

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4613

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 10, 11, 12, 13, and 14 (MCL 247.660, 247.661, 247.662, 247.663, and 247.664), section 10 as amended by 2007 PA 210, section 11 as amended by 2002 PA 639, sections 12 and 13 as amended by 2012 PA 298, and section 14 as amended by 1987 PA 234, and by adding sections 10f and 11g.

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~~

1 ~~Michigan transportation fund. In addition, income or profit derived~~
2 ~~from the investment of money in the Michigan transportation fund~~
3 ~~shall be deposited in the Michigan transportation fund. Except as~~
4 ~~provided in this act, no other money, whether appropriated from the~~
5 ~~general fund of this state or any other source, shall be deposited~~
6 ~~in the Michigan transportation fund. **THE STATE TREASURER MAY**~~
7 ~~**RECEIVE MONEY OR OTHER ASSETS FROM ANY SOURCE FOR DEPOSIT INTO THE**~~
8 ~~**FUND. THE STATE TREASURER SHALL DIRECT THE INVESTMENT OF THE FUND.**~~
9 ~~**THE STATE TREASURER SHALL CREDIT TO THE FUND INTEREST AND EARNINGS**~~
10 ~~**FROM FUND INVESTMENTS.**~~ Except as otherwise provided in this
11 section, the legislature shall appropriate ~~funds~~ **MONEY** for the
12 necessary expenses incurred in the administration and enforcement
13 of the motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170,
14 the motor carrier act, 1933 PA 254, MCL 475.1 to ~~479.43,~~ **479.42,**
15 and sections 801 to 810 of the Michigan vehicle code, 1949 PA 300,
16 MCL 257.801 to 257.810. ~~Funds~~ **MONEY** appropriated for necessary
17 expenses shall be based upon established cost allocation
18 methodology that reflects actual costs. Appropriations for the
19 necessary expenses incurred by the 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 be made from the Michigan transportation fund and from ~~funds~~ **MONEY**
23 in the transportation administration collection fund created in
24 section 810b of the Michigan vehicle code, 1949 PA 300, MCL
25 257.810b. Appropriations from the Michigan transportation fund for
26 the necessary expenses incurred by **THE** department of state in
27 administration and enforcement of sections 801 to 810 of the

Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, shall not exceed \$20,000,000.00 per state fiscal year. ~~except for the fiscal year ending September 30, 2006. For the fiscal year ending September 30, 2006, the legislature may appropriate funds in excess of \$20,000,000.00 from the Michigan transportation fund for all incremental additional expenses incurred by the department of state 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.~~ **ALL EXCEPT AS OTHERWISE PROVIDED IN SECTION 10F, 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 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 GRADE CROSSING SURFACE ACCOUNT.

(C) ~~(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)**.

(D) ~~(e)~~ 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

1 villages in the percentages provided in subdivision ~~(i)~~ **(K)**.

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

23 **(F)** ~~(e) \$43,000,000.00 **\$50,000,000.00** to the state trunk line~~
24 ~~fund for debt service costs on state of Michigan projects.~~

25 **(G)** ~~(f) Except as provided in subsection (4), 10% **TEN PERCENT**~~
26 ~~to the comprehensive transportation fund for the purposes described~~
27 ~~in section 10e.~~

(H) ~~(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.

(I) ~~(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 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.~~ **TO (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 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

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

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

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

26 (4) ~~(5)~~ A fund to be known as the local bridge fund is
 27 established ~~and is set up and maintained in~~ the state treasury as a

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

1 members of the board. In addition to the 2 nonvoting members, the
2 department shall provide qualified administrative staff and
3 qualified technical assistance to the board.

4 (5) ~~(6) Beginning October 1, 2005, no~~ **NO** less than 5% and no
5 more than 15% of the ~~funds~~ **MONEY** received in the local bridge fund
6 may be used for critical repair of large bridges and emergencies as
7 determined by the local bridge advisory board. ~~Beginning October 1,~~
8 ~~2005, funds~~ **MONEY** remaining after the ~~funds~~ **MONEY** allocated for
9 critical large bridge repair and emergencies ~~are~~ **IS** deducted shall
10 be distributed by the board to the regional bridge councils created
11 under this section. One regional council shall be formed for each
12 department of transportation region as those regions exist on
13 October 1, 2004. The regional councils shall consist of 2 members
14 of the county road association of Michigan from counties in the
15 region, 2 members of the Michigan municipal league from cities and
16 villages in the region, and 1 member of the ~~state transportation~~
17 department in each region. The members of the ~~state transportation~~
18 department ~~shall be~~ **ARE** nonvoting members ~~who~~ **AND** shall provide
19 qualified administrative staff and qualified technical assistance
20 to the regional councils.

21 (6) ~~(7) Beginning October 1, 2005, funds~~ **MONEY** in the local
22 bridge fund after deduction of the amounts set aside for critical
23 repair of large bridges and emergency repairs shall be distributed
24 among the regional bridge councils according to all of the
25 following ratios, which shall be assigned a weight expressed as a
26 percentage as determined by the board, with each ratio receiving no
27 greater than a 50% weight and no less than a 25% weight:

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

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

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

11 ~~(7) (8) Beginning October 1, 2005, the~~ **THE** regional bridge
12 councils shall allocate the ~~funds~~ **MONEY** received from the board for
13 the preservation, improvement, and reconstruction of existing
14 bridges or for the construction of bridges to replace existing
15 bridges in whole or in part in each region.

16 ~~(8) (9) Beginning January 1, 2007 and each~~ **EACH** January, after
17 ~~2007,~~ the department shall submit a report to the chair and the
18 minority vice-chair of the appropriations committees of the senate
19 and the house of representatives, and to the standing committees on
20 transportation of the senate and the house of representatives, on
21 all of the following activities for the previous state fiscal year:

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

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

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

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

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

4 **(9)** ~~(10)~~The state transportation commission shall borrow
5 money and issue notes or bonds in an amount of not less than
6 \$30,000,000.00 to supplement the funding provided for the local
7 bridge program under subsection ~~(6)~~**(5)**. The bonds or notes issued
8 ~~pursuant to~~**UNDER** this subsection may be issued by the commission
9 for any purpose for which other local bridge ~~funds~~**MONEY** may be
10 used under this section. The bonds or notes authorized by this
11 subsection shall be issued by resolution of the state
12 transportation commission consistent with the requirements of
13 section 18b.

14 **(10)** ~~(11)~~The ~~state transportation~~ department shall promulgate
15 rules ~~pursuant to~~**UNDER** the administrative procedures act of 1969,
16 1969 PA 306, MCL 24.201 to 24.328, governing the administration of
17 the local bridge program. The rules shall set forth the eligibility
18 criteria for financial assistance under the program and other
19 matters related to the program that the department considers
20 necessary and desirable. The department shall take into
21 consideration the availability of federal aid and other financial
22 resources of the highway authority responsible for the bridge, the
23 importance of the bridge to the highway, road, or street network,
24 and the condition of the existing bridge.

25 **(11)** ~~(12)~~ ~~Beginning October 1, 2004, the~~ **THE** revenue
26 appropriated to the local bridge fund ~~pursuant to~~**UNDER** subsection
27 ~~(1)(d)~~**(1)(E)** shall be distributed only to the local bridge

1 advisory board, the regional bridge councils, cities, villages, and
2 county road commissions.

3 (12) ~~(13) Beginning October 1, 2008, the~~ **THE** regional bridge
4 councils shall determine what bridge projects are selected for
5 funding from the local bridge fund created in subsection ~~(5)~~ **(4)**
6 and shall make a list of selected projects available to interested
7 parties in the region. A determination that a bridge project is
8 selected for funding in a given fiscal year is not approval to
9 disburse the ~~funds~~ **MONEY**.

10 (13) ~~(14) Beginning October 1, 2008, a~~ **A** county road
11 commission, city, or village may implement a bridge project if the
12 bridge project has been selected for funding and is included in the
13 appropriate regional bridge council's current multiyear bridge plan
14 for the local bridge program but the regional bridge council has
15 not allocated ~~funds~~ **MONEY** to the bridge project for the fiscal year
16 that the bridge project is on the current multiyear bridge plan. A
17 county road commission, city, or village may borrow ~~funds~~ **MONEY** to
18 implement a project that has been selected for funding and is
19 included in the appropriate regional bridge council's current
20 multiyear bridge plan but has not been allocated ~~funds~~ **MONEY** by the
21 regional bridge council. Based on available local bridge ~~funds~~
22 **MONEY**, when a bridge project that was implemented with borrowed
23 ~~funds~~ **MONEY** is allocated funding in a subsequent fiscal year, the
24 funding shall only be used to repay the amount approved by the
25 multiyear bridge plan when the ~~funds were~~ **MONEY WAS** borrowed. To be
26 eligible for repayment of the amount borrowed, a bridge project
27 that has been implemented with borrowed ~~funds~~ **MONEY** shall be

1 administered through the department's local bridge program.

