

Act No. 501
Public Acts of 2016
Approved by the Governor
January 5, 2017
Filed with the Secretary of State
January 9, 2017
EFFECTIVE DATE: January 9, 2017

**STATE OF MICHIGAN
98TH LEGISLATURE
REGULAR SESSION OF 2016**

Introduced by Senator Kowall

ENROLLED SENATE BILL No. 1049

AN ACT to amend 1987 PA 231, entitled “An act to create a transportation economic development fund in the state treasury; to prescribe the uses of and distributions from this fund; to create the office of economic development and to prescribe its powers and duties; to prescribe the powers and duties of the state transportation department, state transportation commission, and certain other bodies; and to permit the issuance of certain bonds,” by amending sections 1, 3, 11, 12, 12a, and 13 (MCL 247.901, 247.903, 247.911, 247.912, 247.912a, and 247.913), section 1 as amended by 2010 PA 238, sections 3 and 12 as amended and section 12a as added by 1993 PA 149, and section 11 as amended by 2016 PA 273.

The People of the State of Michigan enact:

Sec. 1. As used in this act:

(a) “Administrator” means the person appointed by the department, in accordance with the policies of the commission and civil service rules, to serve as director of the office of economic development.

(b) “Advanced traffic management systems” means the application of new technology designed to monitor, control, and manage the flow of traffic in real-time on a transportation network through traffic detection, communications, traffic control, and information processing technologies. Advanced traffic management systems do not include on-board navigation systems or electronic route guidance systems in a motor vehicle.

(c) “Commercial forest land” means land defined as commercial forest in Michigan’s fourth forest inventory completed in May 1981 and reported by the United States Department of Agriculture in the resource bulletin NC-68 available from the United States Forest Service’s north central experiment station.

(d) “Commission” means the state transportation commission.

(e) “County road agency” means the board of county road commissioners, or if a board does not exist in a county, the agency designated by county charter.

(f) “Department” means the state transportation department.

(g) “Fund” means the economic development fund created in section 2.

(h) “National lakeshore” means land conveyed by this state to the United States that the United States has designated as national lakeshore.

(i) “National park” means land set aside and designated as a national park by the United States.

(j) “Project” means a transportation road construction or improvement. Project also includes a transit-oriented facility.

(k) “Qualified county” means a county in which a national lakeshore or a national park is located, or a county in which 34% or more of all the land is commercial forest land.

(l) "Rural county" means any county in this state with a population of 400,000 or less.

(m) "Transit-oriented facility" means a facility that houses a transit station in a manner that promotes transit ridership or passenger rail use and other infrastructure improvements that facilitate transit ridership or passenger rail use.

(n) "Urban county" means a county in this state with a population greater than 400,000.

Sec. 3. (1) Money from the fund shall be allocated for projects to be funded under section 11(3)(a) in accordance with the adopted policies of the commission. No funds shall be committed to any project, nor shall any project be authorized for any funds under this act, until the commission notifies the senate committee on transportation and the house committee on transportation and the subcommittees on transportation of the senate and house appropriations committees of the proposed projects in the manner provided in section 18k of 1951 PA 51, MCL 247.668k. Hearings may be conducted to afford interested parties the opportunity to address aspects of the selection process, the final project list, proposed funding, and related issues. If such hearings are not conducted by the senate committee on transportation and the house committee on transportation and the subcommittees on transportation of the senate and house appropriations committees within 30 days, if both the senate and house are in session, or 60 days, if either the senate or the house or both are not in session of project notification by the commission, the department may proceed with project authorization for funding.

(2) The commission shall not commit funds to any project in a new category for funding under section 7(3) or section 9(1)(a) before the commission notifies the legislative committees of the criteria for approval of projects under these categories in the same manner described in this section.

(3) Projects in section 11(3)(a) shall be coordinated with projects in section 11(3)(c) through the designated representatives on the urban task forces and regional rural task forces.

(4) The department may be the contracting agent for all projects to be funded by this act. Contracts shall be awarded consistent with the policies of the commission.

