

# HOUSE BILL No. 4579

April 17, 2013, Introduced by Rep. Shirkey and referred to the Committee on Natural Resources.

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 section 801(1)(k) of the~~  
9 ~~Michigan vehicle code, 1949 PA 300, MCL 257.801, and~~ **AS OTHERWISE**  
10 **PROVIDED IN THOSE SECTIONS;** money ~~received~~ **COLLECTED** under the  
11 motor carrier act, 1933 PA 254, MCL 475.1 to 479.43, **EXCEPT AS**  
12 **OTHERWISE PROVIDED UNDER THAT ACT; AND MONEY DEPOSITED PURSUANT TO**  
13 **SECTION 1904 OF THE NATIONAL RESOURCES AND ENVIRONMENTAL PROTECTION**  
14 **ACT, 1994 PA 451, MCL 324.1904,** shall be deposited in the state

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

1 ~~of \$20,000,000.00 from the Michigan transportation fund for all~~  
2 ~~incremental additional expenses incurred by the department of state~~  
3 ~~in enforcing sections 801 to 810 of the Michigan vehicle code, 1949~~  
4 ~~PA 300, MCL 257.801 to 257.810, that arise because of the~~  
5 ~~replacement of standard design registration license plates as~~  
6 ~~provided in section 224 of the Michigan vehicle code, 1949 PA 300,~~  
7 ~~MCL 257.224.~~ All money in the Michigan transportation fund is  
8 apportioned and appropriated in the following manner:

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

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

17 (c) Revenue from 3 cents of the tax levied under section  
18 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, to  
19 the state trunk line fund, county road commissions, and cities and  
20 villages in the percentages provided in subdivision ~~(i)~~ **(J)**.

21 ~~(d) Until September 30, 2004, all of the revenue from 1 cent~~  
22 ~~of the tax levied under section 8(1)(a) of the motor fuel tax act,~~  
23 ~~2000 PA 403, MCL 207.1008, to the state trunk line fund for repair~~  
24 ~~of state bridges under section 11. Beginning October 1, 2004 and~~  
25 ~~continuing through September 30, 2005, 3/4 of the revenue from 1~~  
26 ~~cent of the tax levied under section 8(1)(a) of the motor fuel tax~~  
27 ~~act, 2000 PA 403, MCL 207.1008, shall be appropriated to the state~~

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

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

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

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

(h) \$36,775,000.00 to the state trunk line fund for subsequent deposit in the transportation economic development fund, ~~and, as of September 30, 1997,~~ with first priority for allocation to debt service on bonds issued to fund transportation economic development

1 fund projects. In addition, beginning October 1, 1997,  
2 \$3,500,000.00 is appropriated from the Michigan transportation fund  
3 to the state trunk line fund for subsequent deposit in the  
4 transportation economic development fund to be used for economic  
5 development road projects in any of the targeted industries  
6 described in section 9(1)(a) of 1987 PA 231, MCL 247.909.

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

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

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

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

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

17 (2) The money appropriated pursuant to this section shall be  
18 used for the purposes as provided in this act and any other  
19 applicable act. Subject to the requirements of section 9b, the  
20 department shall develop programs in conjunction with the Michigan  
21 state chamber of commerce and the Michigan minority business  
22 development council to assist small businesses, including those  
23 located in enterprise zones and those located in empowerment zones  
24 as determined under federal law, as defined by law in becoming  
25 qualified to bid.

26 (3) Thirty-one and one-half percent of the funds appropriated  
27 to this state from the federal government pursuant to 23 USC ~~157,~~

1 105, commonly known as minimum guarantee funds, shall be allocated  
2 to the transportation economic development fund, if such an  
3 allocation is consistent with federal law. These funds shall be  
4 distributed 16-1/2% for development projects for rural counties as  
5 defined by law and 15% for capacity improvement or advanced traffic  
6 management systems in urban counties as defined by law. Federal  
7 funds allocated for distribution under this section ~~shall be~~ **ARE**  
8 eligible for obligation and use by all recipients as defined by the  
9 ~~transportation equity act for the 21st century,~~ **MOVING AHEAD FOR**  
10 **PROGRESS IN THE 21ST CENTURY ACT**, Public Law ~~105-178.~~ **112-141.**

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

17 (4) ~~(5)~~ A fund to be known as the local bridge fund is  
18 established ~~and is set up and maintained in~~ the state treasury as a  
19 separate fund. The money appropriated to the local bridge fund and  
20 the interest accruing to that fund shall be expended for the local  
21 bridge program. The purpose of the fund is to provide financial  
22 assistance to highway authorities for the preservation,  
23 improvement, or reconstruction of existing bridges or for the  
24 construction of bridges to replace existing bridges in whole or  
25 part. The money in the local bridge fund is not subject to section  
26 12(15) or 13(5). The local bridge advisory board is created and  
27 shall consist of 6 voting members appointed by the state

