTMENT OF
 STATE SHALL BE MADE FROM THE MICHIGAN TRANSPORTATION FUND UNDER
 THIS SECTION. All money in the Michigan transportation fund is
 apportioned and appropriated in the following manner:

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

(b) Not less than \$3,000,000.00 each year to the local bridge
 fund established in subsection ~~(5)~~ (4) for the purpose of payment
 of the principal, interest, and redemption premium on any notes or
 bonds issued by the state transportation commission under former
 section 11b or subsection ~~(10)~~ (9).

(c) Revenue from 3 cents of the tax levied under section
 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, to

1 the state trunk line fund, county road commissions, and cities and
2 villages in the percentages provided in subdivision ~~(i)~~. **(J)**.

3 ~~(d) Until September 30, 2004, all of the revenue from 1 cent~~
4 ~~of the tax levied under section 8(1)(a) of the motor fuel tax act,~~
5 ~~2000 PA 403, MCL 207.1008, to the state trunk line fund for repair~~
6 ~~of state bridges under section 11. Beginning October 1, 2004 and~~
7 ~~continuing through September 30, 2005, 3/4 of the revenue from 1~~
8 ~~cent of the tax levied under section 8(1)(a) of the motor fuel tax~~
9 ~~act, 2000 PA 403, MCL 207.1008, shall be appropriated to the state~~
10 ~~trunk line fund for the repair of state bridges under section 11,~~
11 ~~and 1/4 of the revenue from 1 cent of the tax levied under section~~
12 ~~8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, shall~~
13 ~~be appropriated to the local bridge fund created in subsection (5)~~
14 ~~for distribution only to cities, villages, and county road~~
15 ~~commissions. Beginning October 1, 2005, 1/2 of the revenue from 1~~
16 ~~cent of the tax levied under section 8(1)(a) of the motor fuel tax~~
17 ~~act, 2000 PA 403, MCL 207.1008, shall be appropriated to the state~~
18 ~~trunk line fund for the repair of state bridges under section 11,~~
19 ~~and 1/2 of the revenue from 1 cent of the tax levied under section~~
20 ~~8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, shall~~
21 ~~be appropriated to the local bridge fund created in subsection (5)~~
22 **(4)** for distribution only to cities, villages, and county road
23 commissions.

24 (e) \$43,000,000.00 to the state trunk line fund for debt
25 service costs on state of Michigan projects.

26 (f) ~~Except as provided in subsection (4),~~ 10% to the
27 comprehensive transportation fund for the purposes described in

1 section 10e.

2 (g) \$5,000,000.00 to the local bridge fund established in
3 subsection ~~(5)~~ **(4)** for distribution only to the local bridge
4 advisory board, the regional bridge councils, cities, villages, and
5 county road commissions.

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

16 (i) Not less than \$33,000,000.00 as may be annually
17 appropriated each fiscal year to the local program fund created in
18 section 11e.

19 (j) The balance of the Michigan transportation fund as
20 follows, after deduction of the amounts appropriated in
21 subdivisions (a) through (i): ~~and section 11b.~~

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

24 (ii) 39.1% to the county road commissions of ~~the~~ **THIS** state.

25 (iii) 21.8% to the cities and villages of ~~the~~ **THIS** state.

26 (2) The money appropriated pursuant to this section shall be
27 used for the purposes as provided in this act and any other

1 applicable act. Subject to ~~the requirements of~~ section 9b, the
 2 department shall develop programs in conjunction with the Michigan
 3 state chamber of commerce and the Michigan minority business
 4 development council to assist small businesses, including those
 5 located in enterprise zones and those located in empowerment zones
 6 as determined under federal law, as defined by law in becoming
 7 qualified to bid.

8 (3) Thirty-one and one-half percent of the funds appropriated
 9 to this state from the federal government pursuant to ~~23 USC 157,~~
 10 ~~commonly~~ **THE MOVING AHEAD FOR PROGRESS IN THE 21ST CENTURY ACT,**
 11 **PUBLIC LAW 112-141, FORMERLY** known as minimum guarantee funds,
 12 shall be allocated to the transportation economic development fund,
 13 if such an allocation is consistent with federal law. ~~These funds~~
 14 **THIS MONEY** shall be distributed ~~16 1/2%~~ **16.5%** for development
 15 projects for rural counties as defined by law and 15% for capacity
 16 improvement or advanced traffic management systems in urban
 17 counties as defined by law. Federal ~~funds~~ **MONEY** allocated for
 18 distribution under this section shall be eligible for obligation
 19 and use by all recipients as defined by the transportation equity
 20 act for the 21st century, Public Law 105-178.