2 **SEC. 10F. BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY**
3 **ACT THAT ADDED THIS SECTION, MONEY DISTRIBUTED TO THIS SECTION**
4 **UNDER SECTION 51(3) OF THE INCOME TAX ACT OF 1967, 1967 PA 281, MCL**
5 **206.51, SHALL BE DISTRIBUTED AS FOLLOWS:**

6 **(A) 39.1% TO THE DEPARTMENT. MONEY DISTRIBUTED TO THE**
7 **DEPARTMENT UNDER THIS SUBDIVISION SHALL BE USED BY THE DEPARTMENT**
8 **IN THE SAME MANNER AS PROVIDED IN SECTION 11.**

9 **(B) 39.1% TO THE COUNTY ROAD COMMISSIONS OF THIS STATE. MONEY**
10 **DISTRIBUTED TO A COUNTY ROAD COMMISSION UNDER THIS SUBDIVISION**
11 **SHALL BE USED BY THE COUNTY ROAD COMMISSION IN THE SAME MANNER AS**
12 **PROVIDED IN SECTION 12.**

13 **(C) 21.8% TO THE CITIES AND VILLAGES OF THIS STATE. MONEY**
14 **DISTRIBUTED TO A CITY OR VILLAGE UNDER THIS SUBDIVISION SHALL BE**
15 **USED BY THE CITY OR VILLAGE IN THE SAME MANNER AS PROVIDED IN**
16 **SECTION 13.**

17 Sec. 11. (1) A fund to be known as the state trunk line fund
18 is established ~~and shall be set up and maintained in the state~~
19 treasury as a separate fund. The money deposited in the state trunk
20 line fund is appropriated to the ~~state transportation department~~
21 for the following purposes in the following order of priority:

22 (a) For the payment, but only from money restricted as to use
23 by section 9 of article IX of the state constitution of 1963, of
24 bonds, notes, or other obligations in the following order of
25 priority:

26 (i) For the payment of contributions **PLEDGED BEFORE JULY 18,**
27 **1979 AND** required to be made by the state highway commission or the

1 state transportation commission under contracts entered into before
2 July 18, 1979, under 1941 PA 205, MCL 252.51 to 252.64, ~~which~~
3 ~~contributions have been pledged before July 18, 1979, for the~~
4 payment of the principal and interest on bonds issued under 1941 PA
5 205, MCL 252.51 to 252.64, for the payment of which a sufficient
6 sum is irrevocably appropriated.

7 (ii) For the payment of the principal and interest upon bonds
8 designated "State of Michigan, State Highway Commissioner, Highway
9 Construction Bonds, Series I", dated September 1, 1956, in the
10 aggregate principal amount of \$25,000,000.00, issued pursuant to
11 former 1955 PA 87 and the resolution of the state administrative
12 board adopted August 6, 1956, for the payment of which a sufficient
13 sum is irrevocably appropriated.

14 (iii) For the payment of the principal and interest on bonds
15 issued under section 18b for transportation purposes other than
16 comprehensive transportation purposes as defined by law and the
17 payment of contributions ~~of~~ **PLEDGED TO THE PAYMENT OF PRINCIPAL AND**
18 **INTEREST ON BONDS ISSUED UNDER SECTION 18D AND CONTRACTS ENTERED**
19 **INTO UNDER SECTION 18D BY** the state highway commission or state
20 transportation commission to be made pursuant to contracts entered
21 into under section 18d. ~~, which contributions are pledged to the~~
22 ~~payment of principal and interest on bonds issued under the~~
23 ~~authorization of section 18d and contracts executed pursuant to~~
24 ~~that section.~~ A sufficient portion of the fund is irrevocably
25 appropriated to pay, when due, the principal and interest on bonds
26 or notes issued under section 18b for purposes other than
27 comprehensive transportation purposes as defined by law, and to pay

1 the annual contributions of the state highway commission and the
 2 state transportation commission as are pledged for the payment of
 3 bonds issued ~~pursuant to~~ **UNDER** contracts authorized by section 18d.

4 (b) For the transfer of ~~funds~~ **MONEY** appropriated ~~pursuant to~~
 5 **UNDER** section ~~10(1)(g)~~ **10(1)(I)** to the transportation economic
 6 development fund, but the transfer shall be reduced each fiscal
 7 year by the amount of debt service to be paid in that year from the
 8 state trunk line fund for bonds, notes, or other obligations issued
 9 to fund projects of the transportation economic development fund,
 10 which amount shall be certified by the department.

11 (c) For the transfer of ~~funds~~ **MONEY** appropriated ~~pursuant to~~
 12 **UNDER** section 10(1)(a) to the ~~railroad~~ **RAIL** grade crossing account
 13 in the state trunk line fund for expenditure for rail grade
 14 crossing improvement purposes at rail grade crossings on public
 15 roads and streets under the jurisdiction of ~~the~~ **THIS** state,
 16 counties, cities, or villages. ~~Projects~~ **THE DEPARTMENT** shall be
 17 ~~selected~~ **SELECT PROJECTS** for funding in accordance with the
 18 following:

19 (i) Not more than 50% or less than 30% of ~~these funds~~ **THIS**
 20 **MONEY** and matched federal ~~funds~~ **MONEY** shall be expended for state
 21 trunk line projects.

22 (ii) In prioritizing projects for ~~these funds~~, **THIS MONEY**, in
 23 whole or in part, the department shall consider train and vehicular
 24 traffic volumes, accident history, traffic control device
 25 improvement needs, and the availability of funding.

26 (iii) Consistent with the other requirements for ~~these funds~~,
 27 **THIS MONEY**, the first priority for ~~funds~~ **MONEY** deposited ~~pursuant~~

~~to~~ **UNDER** this subdivision for rail grade crossing improvements and retirement shall be to match federal ~~funds~~ **MONEY** from the railroad-highway grade crossing improvement program or other comparable federal programs if a match is required under federal law.

(iv) If the department and ~~the~~ **A** road authority with jurisdiction over the crossing formally agree that the grade crossing should be eliminated by permanent closing of the public road or street, the physical removal of the crossing, roadway within railroad rights of way and street termination treatment ~~will~~ **SHALL** be negotiated between the road authority and railroad company. The ~~funds~~ **MONEY** provided to the road authority as a result of the crossing closure ~~will~~ **SHALL** be credited to its account representing the same road or street system on which the crossing is located and shall be used for any transportation purpose within that road authority's jurisdiction.

(D) FOR THE TRANSFER OF MONEY APPROPRIATED UNDER SECTION 10(1)(B) TO THE GRADE CROSSING SURFACE ACCOUNT IN THE STATE TRUNK LINE FUND FOR EXPENDITURE FOR RAIL GRADE CROSSING SURFACE IMPROVEMENT PURPOSES AT RAIL GRADE CROSSINGS ON PUBLIC ROADS AND STREETS UNDER THE JURISDICTION OF COUNTIES, CITIES, OR VILLAGES. PROJECTS SHALL BE SELECTED FOR FUNDING IN ACCORDANCE WITH THE FOLLOWING:

(i) IN PRIORITIZING PROJECTS, THE DEPARTMENT SHALL CONSIDER VEHICULAR TRAFFIC VOLUMES, RELATIVE CROSSING SURFACE CONDITION, THE ABILITY OF THE RAILROAD AND LOCAL ROAD AUTHORITY TO MAKE COORDINATED IMPROVEMENTS, AND THE AVAILABILITY OF FUNDING.

(ii) THE GRADE CROSSING SURFACE ACCOUNT SHALL FUND 60% OF THE

1 PROJECT COST, WITH THE REMAINING 40% FUNDED BY THE RAILROAD
2 COMPANY.

3 (iii) FUNDING UNDER THE GRADE CROSSING SURFACE ACCOUNT SHALL
4 BE LIMITED TO ITEMS OF WORK THAT ARE NORMALLY THE RESPONSIBILITY OF
5 THE RAILROAD UNDER SECTION 309 OF THE RAILROAD CODE OF 1993, 1993
6 PA 354, MCL 462.309. MAINTENANCE OF THE ROADWAY APPROACHES TO THE
7 CROSSING WILL CONTINUE TO BE THE RESPONSIBILITY OF THE PARTY WITH
8 JURISDICTION OVER THAT ROADWAY.

9 (E) ~~(d)~~—For the total operating expenses of the state trunk
10 line fund for each fiscal year as appropriated by the legislature.

11 (F) ~~(e)~~—For the preservation of state trunk line highways and
12 bridges.

13 (G) ~~(f)~~—For the opening, widening, improving, construction,
14 and reconstruction of state trunk line highways and bridges,
15 including the acquisition of necessary rights of way and the work
16 incidental to that opening, widening, improving, construction, or
17 reconstruction. Those sums in the state trunk line fund not
18 otherwise appropriated, distributed, determined, or set aside by
19 law shall be used for the construction or reconstruction of the
20 national system of interstate and defense highways, referred to in
21 this act as "the interstate highway system" to the extent necessary
22 to match federal aid funds ~~MONEY~~ as the federal aid funds become
23 **MONEY BECOMES** available for that purpose; and, for the construction
24 and reconstruction of the state trunk line system.

25 (H) ~~(g)~~—The ~~state transportation department~~ may enter into
26 agreements with ~~county road commissions and with cities and~~
27 ~~villages~~ **A LOCAL ROAD AGENCY OR A PRIVATE SECTOR COMPANY** to perform

1 work on a highway, road, or street. The agreements may provide for
2 the performance by any of the contracting parties of any of the
3 work contemplated by the contract including **MAINTENANCE**,
4 engineering services, and the acquisition of rights of way in
5 connection with the work, by purchase or condemnation by any of the
6 contracting parties in its own name, and for joint participation in
7 the costs, but only to the extent that the contracting parties are
8 otherwise authorized by law to expend money on the highways, roads,
9 or streets. The ~~state transportation department~~ also may contract
10 with a ~~county-LOCAL road commission, city, and village~~ **AGENCY** to
11 advance money to a ~~county-LOCAL road commission, city, and village~~
12 **AGENCY** to pay ~~their~~ **THE** costs of improving railroad grade crossings
13 on the terms and conditions agreed to in the contract. A contract
14 may be executed before or after the state transportation commission
15 borrows money for the purpose of advancing money to a ~~county-LOCAL~~
16 ~~road commission, city, or village,~~ **AGENCY**, but the contract shall
17 be executed before the advancement of any money to a ~~county-LOCAL~~
18 ~~road commission, city, or village~~ **AGENCY** by the state
19 transportation commission, and shall provide for the full
20 reimbursement of any advancement by a ~~county-LOCAL road commission,~~
21 ~~city, or village~~ **AGENCY** to the ~~state transportation department~~,
22 with interest, within 15 years after advancement, from any
23 available revenue sources of the ~~county-LOCAL road commission,~~
24 ~~city, or village~~ **AGENCY** or, if provided in the contract, by
25 deduction from the periodic disbursements of any money returned by
26 the state to the ~~county-LOCAL road commission, city, or~~
27 ~~village~~ **AGENCY**.