(5) The administrator or the person acting in that capacity shall assist the commission in reviewing recommendations for funding projects under this act.

(6) Of the money appropriated to the fund, not more than 1% as annually appropriated by the legislature shall be appropriated for administration of the fund.

(7) The commission shall do the following:

(a) Establish criteria for the awarding of projects.

(b) Exercise oversight as it may consider appropriate to facilitate its development of policy for administration of the fund.

(c) Review all projects recommended for funding to assure that they satisfy commission policies and criteria. Funds shall not be allocated to projects unless they are in accord with commission policy and criteria.

(8) The office of economic development shall review each project application and recommend the award of funding to selected projects in accordance with the adopted policies of the commission.

Sec. 11. (1) Bonds may be issued as authorized by the commission for the purpose of funding projects under this act in the manner provided in sections 18b and 18k of 1951 PA 51, MCL 247.668b and 247.668k, and in accordance with the adopted policies of the commission. Bonds shall not be committed for any project under this act until the requirements under section 3(1) have been satisfied.

(2) After the payment of interest and principal on bonds issued under this act and the appropriation for costs of administration of the fund as provided under this act, fund revenue shall be annually appropriated as follows:

(a) The first \$5,000,000.00 for a forest roads program. Forest roads program funds shall be distributed each fiscal year to each qualified county in a percentage amount equal to the same percentage amount that the number of acres of commercial forest, national park, and national lakeshore land in each qualified county bears to the total number of acres of commercial forest, national park, and national lakeshore land in all qualified counties in this state. Revenue distributed under this subdivision shall be used for the construction or reconstruction of roads.

(b) The next \$2,500,000.00 of the fund shall be distributed each fiscal year for improvements within rural counties to roads and streets that are eligible for federal aid and are located inside the boundaries of an urban area or an urbanized area as determined by the most recent federal decennial census and as adjusted by the department.

(3) Of the balance remaining after funding projects under subsection (2), projects shall be funded in the categories described in section 9 based on the following percentages:

(a) 50% for economic development road projects in any of the targeted industries. For the fiscal year ending September 30, 2017 only, the allocation made under this subdivision shall be reduced by \$9,423,700.00.

(b) 25% for projects to reduce congestion on county primary and city major streets within urban counties including advanced traffic management systems. The funds shall be distributed to counties with populations in excess of 400,000 in accordance with the following formula:

<u>Population</u>	<u>Percentage of Funds</u>
1,750,000 or more	16%
1,000,000 to 1,749,999	40%
650,001 to 999,999	20%
400,000 to 650,000	24%

When 2 or more counties occupy the same category, the funds shall be divided equally.

Projects funded under this category shall be used for the widening of county primary roads or city major streets or for advanced traffic management systems in eligible counties.

(c) 25% for projects within rural counties. These revenues shall be distributed for the improvement of rural primary roads in rural counties and major streets in cities and villages with a population of 5,000 or less that are located outside the boundaries of an urban area or an urbanized area as determined by the most recent federal decennial census and as adjusted by the department. Funds distributed under this subdivision shall be allocated by the commission to the regional rural task force areas defined in section 12a in the same proportion that the rural primary mileage of the regional rural task force area bears to the total rural primary mileage of all counties. Each rural county shall be credited with an allocation in the proportion that the county's rural primary mileage is to the total rural primary mileage of those rural counties within the same regional rural task force area. Projects funded under this subdivision shall be limited to upgrading rural primary roads and major streets to create an all-season road network. For the fiscal year ending September 30, 2016 only, the allocation made under this subdivision shall be reduced by \$2,000,000.00, and \$2,000,000.00 shall be allocated to the appropriated project as described in section 901 of article XX of 2016 PA 268.

(4) Beginning October 1, 2015, for the fiscal year ending September 30, 2016 only, the following amounts are appropriated from the fund and the distribution to targeted industries under subsection (3)(a) shall be reduced accordingly:

(a) \$2,000,000.00 for credit to the state trunk line fund established in section 11 of 1951 PA 51, MCL 247.661, for the purposes of matching available federal-aid highway funds.

