

# HOUSE BILL No. 5934

November 12, 2014, Introduced by Rep. Shirkey and referred to the Committee on Transportation and Infrastructure.

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 money received  
 10 under the motor carrier act, 1933 PA 254, MCL 475.1 to 479.43,  
 11 shall be deposited in the state treasury to the credit of the  
 12 Michigan transportation fund. In addition, income or profit derived  
 13 from the investment of money in the Michigan transportation fund  
 14 shall be deposited in the Michigan transportation fund. Except as  
 15 provided in this act, no other money, whether appropriated from the  
 16 general fund of this state or any other source, shall be deposited

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

~~provided in section 224 of the Michigan vehicle code, 1949 PA 300, MCL 257.224.~~ 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 the state trunk line fund, county road commissions, and cities and villages in the percentages provided in subdivision ~~(i)~~ **(K)**.

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

1 ~~commissions. Beginning October 1, 2005, 1/2~~ **ONE HALF** of the revenue  
2 from 1 cent of the tax levied under section 8(1)(a) of the motor  
3 fuel tax act, 2000 PA 403, MCL 207.1008, shall be appropriated to  
4 the state trunk line fund for the repair of state bridges under  
5 section 11, and 1/2 of the revenue from 1 cent of the tax levied  
6 under section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL  
7 207.1008, shall be appropriated to the local bridge fund created in  
8 subsection ~~(5)~~ **(4)** for distribution only to cities, villages, and  
9 county road commissions.

10 **(E) ALL REVENUE FROM THE TAX LEVIED ON ALTERNATIVE FUEL UNDER**  
11 **SECTIONS 152 AND 154 OF THE MOTOR FUEL TAX ACT, 2000 PA 403, MCL**  
12 **247.1152 AND 247.1154, TO THE STATE TRUNK LINE FUND, COUNTY ROAD**  
13 **COMMISSIONS, AND CITIES AND VILLAGES IN THE PERCENTAGES PROVIDED IN**  
14 **SUBDIVISION (K).**

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

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

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

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

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

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

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

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

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

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

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

(3) Thirty-one and one-half percent of the ~~funds~~ **MONEY**  
 appropriated to this state from the federal government ~~pursuant to~~

1 **UNDER** 23 USC 157, commonly known as minimum guarantee funds, shall  
2 be allocated to the transportation economic development fund, if  
3 such an allocation is consistent with federal law. ~~These funds~~ **THIS**  
4 **MONEY** shall be distributed 16-1/2% for development projects for  
5 rural counties as defined by law and 15% for capacity improvement  
6 or advanced traffic management systems in urban counties as defined  
7 by law. Federal ~~funds~~ **MONEY** allocated for distribution under this  
8 section shall be eligible for obligation and use by all recipients  
9 as defined by the transportation equity act for the 21st century,  
10 Public Law 105-178.

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~~ **NO** less than 5% and no  
 23 more than 15% of the ~~funds~~ **MONEY** 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~~ **MONEY** remaining after the ~~funds~~ **MONEY** allocated for  
 27 critical large bridge repair and emergencies ~~are~~ **IS** deducted shall



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

12 (6) ~~(7) Beginning October 1, 2005, funds~~ **MONEY** in the local  
13 bridge fund after deduction of the amounts set aside for critical  
14 repair of large bridges and emergency repairs shall be distributed  
15 among the regional bridge councils according to all of the  
16 following ratios, which shall be assigned a weight expressed as a  
17 percentage as determined by the board, with each ratio receiving no  
18 greater than a 50% weight and no less than a 25% weight:

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

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

25 (c) A ratio with a numerator that is the total amount of  
26 structurally deficient local bridge deck area in the region and a  
27 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~~ **MONEY** received from the board for  
4 the preservation, improvement, and reconstruction of existing  
5 bridges or for the construction of bridges to replace existing  
6 bridges in whole or in part in each region.

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

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

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

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

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

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

22 (9) ~~(10)~~ The state transportation commission shall borrow  
23 money and issue notes or bonds in an amount of not less than  
24 \$30,000,000.00 to supplement the funding provided for the local  
25 bridge program under subsection ~~(6)~~ **(5)**. The bonds or notes issued  
26 ~~pursuant to~~ **UNDER** this subsection may be issued by the commission  
27 for any purpose for which other local bridge ~~funds~~ **MONEY** may be

1 used under this section. The bonds or notes authorized by this  
 2 subsection shall be issued by resolution of the state  
 3 transportation commission consistent with the requirements of  
 4 section 18b.

5 (10) ~~(11) The state transportation department shall promulgate~~  
 6 rules pursuant to **UNDER** the administrative procedures act of 1969,  
 7 1969 PA 306, MCL 24.201 to 24.328, governing the administration of  
 8 the 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~~ **CONSIDER** the availability of federal aid and other  
 13 financial resources of the highway authority responsible for the  
 14 bridge, the importance of the bridge to the highway, road, or  
 15 street network, 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 **UNDER** subsection  
 18 (1)(d) shall be distributed only to the local bridge advisory  
 19 board, the regional bridge councils, cities, villages, and county  
 20 road commissions.

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

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~~ **MONEY** to the bridge project for the fiscal year  
7 that the bridge project is on the current multiyear bridge plan. A  
8 county road commission, city, or village may borrow ~~funds~~ **MONEY** 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~~ **MONEY** by the  
12 regional bridge council. Based on available local bridge ~~funds~~,  
13 **MONEY**, when a bridge project that was implemented with borrowed  
14 ~~funds~~ **MONEY** is allocated funding in a subsequent fiscal year, the  
15 funding shall only be used to repay the amount approved by the  
16 multiyear bridge plan when the ~~funds were~~ **MONEY WAS** borrowed. To be  
17 eligible for repayment of the amount borrowed, a bridge project  
18 that has been implemented with borrowed ~~funds~~ **MONEY** shall be  
19 administered through the department's local bridge program.

20       Enacting section 1. This amendatory act does not take effect  
21 unless Senate Bill No. \_\_\_\_ or House Bill No. 5933 (request no.  
22 06110'14) of the 97th Legislature is enacted into law.