1 (I) ~~(h)~~ For providing inventories of supplies and materials
 2 required for the activities of the ~~state transportation~~ department.
 3 The ~~state transportation~~ department may purchase supplies and
 4 materials for these purposes, with payment to be made out of the
 5 state trunk line fund to be charged on the basis of issues from
 6 inventory in accordance with the accounting and purchasing laws of
 7 this state.

8 (2) Notwithstanding any other provision of this act, **THE**
 9 **DEPARTMENT SHALL ANNUALLY EXPEND** at least 90% of state revenue
 10 appropriated annually to the state trunk line fund less the amounts
 11 described in subdivisions (a) to (i) ~~shall be expended annually by~~
 12 ~~the state transportation department for the preservation of~~
 13 highways, roads, streets, and bridges and for the payment of debt
 14 service on bonds, notes, or other obligations described in
 15 subsection (1)(a) issued after July 1, 1983, for the purpose of
 16 providing ~~funds~~ **MONEY** for the preservation of highways, roads,
 17 streets, and bridges. Of the amounts appropriated for state trunk
 18 line projects, the department shall, where possible, secure
 19 **PAVEMENT** warranties ~~of not less than 5 year~~ **FOR** full replacement
 20 ~~guarantee~~ **OR APPROPRIATE REPAIR** for contracted construction work **ON**
 21 **PROJECTS WHERE THE PAVEMENT COST EXCEEDS \$1,000,000.00 AND PROJECTS**
 22 **FOR NEW CONSTRUCTION OR RECONSTRUCTION UNDERTAKEN AFTER THE**
 23 **EFFECTIVE DATE OF THE 2015 AMENDATORY ACT THAT AMENDED THIS**
 24 **SUBSECTION. THE DEPARTMENT SHALL COMPILE AND MAKE AVAILABLE TO THE**
 25 **PUBLIC AN ANNUAL REPORT OF ALL WARRANTIES THAT WERE SECURED UNDER**
 26 **THIS SUBSECTION AND ALL PROJECTS WHERE THE PAVEMENT COST EXCEEDS**
 27 **\$1,000,000.00 WHERE A WARRANTY WAS NOT SECURED AS PROVIDED IN**

1 **SUBSECTION (14).** If an appropriate certificate is filed under
2 section 18e but only to the extent necessary, this subsection ~~shall~~
3 **DOES** not prohibit the use of any amount of money restricted as to
4 use by section 9 of article IX of the state constitution of 1963
5 and deposited in the state trunk line fund for the payment of debt
6 service on bonds, notes, or other obligations pledging for the
7 payment thereof money restricted as to use by section 9 of article
8 IX of the state constitution of 1963 and deposited in the state
9 trunk line fund, whenever issued, as specified under subsection
10 (1)(a). The amounts ~~which~~ **THAT** are deducted from the state trunk
11 line fund for the purpose of the calculation required by this
12 subsection are as follows:

13 (a) Amounts expended for the purposes described in subsection
14 (1)(a) for the payment of debt service on bonds, notes, or other
15 obligations issued before July 2, 1983.

16 (b) Amounts expended to provide the state matching requirement
17 for projects on the national highway system and for the payment of
18 debt service on bonds, notes, or other obligations issued after
19 July 1, 1983, for the purpose of providing ~~funds~~ **MONEY** for the
20 state matching requirements for projects on the national highway
21 system.

22 (c) Amounts expended for the construction of a highway,
23 street, road, or bridge to 1 or more of the following or for the
24 payment of debt service on bonds, notes, or other obligations
25 issued after July 1, 1983, for the purpose of providing ~~funds~~ **MONEY**
26 for the construction of a highway, street, road, or bridge to 1 or
27 more of the following:

1 (i) A location for which a building permit has been obtained
2 for the construction of a manufacturing or industrial facility.

3 (ii) A location for which a building permit has been obtained
4 for the renovation of, or addition to, a manufacturing or
5 industrial facility.

6 (d) Amounts expended for capital outlay other than for
7 highways, roads, streets, and bridges or to pay debt service on
8 bonds, notes, or other obligations issued after July 1, 1983, for
9 the purpose of providing ~~funds~~-**MONEY** for capital outlay other than
10 for highways, roads, streets, and bridges.

11 (e) Amounts expended for the operating expenses of the ~~state~~
12 ~~transportation~~-department other than the units of the department
13 performing the functions assigned on January 1, 1983 to the bureau
14 of highways.

15 (f) Amounts expended pursuant to contracts entered into before
16 January 1, 1983.

17 (g) Amounts expended for the purposes described in subsection
18 (5).

19 (h) Amounts appropriated for deposit in the transportation
20 economic development fund and the rail grade crossing account
21 pursuant to section ~~10(1)(g) and 10(1)(a)~~ **AND (H)**.

22 (i) Upon the affirmative recommendation of the director of the
23 ~~state transportation~~-department and the approval by resolution of
24 the state transportation commission, those amounts expended for
25 projects vital to the economy of this state, a region, or local
26 area or the safety of the public. The resolution shall state the
27 cost of the project exempted from this subsection.

(3) Notwithstanding any other provision of this act, the ~~state transportation department~~ shall expend annually at least 90% of the federal revenue distributed to the credit of the state trunk line fund in that year, except for federal revenue expended for the purposes described in subsection (2)(b), (c), (f), and (i) and for the payment of notes issued under section 18b(9) on the preservation of highways, roads, streets, and bridges. The requirement of this subsection ~~shall be~~ **IS** waived if compliance would cause this state to be ineligible according to federal law for federal revenue, but only to the extent necessary to make this state eligible according to federal law for that revenue.

(4) Notwithstanding any other provision of this section, the ~~state transportation department~~ may loan money to ~~county~~ **A LOCAL road commissions, cities, and villages AGENCY** for paying capital costs of transportation purposes described in the second paragraph of section 9 of article IX of the state constitution of 1963 from the proceeds of bonds or notes issued pursuant to section 18b or from the state trunk line fund. Loans made directly from the state trunk line fund shall be made only after provision of ~~funds~~ **MONEY** for the purposes specified in subsection (1)(a) to (f). Loans described in this subsection are not subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(5) ~~County~~ **A LOCAL road commissions, cities, and villages AGENCY** may borrow money from the proceeds of bonds or notes issued under section 18b or the state trunk line fund for the purposes set forth in subsection (4) that shall be repayable, with interest, from 1 or more of the following:

1 (a) The money to be received by the ~~county~~ **LOCAL** road
 2 ~~commission, city, or village~~ **AGENCY** from the Michigan
 3 transportation fund, except to the extent the money has been or may
 4 in the future be pledged by contract in accordance with 1941 PA
 5 205, MCL 252.51 to 252.64, or has been or may in the future be
 6 pledged for the payment of the principal and interest upon notes
 7 issued ~~pursuant to~~ **UNDER** 1943 PA 143, MCL 141.251 to 141.254, or
 8 has been or may in the future be pledged for the payment of
 9 principal and interest upon bonds issued under section 18c or 18d,
 10 or has been or may in the future be pledged for the payment of the
 11 principal and interest upon bonds issued ~~pursuant to~~ **UNDER** 1952 PA
 12 175, MCL 247.701 to 247.707.

13 (b) Any other legally available ~~funds~~ **MONEY** of the ~~city,~~
 14 ~~village, or county~~ **LOCAL** road ~~commission,~~ **AGENCY**, other than the
 15 general funds of the county.

16 (6) ~~Loans~~ **IF REQUIRED BY THE DEPARTMENT, LOANS** made ~~pursuant~~
 17 ~~to~~ **UNDER** subsection (4) ~~if required by the state transportation~~
 18 ~~department may be~~ **ARE** payable by deduction by the state treasurer,
 19 upon direction of the ~~state transportation department,~~ from the
 20 periodic disbursements of any money returned by ~~the~~ **THIS** state
 21 under this act to the ~~county~~ **LOCAL** road ~~commission, city, or~~
 22 ~~village,~~ **AGENCY**, but only after sufficient money has been returned
 23 to the ~~county~~ **LOCAL** road ~~commission, city, or village~~ **AGENCY** to
 24 provide for the payment of contractual obligations incurred or to
 25 be incurred and principal and interest on notes and bonds issued or
 26 to be issued under 1941 PA 205, MCL 252.51 to 252.64, 1943 PA 143,
 27 MCL 141.251 to 141.254, 1952 PA 175, MCL 247.701 to 247.707, or

1 section 18c or 18d. The interest rates and payment schedules of any
2 loans made from the proceeds of bonds or notes issued pursuant to
3 section 18b shall be established by the ~~state transportation~~
4 department to conform as closely as practicable to the interest
5 rate and repayment schedules on the bonds or notes issued to make
6 the loans. However, the ~~state transportation~~ department may allow
7 for the deferral of the first payment of interest or principal on
8 the loans for a period of not to exceed 1 year after the respective
9 first payment of interest or principal on the bonds or notes issued
10 to make the loans.