(b) \$2,000,000.00 for credit to the state aeronautics fund established in section 34 of the aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.34, for the purpose of a 1-time airport safety appropriation.

(5) Beginning October 1, 2016, for the fiscal year ending September 30, 2017 only, \$10,400,000.00 is appropriated from the fund for credit to the state trunk line fund established in section 11 of 1951 PA 51, MCL 247.661, for the purpose of road and bridge construction, and the distribution to targeted industries under subsection (3)(a) shall be reduced accordingly.

Sec. 12. (1) The urban task force that represents the majority of the communities in the urban area of each county shall select and designate for eligibility projects for funding under section 11(3)(b) within their respective allocations. One nonvoting member of each task force shall be a designee of and represent the administrator. In the case of widening projects only, the task forces shall designate projects for eligibility as follows:

(a) Projects shall be eligible for federal aid.

(b) Projects shall add travel lanes, left turn lanes, and intersectional improvements to roads with 2 travel lanes carrying more than 10,000 vehicles per day or roads with more than 2 travel lanes carrying more than 25,000 vehicles per day based on the most current traffic count or a traffic count done on or before April 1, 1993. Projects may also be for the construction of new roads with 3 or more travel lanes where the projected traffic count exceeds 10,000 vehicles per day based on an engineering study approved by the department.

(2) If any task force fails to submit sufficient qualified projects to obligate its allocation by July 1 of any fiscal year, those funds shall be made available to the remaining urban task forces in the same proportion as the original allocation.

(3) The individual urban task forces shall propose project result evaluation criteria for all projects to the administrator and the commission for review and comment.

(4) The urban task forces shall report to the administrator on an annual basis the status of all projects selected for funding.

(5) The programs and projects authorized in section 11(3)(b) shall be administered in a similar manner as current federal aid projects and in accordance with the adopted policies of the commission.

Sec. 12a. (1) The regional rural task force shall make recommendations to the commission and the administrator for funding projects under section 11(3)(c) within their respective regions. If any represented county fails to submit sufficient qualified projects to obligate its allocation after 3 consecutive years, those funds shall be reallocated to the remaining counties in the same regional rural task force area. The regional rural task force areas shall coincide with the boundaries of the 14 state planning and development regions as configured on January 1, 1990. In a regional rural task

force area that is composed of 5 or more counties, subtask forces of 2 or more of the counties may be formed with the approval of the task force.

(2) The regional rural task force shall be composed of a representative of each county road commission within the regional area plus an equal number of representatives from incorporated cities and villages with a population of 5,000 or less within the regional area, and a representative selected by the administrator. Projects submitted to the administrator for funding under section 11(3)(c) shall be based on the following:

- (a) Only projects eligible for federal aid shall be funded unless otherwise approved by the regional rural task force.
- (b) Projects shall be on existing hard surface roads unless otherwise waived by the regional rural task force.
- (c) Construction shall be to all-season standards.

(d) These funds shall be used for physical construction only and shall not include costs of right-of-way acquisition and engineering.

(3) The programs and projects authorized in section 11(3)(c) shall be administered in a similar manner as the current local federal aid projects and in accordance with the adopted policies of the commission.

Sec. 13. By December 31 each year the commission shall report to the governor, the house and senate appropriations committees, and the house and senate fiscal agencies the following information regarding this act:

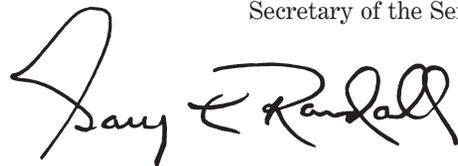
- (a) The projects funded during the previous fiscal year.
- (b) The status of projects funded in the immediately preceding fiscal year.
- (c) The number of jobs created and retained and any other economic benefits of the projects funded and listed under section 11(3)(a).
- (d) The degree to which the projects funded have achieved the objectives of this act.
- (e) Any other information considered necessary by the commission for the legislature to evaluate the effectiveness of this act.

Enacting section 1. This amendatory act does not take effect unless Senate Bill No. 25 of the 98th Legislature is enacted into law.

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved

.....
Governor