21 ~~—— (4) For the fiscal year beginning October 1, 2003 only, the~~
 22 ~~apportionment of 10% of Michigan transportation fund money to the~~
 23 ~~comprehensive transportation fund as provided in subsection (1)(f)~~
 24 ~~shall be reduced by \$10,000,000.00 and the \$10,000,000.00 shall be~~
 25 ~~transferred to the state trunk line fund for capacity improvements~~
 26 ~~to state trunk line highways.~~

27 (4) ~~(5)~~ A fund to be known as the local bridge fund is

1 established and is set up and maintained in the state treasury as a
2 separate fund. The money appropriated to the local bridge fund and
3 the interest accruing to that fund shall be expended for the local
4 bridge program. The purpose of the fund is to provide financial
5 assistance to highway authorities for the preservation,
6 improvement, or reconstruction of existing bridges or for the
7 construction of bridges to replace existing bridges in whole or
8 part. The money in the local bridge fund is not subject to section
9 12(15) or 13(5). The local bridge advisory board is created and
10 shall consist of 6 voting members appointed by the state
11 transportation commission and 2 nonvoting members appointed by the
12 ~~state transportation department~~. The board shall include 3 members
13 from the county road association of Michigan, 1 member who
14 represents counties with populations 65,000 or greater, 1 member
15 who represents counties with populations greater than 30,000 and
16 less than 65,000, and 1 member who represents counties with
17 populations of 30,000 or less. Three members shall be appointed
18 from the Michigan municipal league, 1 member who represents cities
19 with a population 75,000 or greater, 1 member who represents cities
20 with a population less than 75,000, and 1 member who represents
21 villages. Each organization with voting rights shall submit a list
22 of nominees in each population category to the state transportation
23 commission. The state transportation commission shall make the
24 appointments from the lists submitted under this subsection. ~~Names~~
25 ~~shall be submitted within 45 days after October 1, 2004. The state~~
26 ~~transportation commission shall make the appointments by January~~
27 ~~30, 2005.~~ Voting members shall be appointed for 2 years. The

1 chairperson of the board shall be selected from among the voting
 2 members of the board. In addition to the 2 nonvoting members, the
 3 department shall provide qualified administrative staff and
 4 qualified technical assistance to the board.

5 (5) ~~(6) Beginning October 1, 2005, no~~ **NO** less than 5% and no
 6 more than 15% of the ~~funds~~ **MONEY** received in the local bridge fund
 7 may be used for critical repair of large bridges and emergencies as
 8 determined by the local bridge advisory board. ~~Beginning October 1,~~
 9 ~~2005, funds~~ **MONEY** remaining after the ~~funds~~ **MONEY** allocated for
 10 critical large bridge repair and emergencies ~~are~~ **IS** deducted shall
 11 be distributed by the board to the regional bridge councils created
 12 under this section. One regional council shall be formed for each
 13 department of transportation region as those regions exist on
 14 October 1, 2004. The regional councils shall consist of 2 members
 15 of the county road association of Michigan from counties in the
 16 region, 2 members of the Michigan municipal league from cities and
 17 villages in the region, and 1 member of the ~~state transportation~~
 18 department in each region. The members of the ~~state transportation~~
 19 department shall be nonvoting members who shall provide qualified
 20 administrative staff and qualified technical assistance to the
 21 regional councils.

22 (6) ~~(7) Beginning October 1, 2005, funds~~ **MONEY** in the local
 23 bridge fund after deduction of the amounts set aside for critical
 24 repair of large bridges and emergency repairs shall be distributed
 25 among the regional bridge councils according to all of the
 26 following ratios, which shall be assigned a weight expressed as a
 27 percentage as determined by the board, with each ratio receiving no

1 greater than a 50% weight and no less than a 25% weight:

2 (a) A ratio with a numerator that is the total number of local
3 bridges in the region and a denominator that is the total number of
4 local bridges in this state.