11 (7) The amount borrowed by a ~~county-LOCAL road commission,~~
12 ~~city, or village pursuant to~~ **AGENCY UNDER** subsection (5) shall not
13 be included in, or charged against, any constitutional, statutory,
14 or charter debt limitation of the county, city, or village and
15 shall not be included in the determination of the maximum annual
16 principal and interest requirements of, or the limitations upon,
17 the maximum annual principal and interest incurred under 1941 PA
18 205, MCL 252.51 to 252.64, 1943 PA 143, MCL 141.251 to 141.254,
19 1952 PA 175, MCL 247.701 to 247.707, or section 18c or 18d.

20 (8) The ~~county-LOCAL road commission, city, or village~~ **AGENCY**
21 is not required to seek or obtain the approval of the electors, the
22 municipal finance commission or its successor agency, or, except as
23 provided in this subsection, the department of treasury to borrow
24 money ~~pursuant to~~ **UNDER** subsection (5). The borrowing is not
25 subject to the revised municipal finance act, 2001 PA 34, MCL
26 141.2101 to 141.2821, or to section 5(g) of the home rule city act,
27 1909 PA 279, MCL 117.5. The ~~state transportation~~ department shall

1 give at least 10 days' notice to the state treasurer of its
 2 intention to make a loan under subsection (4). If the state
 3 treasurer gives notice to the director of the ~~state transportation~~
 4 department within 10 days of receiving the notice from the ~~state~~
 5 ~~transportation~~ department, that, based upon the then existing
 6 financial or credit situation of the ~~county-LOCAL road commission,~~
 7 ~~city, or village,~~ **AGENCY**, it would not be in the best interests of
 8 ~~the-THIS~~ state to make a loan under subsection (4) to the ~~county~~
 9 **LOCAL** road ~~commission, city, or village,~~ **AGENCY**, the loan shall not
 10 be made unless the state treasurer, after a hearing, if requested
 11 by the affected ~~county-LOCAL road commission, city, or village,~~
 12 **AGENCY**, subsequently gives notice to the director of the ~~state~~
 13 ~~transportation~~ department that the loan may be made on the
 14 conditions that the state treasurer specifies.

15 (9) The state transportation commission may borrow money and
 16 issue bonds and notes under ~~, and pursuant to the requirements of,~~
 17 section 18b to make loans to ~~county-A LOCAL road commissions,~~
 18 ~~cities, and villages-~~ **AGENCY** for the purposes described in the
 19 second paragraph of section 9 of article IX of the state
 20 constitution of 1963, as provided in subsection (4). A single issue
 21 of bonds or notes may be issued for the purposes specified in
 22 subsection (4) and for the other purposes specified in section 18b.
 23 The house and senate transportation appropriations subcommittees
 24 shall be notified by the department if there are extras and
 25 overruns sufficient to require approval of either the state
 26 administrative board or the commission, or both, on any contract
 27 between the department and a local road agency or a private

1 business.

2 (10) The director of the ~~state transportation~~ department,
3 after consultation with representatives of the interests of ~~county~~
4 **LOCAL** road ~~commissions, cities, and villages,~~ **AGENCIES**, shall
5 establish, by intergovernmental communication, procedures for the
6 implementation and administration of the loan program established
7 under subsections (4) to (9).

8 (11) Not more than ~~10%-~~**7%** per year of all of the ~~funds-~~**MONEY**
9 received by and returned to the ~~state transportation~~ department
10 from any source for the purposes of this section may be expended
11 for administrative expenses. The department shall be subject to
12 section 14(5) if more than ~~10%-~~**7%** per year is expended for
13 administrative expenses. As used in this subsection,
14 "administrative expenses" means ~~those~~ expenses that are not
15 assigned including, but not limited to, specific road construction
16 or preservation projects and are often referred to as general or
17 supportive services. Administrative expenses ~~shall-~~**DO** not include
18 net equipment expense, net capital outlay, debt service principal
19 and interest, and payments to other state or local offices ~~which~~
20 **THAT** are assigned, but not limited to, specific road construction
21 projects or preservation activities.

22 (12) Any performance audits of the department shall be
23 conducted according to government auditing standards issued by the
24 United States general accounting office.

25 (13) Contracts entered into to advance money to a ~~county-~~**LOCAL**
26 road ~~commission, city, or village-~~**AGENCY** under subsection (1)(g)
27 are not subject to the revised municipal finance act, 2001 PA 34,

1 MCL 141.2101 to 141.2821.

2 (14) THE DEPARTMENT SHALL PREPARE ON AN ANNUAL BASIS A REPORT
3 LISTING ALL WARRANTIES THAT WERE SECURED UNDER SUBSECTION (2) AND
4 INDICATE WHETHER ANY OF THOSE WARRANTIES WERE REDEEMED AND ALL
5 PROJECTS WHERE THE PAVEMENT COST EXCEEDS \$1,000,000.00 FOR WHICH A
6 WARRANTY WAS NOT SECURED AS DESCRIBED IN SUBSECTION (2). THE
7 DEPARTMENT SHALL MAKE THE REPORT REQUIRED BY THIS SUBSECTION
8 AVAILABLE TO THE PUBLIC UPON REQUEST AND SHALL ALSO POST THE REPORT
9 ON ITS WEBSITE, WHICH SHALL INCLUDE, BUT IS NOT LIMITED TO, ALL OF
10 THE FOLLOWING INFORMATION:

11 (A) THE TYPE OF PROJECT.

12 (B) THE COST OR ESTIMATED COST OF THE PROJECT.

13 (C) THE EXPECTED LIFESPAN OF THE PROJECT.

14 (D) WHETHER OR NOT THE PROJECT MET OR IS CURRENTLY MEETING ITS
15 EXPECTED LIFESPAN.

16 (E) IF THE PROJECT FAILED TO MEET OR IS NOT MEETING ITS
17 EXPECTED LIFESPAN, THE CAUSE OF THE FAILURE AND THE COST TO REPLACE
18 OR REPAIR THE PROJECT.

19 (F) THE ENTITY RESPONSIBLE FOR PAYING THE COST OF REPLACING OR
20 REPAIRING THE PROJECT.

21 (15) BEGINNING ON OCTOBER 1, 2015, THE DEPARTMENT SHALL NOT
22 ISSUE A BOND, NOTE, OR OTHER OBLIGATION THAT EXCEEDS A TERM OF
23 YEARS THAT IS GREATER THAN 60% OF THE LIFE CYCLE OF THE PROPOSED
24 PROJECT.

25 (16) ~~(14)~~ As used in this section: ~~"rail grade crossing~~
26 ~~improvement purposes"~~

27 (A) "LOCAL ROAD AGENCY" MEANS THAT TERM AS DEFINED IN SECTION

1 9A.

2 (B) "RAIL GRADE CROSSING IMPROVEMENT PURPOSES" means 1 or more
3 of the following:

4 (i) ~~(a)~~—The installation and modernization of active and
5 passive warning devices at railroad grade crossings.

6 (ii) ~~(b)~~—The installation or improvement of grade crossing
7 surfaces.

8 (iii) ~~(c)~~—Modification, relocation, or modernization of
9 railroad grade crossing active and passive warning devices
10 necessitated by roadway improvement projects.

11 (iv) ~~(d)~~—Test installations of innovative warning devices or
12 other innovative applications.

13 (v) ~~(e)~~—Construction of new grade separations.

14 (vi) ~~(f)~~—A cash incentive payment made pursuant to subsection
15 (1) (c) (iv) for any public road or street crossing, in an amount no
16 greater than the cost of installing flashing light signals and half
17 roadway gates at the crossing.

18 (vii) ~~(g)~~—Any other work that would be eligible for funding
19 under the federal railroad-highway grade crossing improvement
20 program or other comparable programs.

21 SEC. 11G. (1) FOR EACH ROAD OR BRIDGE PROJECT FUNDED IN WHOLE
22 OR IN PART BY STATE REVENUE, THE DEPARTMENT SHALL, AT A MINIMUM,
23 PROVIDE ALL OF THE FOLLOWING INFORMATION NO LATER THAN 30 DAYS
24 AFTER CONSTRUCTION OF THE PROJECT HAS BEGUN IN THE MANNER SPECIFIED
25 UNDER SUBSECTION (2):

26 (A) NAME OF THE ROAD OR BRIDGE.

27 (B) DESCRIPTION OF THE PORTION OF THE ROAD OR BRIDGE THAT IS

1 THE SUBJECT OF THE PROJECT.

2 (C) COST OF THE PROJECT.

3 (D) FUNDING SOURCES AND AMOUNTS FOR THE PROJECT.

4 (E) NUMBER OF LANE MILES APPLICABLE TO THE PROJECT.

5 (F) NUMBER OF MILES APPLICABLE TO THE PROJECT.

6 (G) EXPECTED SERVICE LIFE BETWEEN MAJOR PROJECTS.

7 (H) THE TRAFFIC EXPECTED FOR THE DESIGN LIFE OF THE PROJECT,
8 INCLUDING AVERAGE ANNUAL DAILY TRAFFIC AND AVERAGE ANNUAL DAILY
9 TRUCK TRAFFIC.

10 (I) THE METHOD OF ANALYSIS FOR THE PROJECT AND THE
11 SPECIFICATIONS USED TO ENSURE THAT THE DESIGN WILL ACHIEVE THE
12 SPECIFIED SERVICE LIFE FOR THE EXPECTED TRAFFIC DESCRIBED IN
13 SUBDIVISION (H).

14 (J) THE NAME OF THE INDIVIDUAL DESIGNATED AS THE PROJECT
15 MANAGER FOR THE DESIGN PHASE OF THE PROJECT.

16 (K) THE ORGANIZATION TO WHICH THE PROJECT MANAGER BELONGS.

17 (L) THE INDIVIDUAL OR ORGANIZATION RESPONSIBLE FOR THE ROAD OR
18 BRIDGE DESIGN.