1 transportation commission and 2 nonvoting members appointed by the  
2 state transportation department. The board shall include 3 members  
3 from the county road association of Michigan, 1 member who  
4 represents counties with populations 65,000 or greater, 1 member  
5 who represents counties with populations greater than 30,000 and  
6 less than 65,000, and 1 member who represents counties with  
7 populations of 30,000 or less. Three members shall be appointed  
8 from the Michigan municipal league, 1 member who represents cities  
9 with a population 75,000 or greater, 1 member who represents cities  
10 with a population less than 75,000, and 1 member who represents  
11 villages. Each organization with voting rights shall submit a list  
12 of nominees in each population category to the state transportation  
13 commission. The state transportation commission shall make the  
14 appointments from the lists submitted under this subsection. Names  
15 shall be submitted within 45 days after October 1, 2004. The state  
16 transportation commission shall make the appointments by January  
17 30, 2005. Voting members shall be appointed for 2 years. The  
18 chairperson of the board shall be selected from among the voting  
19 members of the board. In addition to the 2 nonvoting members, the  
20 department shall provide qualified administrative staff and  
21 qualified technical assistance to the board.

22 (5) ~~(6) Beginning October 1, 2005, no~~ **NOT** less than 5% and ~~no~~  
23 **NOT** more than 15% of the funds received in the local bridge fund  
24 may be used for critical repair of large bridges and emergencies as  
25 determined by the local bridge advisory board. ~~Beginning October 1,~~  
26 ~~2005, funds~~ **FUNDS** remaining after the funds allocated for critical  
27 large bridge repair and emergencies are deducted shall be



distributed by the board to the regional bridge councils created under this section. One regional council shall be formed for each department of transportation region as those regions exist on October 1, 2004. The regional councils shall consist of 2 members of the county road association of Michigan from counties in the region, 2 members of the Michigan municipal league from cities and villages in the region, and 1 member of the ~~state transportation~~ department in each region. The members of the ~~state transportation~~ department shall be nonvoting members who shall provide qualified administrative staff and qualified technical assistance to the regional councils.

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

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

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

(c) A ratio with a numerator that is the total amount of structurally deficient local bridge deck area in the region and a denominator that is the total amount of structurally deficient

1 local bridge deck area in this state.

2 (7) ~~(8) Beginning October 1, 2005, the~~ **THE** regional bridge  
3 councils shall allocate the funds received from the board for the  
4 preservation, improvement, and reconstruction of existing bridges  
5 or for the construction of bridges to replace existing bridges in  
6 whole or in part in each region.

7 (8) ~~(9) Beginning January 1, 2007 and each January after 2007,~~  
8 **EACH JANUARY**, the department shall submit a report to the chair and  
9 the minority vice-chair of the appropriations committees of the  
10 senate and the house of representatives, and to the standing  
11 committees on transportation of the senate and the house of  
12 representatives, on all of the following activities for the  
13 previous state fiscal year:

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

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

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

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

21 (e) A listing of ~~what~~ **THE** specific projects ~~were~~ funded  
22 pursuant to subsection ~~(8)~~-(7).

23 (9) ~~(10)~~ The state transportation commission shall borrow  
24 money and issue notes or bonds in an amount of not less than  
25 \$30,000,000.00 to supplement the funding provided for the local  
26 bridge program under subsection ~~(6)~~-(5). The bonds or notes issued  
27 pursuant to this subsection may be issued by the commission for any

1 purpose for which other local bridge funds may be used under this  
2 section. The bonds or notes authorized by this subsection shall be  
3 issued by resolution of the state transportation commission  
4 consistent with the requirements of section 18b.

5 (10) ~~(11) The state transportation department shall promulgate~~  
6 rules pursuant to the administrative procedures act of 1969, 1969  
7 PA 306, MCL 24.201 to 24.328, governing the administration of the  
8 local bridge program. The rules shall set forth the eligibility  
9 criteria for financial assistance under the program and other  
10 matters related to the program that the department considers  
11 necessary and desirable. The department shall take into  
12 consideration the availability of federal aid and other financial  
13 resources of the highway authority responsible for the bridge, the  
14 importance of the bridge to the highway, road, or street network,  
15 and the condition of the existing bridge.

16 (11) ~~(12) Beginning October 1, 2004, the~~ **THE** revenue  
17 appropriated to the local bridge fund pursuant to subsection (1) (d)  
18 shall be distributed only to the local bridge advisory board, the  
19 regional bridge councils, cities, villages, and county road  
20 commissions.

21 (12) ~~(13) Beginning October 1, 2008, the~~ **THE** regional bridge  
22 councils shall determine what bridge projects are selected for  
23 funding from the local bridge fund created in subsection ~~(5)~~ **(4)**  
24 and shall make a list of selected projects available to interested  
25 parties in the region. A determination that a bridge project is  
26 selected for funding in a given fiscal year is not approval to  
27 disburse the funds.

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