5 (b) A ratio with a numerator that is the total local bridge
6 deck area in the region and a denominator that is the total local
7 bridge deck area in this state.

8 (c) A ratio with a numerator that is the total amount of
9 structurally deficient local bridge deck area in the region and a
10 denominator that is the total amount of structurally deficient
11 local bridge deck area in this state.

12 (7) ~~(8) Beginning October 1, 2005, the~~ **THE** regional bridge
13 councils shall allocate the funds received from the board for the
14 preservation, improvement, and reconstruction of existing bridges
15 or for the construction of bridges to replace existing bridges in
16 whole or in part in each region.

17 (8) ~~(9) Beginning~~ **IN** January 1, 2007 and ~~OF~~ each January after
18 2007, **YEAR**, the department shall submit a report to the chair and
19 the minority vice-chair of the appropriations committees of the
20 senate and the house of representatives, and to the standing
21 committees on transportation of the senate and the house of
22 representatives, on all of the following activities for the
23 previous state fiscal year:

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

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

1 (c) The actual weights used in the calculation required under
2 subsection ~~(7)~~-(6) .

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

4 (e) A listing of what specific projects were funded pursuant
5 to subsection ~~(8)~~-(7) .

6 (9) ~~(10)~~—The state transportation commission shall borrow
7 money and issue notes or bonds in an amount of not less than
8 \$30,000,000.00 to supplement the funding provided for the local
9 bridge program under subsection ~~(6)~~—(5) . The bonds or notes issued
10 pursuant to this subsection may be issued by the commission for any
11 purpose for which other local bridge funds may be used under this
12 section. The bonds or notes authorized by this subsection shall be
13 issued by resolution of the state transportation commission
14 consistent with the requirements of section 18b.

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

26 (11) ~~(12)~~ ~~Beginning October 1, 2004, the~~ **THE** revenue
27 appropriated to the local bridge fund pursuant to subsection (1)(d)

1 shall be distributed only to the local bridge advisory board, the
 2 regional bridge councils, cities, villages, and county road
 3 commissions.

4 (12) ~~(13) Beginning October 1, 2008, the~~ **THE** regional bridge
 5 councils shall determine what bridge projects are selected for
 6 funding from the local bridge fund created in subsection ~~(5)~~ **(4)**
 7 and shall make a list of selected projects available to interested
 8 parties in the region. A determination that a bridge project is
 9 selected for funding in a given fiscal year is not approval to
 10 disburse the ~~funds~~ **MONEY**.

11 (13) ~~(14) Beginning October 1, 2008, a~~ **A** county road
 12 commission, city, or village may implement a bridge project if the
 13 bridge project has been selected for funding and is included in the
 14 appropriate regional bridge council's current multiyear bridge plan
 15 for the local bridge program but the regional bridge council has
 16 not allocated ~~funds~~ **MONEY** to the bridge project for the fiscal year
 17 that the bridge project is on the current multiyear bridge plan. A
 18 county road commission, city, or village may borrow ~~funds~~ **MONEY** to
 19 implement a project that has been selected for funding and is
 20 included in the appropriate regional bridge council's current
 21 multiyear bridge plan but has not been allocated ~~funds~~ **MONEY** by the
 22 regional bridge council. Based on available local bridge ~~funds~~,
 23 **MONEY**, when a bridge project that was implemented with borrowed
 24 ~~funds~~ **MONEY** is allocated ~~funding~~ **MONEY** in a subsequent fiscal year,
 25 the ~~funding~~ **MONEY** shall only be used to repay the amount approved
 26 by the multiyear bridge plan when the ~~funds were~~ **MONEY WAS**
 27 borrowed. To be eligible for repayment of the amount borrowed, a

1 bridge project that has been implemented with borrowed ~~funds~~ **MONEY**
2 shall be administered through the department's local bridge
3 program.

4 Enacting section 1. This amendatory act does not take effect
5 unless all of the following bills of the 97th Legislature are
6 enacted into law:

7 (a) Senate Bill No. 6.

8 (b) House Bill No. 4630.