19 (M) THE INDIVIDUAL OR ORGANIZATION RESPONSIBLE FOR DESIGN
20 QUALITY CONTROL.

21 (N) THE INDIVIDUAL OR ORGANIZATION RESPONSIBLE FOR ROAD OR
22 BRIDGE CONSTRUCTION.

23 (O) THE INDIVIDUAL OR ORGANIZATION RESPONSIBLE FOR CERTIFYING
24 THAT THE CONSTRUCTION MATERIALS USED FOR THE PROJECT SATISFY DESIGN
25 SPECIFICATIONS AND THAT THE ROAD OR BRIDGE WAS BUILT IN ACCORDANCE
26 WITH THE DESIGN SPECIFICATIONS.

27 (P) THE ESTIMATED DATE OF COMPLETION OF THE ROAD OR BRIDGE.

1 (Q) THE CURRENT CONDITION OF THE ROAD OR BRIDGE.

2 (2) THE DEPARTMENT SHALL ANNUALLY MAKE AVAILABLE THE
3 INFORMATION DESCRIBED IN SUBSECTION (1) IN THE FOLLOWING MANNER:

4 (A) TAB-DELIMITED OR SPREADSHEET-BASED FORMAT.

5 (B) ALL DATA SHALL BE CONTAINED IN A SINGLE ROAD CONSTRUCTION
6 TRANSPARENCY DATA FILE FEATURING A UNIQUE COLUMN FOR EACH ITEM
7 SPECIFIED IN SUBSECTION (1) AND A SINGLE ROW FOR EACH PROJECT IN
8 ORDER TO FACILITATE DATA ANALYSIS.

9 (C) THE DEPARTMENT SHALL ADD THE DATA FOR EACH ROAD PROJECT TO
10 THE ROAD CONSTRUCTION TRANSPARENCY DATA FILE WITHIN 30 DAYS AFTER
11 THE FINAL ACCEPTANCE OF THE COMPLETED ROAD OR BRIDGE PROJECT.

12 (D) THE DEPARTMENT SHALL UPDATE THE CURRENT STATUS OF THE ROAD
13 OR BRIDGE CONDITION COLUMN FOR EACH SECTION OF ROAD OR BRIDGE AT
14 LEAST ONCE EVERY 2 YEARS.

15 (E) THE DEPARTMENT SHALL POST THE ROAD CONSTRUCTION DATA
16 TRANSPARENCY FILE ONLINE AND SHALL MAKE THE ROAD CONSTRUCTION DATA
17 TRANSPARENCY FILE AVAILABLE FOR DOWNLOAD BY THE GENERAL PUBLIC.

18 (F) IF THE DEPARTMENT FAILS TO COMPLY WITH THIS SUBSECTION,
19 THE INDIVIDUAL DESIGNATED AS THE PROJECT MANAGER UNDER SUBSECTION
20 (1)(J) SHALL NOTIFY THE CHAIRPERSONS OF THE SENATE AND HOUSE
21 TRANSPORTATION APPROPRIATIONS SUBCOMMITTEES NO LATER THAN 60 DAYS
22 AFTER FINAL ACCEPTANCE OF THE COMPLETED ROAD OR BRIDGE PROJECT. THE
23 CHAIRPERSONS MAY CALL A HEARING TO DETERMINE THE REASONS FOR THE
24 DEPARTMENT'S FAILURE TO COMPLY. IF THE DEPARTMENT POSTS THE
25 REQUIRED INFORMATION BEFORE THE HEARING, THE CHAIRPERSONS OF THE
26 SENATE AND HOUSE TRANSPORTATION APPROPRIATIONS SUBCOMMITTEES MAY
27 CANCEL THE HEARING.

1 (3) EACH COUNTY ROAD COMMISSION, CITY, AND VILLAGE SHALL
2 PROVIDE ALL OF THE INFORMATION LISTED IN SUBSECTION (1) TO THE
3 DEPARTMENT FOR EACH ROAD OR BRIDGE PROJECT OF THE COUNTY ROAD
4 COMMISSION, CITY, OR VILLAGE THAT IS FUNDED IN WHOLE OR IN PART BY
5 FUNDS FROM THE DEPARTMENT.

6 Sec. 12. (1) The amount distributed to the county road
7 commissions shall be returned to the county treasurers in the
8 manner, for the purposes, and under the terms and conditions
9 specified in this section. The department and the county road
10 association of Michigan shall jointly develop incentives for
11 counties to establish statewide purchasing pools for the more
12 efficient use of Michigan transportation funds.

13 (2) Each county road commission shall be reimbursed in an
14 amount up to \$10,000.00 per year for the sum paid to a licensed
15 professional engineer employed or retained by the county road
16 commission in the previous year. The sum shall be returned to each
17 county road commission certified by the department as complying
18 with this subsection regarding the employment of an engineer.

19 (3) An amount equal to 1% of the total amount returned to the
20 county road commissions from the Michigan transportation fund
21 during the prior calendar year shall be withheld annually from the
22 counties' November monthly distribution provided for in section 17,
23 and the amount shall be returned to the county road commissions for
24 snow removal purposes as provided in section 12a.

25 (4) An amount equal to 10% of the total amount returned to the
26 county road commissions from the Michigan transportation fund shall
27 be returned to each county road commission having county primary,

1 or county local road, or both, mileage in the urban areas as
2 determined pursuant to section 12b. This sum shall be distributed
3 pursuant to section 12b. The return shall be in addition to the
4 amounts provided in subsections (6) and (7) and for the purposes
5 stated in those subsections.

6 (5) An amount equal to 4% of the total amount returned to the
7 county road commissions from the Michigan transportation fund shall
8 be returned to the county road commissions in the same percentages
9 as provided in subsection (7). All money returned to the county
10 road commissions as provided in this subsection shall be expended
11 by the county road commissions for the preservation, construction,
12 acquisition, and extension of county local road systems and shall
13 be in addition to the amounts provided in subsection (7).

14 (6) Seventy-five percent of the remainder of the total amount
15 to be returned to the counties shall be expended by each county
16 road commission for the preservation, construction, acquisition,
17 and extension of the county primary road system, including the
18 acquisition of a necessary right of way for the system, work
19 incidental to the system, and a roadside park or motor parkway
20 appurtenant to the system, and shall be returned to the counties as
21 follows:

22 (a) Three-fourths of the amount in proportion to the amount
23 received within the respective county during the 12 months next
24 preceding the date of each monthly distribution, as specific taxes
25 upon registered motor vehicles under the Michigan vehicle code,
26 1949 PA 300, MCL 257.1 to 257.923.

27 (b) One-tenth of the amount in the same proportion that the

1 total mileage in the county primary road system of each county
2 bears to the total mileage in all of the county primary road
3 systems of ~~the~~**THIS** state.

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

6 (7) The balance of the remainder of the total amount to be
7 returned to counties shall be expended by each county road
8 commission for the preservation, construction, acquisition, and
9 extension of the county local road system as defined by this act,
10 including the acquisition of a necessary right of way for the
11 system, work incidental to the system, and a roadside park or motor
12 parkway appurtenant to the system, and shall be returned to the
13 counties as follows:

14 (a) Sixty-five percent of the amount in the same proportion
15 that the total mileage in the county local road system of each
16 county bears to the total mileage in all of the county local road
17 systems of the state.

18 (b) Thirty-five percent of the amount in the same proportion
19 that the total population outside of incorporated municipalities in
20 each county bears to the total population outside of incorporated
21 municipalities in all of the counties of the state, according to
22 the most recent statewide federal census as certified at the
23 beginning of the state fiscal year.

24 (8) Money deposited in, or becoming a part of the county road
25 funds of a board of county road commissioners shall be expended
26 first for the payment of principal and interest on the bonds, for
27 the payment of contractual contributions pledged for the payment of

1 bonds, for debt service requirements for the payment of contractual
2 contributions pledged for the payment of bonds, and for debt
3 service requirements for the payment of notes and loans in the
4 following order of priority:

5 (a) For the payment of contributions required to be made by a
6 board of county road commissioners under a contract entered into
7 under 1941 PA 205, MCL 252.51 to 252.64, that have been pledged for
8 the payment of the principal and interest on bonds issued under
9 that act, or for the payment of total debt service requirements
10 upon notes issued by a board of county road commissioners under
11 1943 PA 143, MCL 141.251 to 141.254.

12 (b) For the payment of principal and interest upon bonds
13 issued under section 18c, and the payment of contributions of a
14 board of county road commissioners made pursuant to contracts
15 entered into under section 18d that are pledged to the payment of
16 principal and interest on bonds issued after June 30, 1957, under
17 the authorization of section 18c and contracts executed pursuant to
18 ~~its provisions.~~**SECTION 18C.**

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

22 (9) Beginning November 1, 2008, no more than 50% per year of
23 the amount returned to a county for use on the county primary road
24 system may be expended, with or without matching, on the county
25 local road system of that county. Except as otherwise provided in
26 this subsection, beginning September 30, 2010, no more than 30% per
27 year of the amount returned to a county for use on the county

1 primary road system may be expended, with or without matching, on
2 the county local road system of that county. An additional amount,
3 not to exceed 20% per year of the amount returned to a county for
4 use on the county primary road system, may be expended on the
5 county local road system of that county if there is an emergency or
6 if the county road commission determines that an additional 20% may
7 be expended on the county local road system. The county road
8 commission may attach any conditions to its determination if the
9 determination is for nonemergency purposes, including, but not
10 limited to, a requirement that the additional 20% expended on the
11 county local road system only be used to supplement ~~funds~~**MONEY**
12 from other sources. No more than 15% per year of the amount
13 returned to a county for expenditure on the county local road
14 system may be used, with or without matching, on the county primary
15 road system of that county, and not to exceed an additional 15% per
16 year of the amount returned to a county for expenditure on the
17 county local road system, may, in case of an emergency or with the
18 approval of the county road commission, be expended, with or
19 without matching, on the county primary road system of that county.
20 An amount returned to a county for and on account of county local
21 roads ~~under this section~~ **THAT IS** in excess of the total amount
22 paid into the county treasury each year by all of the townships of
23 that county for and on account of the county local roads pursuant
24 to section 14(6) may be transferred to and expended on the county
25 primary road system of that county.

26 (10) Not less than 20% per year of the ~~funds~~**MONEY** returned to
27 a county by this section shall be expended for snow and ice

removal, the construction or reconstruction of a new highway or existing highway, and the acquisition of a necessary right of way for those highways, and work incidental to those highways, or for the servicing of bonds issued by the county for these purposes.

~~Surplus funds~~ **A COUNTY** may ~~be expended~~ **EXPEND SURPLUS MONEY** for the development, construction, or repair of an off-street parking facility.

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

(12) ~~Funds~~ **MONEY** returned to a county shall be expended by the county road commission for the purposes provided in this section and shall be deposited by the county treasurer in a designated county depository, in a separate account to the credit of the county road fund, and shall be paid out only upon the order of the county road commission, and interest accruing on the money shall become a part of, and be deposited with the county road fund.

(13) In a county to which ~~funds are~~ **MONEY IS** returned under this section, the function of the county road commission ~~shall be~~ **IS** limited to the formation of policy and the performance of the official duties imposed by law and delegated by the county board of commissioners. A member of the county road commission shall not be employed individually in any other capacity for other duties with the county road commission.

(14) A county road commission may enter into an agreement with a county road commission of an adjacent county and with a city or

1 village to perform work on a highway, road, or street, and with the
2 department with respect to a state trunk line **HIGHWAY** and
3 connecting links of the state trunk line **HIGHWAY** within the limits
4 of the county or adjacent to the county. The agreement may provide
5 for the performance by each contracting party of the work
6 contemplated by the contract including engineering services and the
7 acquisition of rights of way in connection with the work
8 contemplated, by purchase or condemnation, by any of the
9 contracting parties in its own name and the agreement may provide
10 for joint participation in the costs.

11 (15) Money distributed from the Michigan transportation fund
12 may be expended for construction purposes on county local roads
13 only to the extent matched by money from other sources. However,
14 Michigan transportation funds may be expended for the construction
15 of bridges on the county local roads in an amount not to exceed 75%
16 of the cost of the construction of local road bridges.

17 (16) Notwithstanding any other provision of this act, at least
18 90% of the state revenue returned annually to the county road
19 commission from the Michigan transportation fund less the amounts
20 described in subdivisions (a) to (e) shall be expended annually by
21 the county road commission for the preservation of highways, roads,
22 streets, and bridges, and for the payment of contractual
23 contributions pledged for the payment of bonds or portions of
24 bonds, debt service requirements for the payment of bonds or
25 portions of bonds, and debt service requirements for the payment of
26 notes and loans or portions of notes and loans issued or received
27 after July 1, 1983, for the purpose of providing ~~funds~~**MONEY** for

1 the preservation of highways, roads, streets, and bridges. If an
2 appropriate certificate is filed under subsection (18) but only to
3 the extent necessary, this subsection does not prohibit the use of
4 any amount of state revenue returned annually to the county road
5 commissions for the payment of contractual contributions pledged
6 for the payment of bonds, for debt service requirements for the
7 payment of bonds, and for debt service requirements for the payment
8 of notes or loans, whenever issued or received, as specified under
9 subsection (8). The amounts that are deducted from the state
10 revenue returned to a county road commission from the Michigan
11 transportation fund, for the purpose of the calculation required by
12 this subsection are as follows:

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

16 (b) Amounts expended for the administrative costs of the
17 county road commission.

18 (c) Amounts expended for capital outlay projects for equipment
19 and buildings, and for the payment of contractual contributions
20 pledged for the payment of bonds, for debt service requirements for
21 the payment of bonds, and for debt service requirements for the
22 payment of notes and loans issued or received after July 1, 1983,
23 for the purpose of providing funds for capital outlay projects for
24 equipment and buildings.

25 (d) Amounts expended for projects vital to the economy of the
26 local area or the safety of the public in the local area. Before
27 these amounts can be deducted, the governing body over the county

1 road commission or the county road commission, as applicable, shall
2 pass a resolution approving these projects. This resolution shall
3 state which projects will be funded and the cost of each project. A
4 copy of each approved resolution shall be forwarded immediately to
5 the department.

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

8 (17) As used in this subsection, "urban routes" means those
9 portions of 2-lane county primary roads within an urban area that
10 have average daily traffic in excess of 15,000. Notwithstanding any
11 other provision of this act, except as provided in this subsection,
12 a county road commission shall annually expend at least 90% of the
13 federal revenue distributed to the county road commission for
14 highways, roads, streets, and bridges, less the amount expended on
15 urban routes for purposes other than preservation and the amount
16 expended for hard-surfacing of gravel roads on the federal-aid
17 system, on the preservation of highways, roads, streets, and
18 bridges. A county road commission may expend in 1 year less than
19 90% of the federal revenue distributed to the county road
20 commission for highways, roads, streets, and bridges, less the
21 amount expended on urban routes for purposes other than
22 preservation and the amount expended for hard-surfacing of gravel
23 roads on the federal-aid system, on the preservation of highways,
24 roads, streets, and bridges, if that year is part of a 3-year
25 period in which at least 90% of the total federal revenue
26 distributed in the 3-year period to the county road commission for
27 highways, roads, streets, and bridges, less the amount expended on

1 urban routes for purposes other than preservation purposes and the
2 amount expended for hard-surfacing of gravel roads on the federal-
3 aid system, is expended on the preservation of highways, roads,
4 streets, and bridges. If a county road commission expends in 1 year
5 less than 90% of the federal revenue distributed to the county road
6 commission for highways, roads, streets, and bridges, less the
7 amount expended on urban routes for purposes other than
8 preservation and the amount expended for hard-surfacing of gravel
9 roads on the federal-aid system, on the preservation of highways,
10 roads, streets, and bridges and that year is not a part of a 3-year
11 period in which at least 90% of the total federal revenue
12 distributed in the 3-year period to the county road commission for
13 highways, roads, streets, and bridges, less the amount expended on
14 urban routes for purposes other than preservation and the amount
15 expended for hard-surfacing of gravel roads on the federal-aid
16 system, is expended on the preservation of highways, roads,
17 streets, and bridges, the county road commission shall expend in
18 each year subsequent to the 3-year period 100%, or less in 1 year
19 if sufficient for the purposes of this subsection, of the federal
20 revenue distributed to the county road commission for highways,
21 roads, streets, and bridges, less the amount expended on urban
22 routes for purposes other than preservation and the amount expended
23 for hard-surfacing of gravel roads on the federal-aid system, on
24 the preservation of highways, roads, streets, and bridges until the
25 average percentage spent on the preservation of highways, roads,
26 streets, and bridges in the 3-year period and the subsequent years,
27 less the amount expended on urban routes for purposes other than

1 preservation and the amount expended for hard-surfacing of gravel
2 roads on the federal-aid system, is at least 90%. A year may be
3 included in only one 3-year period for the purposes of this
4 subsection. The requirements of this subsection shall be waived if
5 compliance would cause the county road commission to be ineligible
6 for federal revenue under federal law, but only to the extent
7 necessary to make the county road commission eligible for that
8 revenue under federal law. For the purpose of the calculations
9 required by this subsection, the amount expended on urban routes by
10 a county road commission for purposes other than preservation and
11 the amount expended for hard-surfacing of gravel roads on the
12 federal-aid system shall be deducted from the total federal revenue
13 distributed to the use of the county road commission.

14 (18) A county road commission shall certify to the department
15 on or before the issuance of any bonds or notes issued after July
16 1, 1983, pursuant to 1943 PA 143, MCL 141.251 to 141.254, 1941 PA
17 205, MCL 252.51 to 252.64, or section 18c or 18d, for purposes
18 other than the preservation of highways, roads, streets, and
19 bridges and purposes other than the purposes specified in
20 subsection (16)(c) that its average annual debt service
21 requirements for all bonds and notes or portions of bonds and notes
22 issued after July 1, 1983, for purposes other than the preservation
23 of highways, roads, streets, and bridges and other than for the
24 purposes specified in subsection (16)(c), including the bond or
25 note to be issued does not exceed 10% of the ~~funds~~ **MONEY** returned
26 to the county road commission pursuant to this act, less the
27 amounts specified in subsection (16)(a), (b), and (c) during the

1 last completed fiscal year of the county road commission. If the
2 purpose for which the bonds or notes are issued is changed after
3 the issuance of the notes or bonds, the change shall be made in a
4 manner that maintains compliance with the certification required by
5 this subsection, as of the date the certificate was originally
6 issued, but no such change shall invalidate or otherwise affect the
7 bonds or notes with respect to which the certificate was issued or
8 the obligation to pay debt service on the bonds or notes. A
9 certification under this subsection is conclusive as to the matters
10 stated in the certification for purposes of the validity of bonds
11 and notes.

12 (19) In each charter county to which funds are returned under
13 this section, the responsibility for road improvement,
14 preservation, and traffic operation work, and the development,
15 construction, or repair of off-road parking facilities and
16 construction or repair of road lighting shall be coordinated by a
17 single administrator ~~to be~~ designated by the county executive who
18 shall be responsible for and shall represent the charter county in
19 transactions with the department pursuant to this act.

20 (20) Not more than 10% per year of all of the ~~funds~~ **MONEY**
21 received by and returned to a county from any source for the
22 purposes of this section may be expended for administrative
23 expenses. A county that expends more than 10% for administrative
24 expenses in a year is subject to section 14(5) unless a waiver is
25 granted by the department of treasury. As used in this subsection,
26 "administrative expenses" means those expenses that are not
27 assigned including, but not limited to, specific road construction

1 or preservation projects and are often referred to as general or
2 supportive services. Administrative expenses do not include net
3 equipment expense, net capital outlay, debt service principal and
4 interest, and payments to other state or local offices that are
5 assigned, but not limited to, specific road construction projects
6 or preservation activities.

7 (21) In addition to the financial compliance audits required
8 by law, the department may conduct performance audits and make
9 investigations of the disposition of all state ~~funds~~**MONEY** received
10 by county road commissions, county boards of commissioners, or any
11 other county governmental agency acting as the county road
12 authority, for transportation purposes to determine compliance with
13 the terms and conditions of this act. Performance audits shall be
14 conducted according to government auditing standards issued by the
15 United States general accounting office. The department shall
16 develop performance audit procedures and reporting requirements
17 sufficient to determine whether ~~funds~~**MONEY** expended under this
18 section ~~were~~**WAS** expended in compliance with this act by September
19 1, 2012 and shall report to the transportation committees of the
20 senate and house of representatives no later than October 1, 2012
21 on the additional audit procedures and reporting requirements. The
22 department shall provide notice to the county road commission,
23 county board of commissioners, or any other county governmental
24 agency acting as the county road authority, as applicable, of the
25 standards to be used for audits performed under this subsection.
26 The notice shall be provided 6 months prior to the fiscal year in
27 which the audit is conducted. The department shall notify the

1 county road commission, county board of commissioners, or any other
2 county governmental agency acting as the county road authority of
3 any subsequent changes to the standards. County road commissions,
4 county boards of commissioners, or any other county governmental
5 agencies acting as county road authorities, as applicable, shall
6 make available to the department the pertinent records for the
7 audit. Performance audits may be performed at the discretion of the
8 department or upon receiving a request from the speaker of the
9 house of representatives or the senate majority leader.

10 (22) OF THE AMOUNTS APPROPRIATED FOR A COUNTY PRIMARY OR LOCAL
11 ROAD SYSTEM UNDER THIS SECTION, WHERE POSSIBLE, A COUNTY ROAD
12 COMMISSION SHALL SECURE PAVEMENT WARRANTIES FOR FULL REPLACEMENT OR
13 APPROPRIATE REPAIR FOR CONTRACTED CONSTRUCTION WORK ON PROJECTS
14 WHERE THE PAVEMENT COST EXCEEDS \$1,000,000.00 AND PROJECTS FOR NEW
15 CONSTRUCTION OR RECONSTRUCTION UNDERTAKEN AFTER THE EFFECTIVE DATE
16 OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION, IF ALLOWED BY THE
17 FEDERAL HIGHWAY ADMINISTRATION AND THE DEPARTMENT. A COUNTY ROAD
18 COMMISSION SHALL SUBMIT A PROPOSED WARRANTY PROGRAM TO THE
19 DEPARTMENT FOR APPROVAL NO LATER THAN FEBRUARY 1, 2016. IF A
20 PROPOSED WARRANTY PROGRAM SUBMITTED UNDER THIS SUBSECTION IS
21 APPROVED BY THE DEPARTMENT, THE COUNTY ROAD COMMISSION SHALL
22 IMPLEMENT THE PROGRAM NO LATER THAN 1 YEAR AFTER THE APPROVAL. A
23 COUNTY ROAD COMMISSION SHALL INCLUDE A LIST OF ALL WARRANTIES THAT
24 WERE SECURED UNDER THIS SUBSECTION AND INDICATE WHETHER ANY OF
25 THOSE WARRANTIES WERE REDEEMED WITH THE REPORT REQUIRED UNDER
26 SECTION 14(3), AND SHALL ALSO LIST ALL PROJECTS WHERE THE PAVEMENT
27 COST EXCEEDS \$1,000,000.00 FOR WHICH A WARRANTY WAS NOT SECURED.

1 THE LIST SHALL INCLUDE, BUT IS NOT LIMITED TO, ALL OF THE FOLLOWING
2 INFORMATION:

3 (A) THE TYPE OF PROJECT.

4 (B) THE COST OR ESTIMATED COST OF THE PROJECT.

5 (C) THE EXPECTED LIFESPAN OF THE PROJECT.

6 (D) WHETHER OR NOT THE PROJECT MET OR IS CURRENTLY MEETING ITS
7 EXPECTED LIFESPAN.

8 (E) IF THE PROJECT FAILED TO MEET OR IS NOT MEETING ITS
9 EXPECTED LIFESPAN, THE CAUSE OF THE FAILURE AND THE COST TO REPLACE
10 OR REPAIR THE PROJECT.

11 (F) THE ENTITY RESPONSIBLE FOR PAYING THE COST OF REPLACING OR
12 REPAIRING THE PROJECT.

13 Sec. 13. (1) The amount distributed to cities and villages
14 shall be returned to the treasurers of the cities and villages in
15 the manner, for the purposes, and under the terms and conditions
16 specified in this section. The amount received by a newly
17 incorporated municipality shall be in place of any other direct
18 distribution of ~~funds~~**MONEY** from the Michigan transportation fund.
19 The population of a newly incorporated municipality as determined
20 under this section shall be added to the total population of all
21 incorporated cities and villages in the state in computing the
22 amounts to be returned under this section to each municipality in
23 the state. Major street mileage, local street mileage, and
24 equivalent major mileage, if applicable, shall be determined by the
25 department before the next month for which distribution is made
26 following the effective date of incorporation of a newly
27 incorporated municipality.

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

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

8 (3) Seventy-five percent of the remaining amount to be
9 returned to the cities and villages, after deducting the amounts
10 withheld pursuant to subsection (2), shall be returned 60% in the
11 same proportion that the population of each bears to the total
12 population of all cities and villages, and 40% in the same
13 proportion that the equivalent major mileage in each bears to the
14 total equivalent major mileage in all cities and villages. The
15 amount returned under this subsection shall be used by each city
16 and village for the following purposes in the following order of
17 priority:

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

25 (b) Payment of obligations of the city or village on highway
26 projects undertaken by the city or village jointly with the
27 department.

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

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

19 (e) For capital outlay projects for equipment and buildings,
20 contributions pledged for the payment of loans and for the payment
21 of contractual debt service requirements for the payment of bonds
22 for the purpose of providing ~~funds-MONEY~~ for capital outlay
23 projects for equipment and buildings necessary to the development
24 and maintenance of the road system so long as amounts allocated
25 under this subdivision are used for transportation purposes.

26 (4) The remaining amount to be returned to incorporated cities
27 and villages shall be expended in each city or village for the

1 preservation, construction, acquisition, and extension of the local
2 street system of the city or village, including the acquisition of
3 a necessary right of way for the system, work incidental to the
4 system, and subject to subsection (5), for the payment of the
5 principal and interest on the portion of the city's or village's
6 general obligation bonds that are attributable to the construction
7 or reconstruction of the city's or village's local street system.
8 The amount returned under this subsection shall be returned to the
9 cities and villages 60% in the same proportion that the population
10 of each bears to the total population of all incorporated cities
11 and villages in the state, and 40% in the same proportion that the
12 total mileage of the local street system of each bears to the total
13 mileage in the local street systems of all cities and villages of
14 the state. The payment of the principal and interest upon bonds
15 issued by a city or village pursuant to 1952 PA 175, MCL 247.701 to
16 247.707, and after that payment, the payment of debt service on
17 loans received under section 11(5), shall have priority in the
18 expenditure of money returned under this subsection.

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

1 in cities and villages for street purposes within the limitations
2 of the state constitution of 1963 and statutes of this state, from
3 special assessments, or from any other source.

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

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

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

21 (c) The dollar amount of the transfer.

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

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

25 (7) A city or village that has not adopted an asset management
26 plan shall obtain the concurrence of the department to transfer
27 more than 50% of its major street funding to its local street

1 system. The department may provide for pilot projects that would
2 allow a city or village that has adopted an asset management plan
3 under subsection (6) to combine their local and major street funds
4 into 1 street fund and to submit a single report to the department
5 on the expenditure of ~~funds~~**MONEY** on the local and major street
6 systems.

7 (8) Not more than 10% per year of all of the ~~funds~~**MONEY**
8 returned to a city or village from any source for the purposes of
9 this section may be expended for administrative expenses. A city or
10 village that expends more than 10% for administrative expenses in a
11 year is subject to section 14(5).

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

20 (10) Cities and villages may provide for consolidated street
21 administration. A city or a village may enter into an agreement
22 with other cities or villages, the county road commission, or with
23 the state transportation commission for the performance of street
24 or highway work on a road or street within the limits of the city
25 or village or adjacent to the city or village. The agreement may
26 provide for any of the contracting parties to perform the work
27 contemplated by the contracts including services and acquisition of

1 rights of way, by purchase or condemnation in its own name. The
2 agreement may provide for joint participation in the costs if
3 appropriate.

4 (11) Interest earned on ~~funds~~ **MONEY** returned to a city or a
5 village for purposes provided in this section shall be credited to
6 the appropriate street fund.

7 (12) In addition to the financial compliance audits required
8 by law, the department may conduct performance audits and make
9 investigations of the disposition of all state ~~funds~~ **MONEY** received
10 by cities and villages for transportation purposes to determine
11 compliance with the terms and conditions of this act. Performance
12 audits shall be conducted according to government auditing
13 standards issued by the United States ~~general accounting office.~~
14 **GENERAL ACCOUNTING OFFICE.** The department shall develop all
15 performance audit procedures and reporting requirements sufficient
16 to determine whether ~~funds~~ **MONEY** expended under this section ~~were~~
17 **WAS** expended in compliance with this act by September 1, 2012 and
18 shall report to the transportation committees of the senate and
19 house of representatives no later than October 1, 2012 on the
20 additional audit procedures and reporting requirements. The audit
21 procedures shall include a review of the road fund balance of the
22 city or village. The cities and villages shall report their road
23 fund balances by fund balance component. The department shall
24 assist cities and villages to ensure that road fund balances are
25 consistently classified and are in compliance with the audit and
26 reporting requirements of this section. The department shall
27 provide notice to cities and villages of the standards to be used

1 for audits under this subsection prior to the fiscal year in which
2 the audit is conducted. The department shall notify cities and
3 villages of any subsequent changes to the standards. Cities and
4 villages shall make available to the department the pertinent
5 records for the audit. Performance audits may be performed at the
6 discretion of the department or upon receiving a request from the
7 speaker of the house of representatives or the senate majority
8 leader.

9 (13) OF THE AMOUNTS APPROPRIATED FOR A CITY OR VILLAGE MAJOR
10 OR LOCAL STREET SYSTEM UNDER THIS SECTION, WHERE POSSIBLE, A CITY
11 OR VILLAGE SHALL SECURE PAVEMENT WARRANTIES FOR FULL REPLACEMENT OR
12 APPROPRIATE REPAIR FOR CONTRACTED CONSTRUCTION WORK ON PROJECTS
13 WHERE THE PAVEMENT COST EXCEEDS \$1,000,000.00 AND PROJECTS FOR NEW
14 CONSTRUCTION OR RECONSTRUCTION UNDERTAKEN AFTER THE EFFECTIVE DATE
15 OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION IF ALLOWED BY THE
16 FEDERAL HIGHWAY ADMINISTRATION AND THE DEPARTMENT. A CITY OR
17 VILLAGE SHALL SUBMIT A PROPOSED WARRANTY PROGRAM TO THE DEPARTMENT
18 FOR APPROVAL NO LATER THAN FEBRUARY 1, 2016. IF A PROPOSED WARRANTY
19 PROGRAM SUBMITTED UNDER THIS SUBSECTION IS APPROVED BY THE
20 DEPARTMENT, THE CITY OR VILLAGE SHALL IMPLEMENT THE PROGRAM NO
21 LATER THAN 1 YEAR AFTER THE APPROVAL. A CITY OR VILLAGE SHALL
22 INCLUDE A LIST OF ALL WARRANTIES THAT WERE SECURED UNDER THIS
23 SUBSECTION AND INDICATE WHETHER ANY OF THOSE WARRANTIES WERE
24 REDEEMED WITH THE REPORT REQUIRED UNDER SECTION 14(3), AND SHALL
25 ALSO LIST ALL PROJECTS WHERE THE PAVEMENT COST EXCEEDS
26 \$1,000,000.00 FOR WHICH A WARRANTY WAS NOT SECURED. THE LIST SHALL
27 INCLUDE, BUT IS NOT LIMITED TO, ALL OF THE FOLLOWING INFORMATION:

1 (A) THE TYPE OF PROJECT.

2 (B) THE COST OR ESTIMATED COST OF THE PROJECT.

3 (C) THE EXPECTED LIFESPAN OF THE PROJECT.

4 (D) WHETHER OR NOT THE PROJECT MET OR IS CURRENTLY MEETING ITS
5 EXPECTED LIFESPAN.

6 (E) IF THE PROJECT FAILED TO MEET OR IS NOT MEETING ITS
7 EXPECTED LIFESPAN, THE CAUSE OF THE FAILURE AND THE COST TO REPLACE
8 OR REPAIR THE PROJECT.

9 (F) THE ENTITY RESPONSIBLE FOR PAYING THE COST OF REPLACING OR
10 REPAIRING THE PROJECT.

11 (14) ~~(13)~~—As used in this section:

12 (a) "Administrative expenses" means expenses that are not
13 assigned under this section, including, but not limited to,
14 specific road construction or maintenance projects, and are often
15 referred to as general or supportive services. Administrative
16 expenses do not include net equipment expense, net capital outlay,
17 debt service principal and interest, or payments to other state or
18 local offices that are assigned, but not limited to, specific road
19 construction projects or maintenance activities.

20 (b) "Equivalent major mileage" means the sum of 2 times the
21 state trunk line mileage certified by the department as of March 31
22 of each year, as being within the boundaries of each city and
23 village having a population of 25,000 or more, plus the major
24 street mileage in each city and village, multiplied by the
25 following factor:

26 (i) 1.0 for cities and villages of 2,000 or less population.

27 (ii) 1.1 for cities and villages from 2,001 to 10,000

1 population.

2 (iii) 1.2 for cities and villages from 10,001 to 20,000

3 population.

4 (iv) 1.3 for cities and villages from 20,001 to 30,000

5 population.

6 (v) 1.4 for cities and villages from 30,001 to 40,000

7 population.

8 (vi) 1.5 for cities and villages from 40,001 to 50,000

9 population.

10 (vii) 1.6 for cities and villages from 50,001 to 65,000

11 population.

12 (viii) 1.7 for cities and villages from 65,001 to 80,000

13 population.

14 (ix) 1.8 for cities and villages from 80,001 to 95,000

15 population.

16 (x) 1.9 for cities and villages from 95,001 to 160,000

17 population.

18 (xi) 2.0 for cities and villages from 160,001 to 320,000

19 population.

20 (xii) For cities over 320,000 population, a factor of 2.1

21 increased successively by 0.1 for each 160,000 population increment

22 over 320,000.

23 (c) "Population" means the population according to the most

24 recent statewide federal census as certified at the beginning of

25 the state fiscal year, except that, if a municipality has been

26 newly incorporated since completion of the census, the population

27 of the municipality for purposes of the distribution of ~~funds~~ **MONEY**

1 before completion of the next census shall be the population as
2 determined by special federal census, if there is a special federal
3 census, and if not, by the population as determined by the official
4 census in connection with the incorporation, if there is such a
5 census and, if not, by a special state census to be taken at the
6 expense of the municipality by the secretary of state pursuant to
7 section 6 of the home rule city act, 1909 PA 279, MCL 117.6.

8 Sec. 14. (1) Each county road commission and city and village
9 of the state shall prepare biennial primary road and major street
10 programs, based on long-range plans, and shall make the programs
11 available for review by the public.

12 (2) Separate accounts shall be kept by cities, villages, and
13 county road commissions of all money returned from the Michigan
14 transportation fund. This subsection ~~shall~~ **DOES** not ~~be construed to~~
15 prevent the combining of accounts on which separate bookkeeping
16 records are kept into a single deposit account.

17 (3) All county road commissions and cities and villages shall
18 keep accurate and uniform records on all road and street work and
19 funds, and shall annually report to the ~~state transportation~~
20 department at the time, in the manner, and on forms prescribed by
21 the ~~state transportation~~ department the mileage of each road system
22 under their jurisdiction and the receipts and disbursements of road
23 and street funds. In the annual report, each county road commission
24 shall report on its compliance in the preceding year with the
25 requirements of section 12(16) and (17). The report shall also
26 specify, with respect to section 12(17), the total dollar amount
27 expended for other than maintenance purposes which would not have

1 been permissible without the deduction of certain urban route
 2 expenditures as permitted under section 12(17). The report shall
 3 also specify the justification for a waiver of the requirement of
 4 section 12(17), if that requirement was waived. **A COUNTY ROAD**
 5 **COMMISSION, CITY, OR VILLAGE SHALL POST THE REPORT REQUIRED BY THIS**
 6 **SUBSECTION ON ITS WEBSITE, IF THE COUNTY ROAD COMMISSION, CITY, OR**
 7 **VILLAGE HAS A WEBSITE.**

8 (4) The ~~expenditure of adequate amounts, by~~ county road
 9 commissions and the cities and villages ~~,—~~**ARE AUTHORIZED TO EXPEND**
 10 **ADEQUATE AMOUNTS** from funds returned by this act ~~,—~~to cover the
 11 cost of administration, engineering, and record keeping, ~~is hereby~~
 12 ~~authorized,~~ and expenditures for those purposes shall be reported
 13 separately by each county road commission, city, and village to the
 14 ~~state transportation department.~~

15 (5) All distributions and returns of funds provided for in
 16 this act shall be withheld from the ~~state transportation~~
 17 department, eligible authorities, county road commissions, cities,
 18 villages, or other eligible governmental agencies for failure to
 19 comply with any of the requirements of this act, and the
 20 withholding shall continue for the period of noncompliance.

21 (6) Money distributed to county road commissions for the
 22 maintenance and improvement of county local road systems pursuant
 23 to section 12 represents the total responsibility of ~~the~~**THIS** state
 24 for local county road support. Additional funds required for the
 25 support of county local road systems may be supplied from other
 26 money returned to the township governments by ~~the~~**THIS** state under
 27 the state constitution of 1963 and statutes of ~~the~~**THIS** state, or

1 from funds that can be raised by taxation in the townships or
2 counties for road purposes within the limitations of the state
3 constitution of 1963 and statutes of ~~the~~**THIS** state.

4 Enacting section 1. This amendatory act takes effect October
5 1, 2015.

6 Enacting section 2. This amendatory act does not take effect
7 unless all of the following bills of the 98th Legislature are
8 enacted into law:

- 9 (a) Senate Bill No. 414.
- 10 (b) House Bill No. 4612.
- 11 (c) House Bill No. 4614.
- 12 (d) House Bill No. 4615.
- 13 (e) House Bill No. 4616.