

SENATE BILL No. 1116

September 5, 2018, Introduced by Senators HANSEN and KNOLLENBERG and referred to the Committee on Appropriations.

A bill 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 3, 9, 10, 11, and 13 (MCL 247.903, 247.909, 247.910, 247.911, and 247.913), sections 3, 11, and 13 as amended by 2016 PA 501, section 9 as amended by 2016 PA 500, and section 10 as amended by 1993 PA 149.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) Money from the fund shall be allocated for
2 projects to be funded under section 11(3)(a) in accordance with the
3 adopted policies of the commission. No funds shall be committed to

1 any project, nor shall any project be authorized for any funds
2 under this act, until the commission notifies the senate committee
3 on transportation and the house committee on transportation and the
4 subcommittees on transportation of the senate and house
5 appropriations committees of the proposed projects ~~in the manner~~ **AS**
6 provided in section 18k of 1951 PA 51, MCL 247.668k. Hearings may
7 be conducted to afford interested parties the opportunity to
8 address aspects of the selection process, the final project list,
9 proposed funding, and related issues. If ~~such~~ hearings are not
10 conducted by the senate committee on transportation and the house
11 committee on transportation and the subcommittees on transportation
12 of the senate and house appropriations committees within 30 days,
13 if both the senate and house are in session, or 60 days, if either
14 the senate or the house or both are not in session of project
15 notification by the commission, the department may proceed with
16 project authorization for funding.

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

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

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

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

4 (6) Of the money appropriated to the fund, not more than 1% as
5 annually appropriated by the legislature shall be appropriated for
6 administration of the fund. **NOT MORE THAN \$100,000.00 OF THE MONEY**
7 **ALLOCATED UNDER SECTION 11(3) (A) FOR PROJECTS DESCRIBED IN SECTION**
8 **9(1) (B) MAY BE EXPENDED FOR ADMINISTRATION OF THOSE PROJECTS.**

9 (7) The commission shall do the following:

10 (a) Establish criteria for the awarding of projects.

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

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

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

21 Sec. 9. (1) A project shall relate to 1 or more of the
22 following categories:

23 (a) Economic development road projects in any of the following
24 targeted industries:

25 (i) Agriculture or food processing.

26 (ii) Tourism.

27 (iii) Forestry.

Senate Bill No. 1116 as amended November 29, 2018

1 (iv) High technology research.

2 (v) Manufacturing.

3 (vi) Mining.

4 (vii) Office centers of not less than 50,000 square feet.

5 (viii) Medical research or medical tourism facilities of not
6 less than 50,000 square feet.

7 (B) PROJECTS FOR CONSTRUCTION OR PRESERVATION OF STREETS IN
8 CITIES AND VILLAGES WITH A POPULATION OF << 11,000>> OR LESS,
INCLUDING,

9 BUT NOT LIMITED TO, RECONSTRUCTION, REPLACEMENT, REHABILITATION,
10 AND CAPITAL PREVENTION MAINTENANCE.

11 (C) ~~(b)~~—Projects for reducing congestion on county primary and
12 city major streets within urban counties including advanced traffic
13 management systems.

14 (D) ~~(e)~~—Projects for improvements within rural counties on
15 rural primary roads and major streets in cities and villages with a
16 population of 5,000 or less.

17 (E) ~~(d)~~—Projects for improvements within rural counties on
18 county rural primary roads or major streets within incorporated
19 villages and cities with a population of more than 5,000.

20 (2) The minimum requirements specified in section 7 for
21 projects identified in subsection (1)(a) shall ensure that those
22 projects satisfy the following requirements:

23 (a) Meet a particular transportation need that is shown to
24 exist.

25 (b) Have an immediate positive impact on local employment and
26 the economy.

27 (c) Exclude speculative projects with little or no return on

1 investment. Projects that contribute to the economic development
2 and redevelopment of areas having experienced or having significant
3 potential to experience job loss that meet the criteria for funding
4 under section 7(3)(b)(ii) are not speculative for the purposes of
5 this subdivision.

6 (d) Provide cooperation and support between developers and
7 state and local government.

8 (e) Were evaluated on the basis of impact on the local
9 community.

10 (3) A project that is within 1 or more of the categories in
11 subsection (1) shall meet the criteria developed for each category.

12 Sec. 10. (1) The costs of a project that are eligible to be
13 funded under section 11(3)(a) and (c) shall be developed by the
14 administrator in accordance with the adopted policies of the
15 commission and shall include at a minimum those costs normally
16 associated with highway construction projects such as project
17 planning, design, right-of-way acquisition, and construction, but
18 excluding routine maintenance.

19 (2) The costs of a project that are eligible to be funded
20 under section 11(3)(d) shall be developed by the administrator in
21 accordance with the adopted policies of the commission and shall
22 exclude right-of-way acquisition, design, engineering, and routine
23 maintenance.

24 (3) Matching funds of not less than 20% of the total eligible
25 costs of a project shall be required for those projects described
26 in section 9(1)(a), (c), and (d). This requirement may be set aside
27 in the case of extreme economic hardship for projects described in

1 section 9(1) (a) ~~, (c), and (d)~~ in the local unit in which the
2 project is located. Evaluation criteria for projects described in
3 section 9(1) (a) shall include whether there is a contribution of
4 more than the required 20% matching funds as part of the
5 determination of which projects are to be funded.

6 **(4) AN INDIVIDUAL GRANT FOR A PROJECT DESCRIBED IN SECTION**
7 **9(1)(B) SHALL NOT EXCEED \$250,000.00, AND MATCHING FUNDS OF NOT**
8 **LESS THAN 50% OF THE TOTAL ELIGIBLE COSTS OF THE PROJECT SHALL BE**
9 **REQUIRED.**

10 Sec. 11. (1) Bonds may be issued as authorized by the
11 commission for the purpose of funding projects under this act in
12 the manner provided in sections 18b and 18k of 1951 PA 51, MCL
13 247.668b and 247.668k, and in accordance with the adopted policies
14 of the commission. Bonds shall not be committed for any project
15 under this act until the requirements under section 3(1) have been
16 satisfied.

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

21 (a) The first \$5,000,000.00 for a forest roads program. Forest
22 roads program funds shall be distributed each fiscal year to each
23 qualified county in a percentage amount equal to the same
24 percentage amount that the number of acres of commercial forest,
25 national park, and national lakeshore land in each qualified county
26 bears to the total number of acres of commercial forest, national
27 park, and national lakeshore land in all qualified counties in this

1 state. Revenue distributed under this subdivision shall be used for
2 the construction or reconstruction of roads.

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

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

12 (a) 50% for economic development road projects in any of the
13 targeted industries. For the fiscal ~~year~~**YEARS** ending September 30,
14 ~~2017-2019~~ **THROUGH SEPTEMBER 30, 2023** only, the allocation made
15 under this subdivision shall be reduced by
16 ~~\$9,423,700.00~~**\$3,000,000.00 AND ALLOCATED TO PROJECTS DESCRIBED IN**
17 **SECTION 9(1)(B). THE OFFICE OF ECONOMIC DEVELOPMENT SHALL USE**
18 **GEOGRAPHIC DISTRIBUTION AS A GRANT SELECTION CRITERION FOR PROJECTS**
19 **DESCRIBED IN SECTION 9(1)(B). AN ELIGIBLE CITY OR VILLAGE MAY APPLY**
20 **FOR A GRANT FOR A PROJECT DESCRIBED IN SECTION 9(1)(B) IN**
21 **CONSECUTIVE FISCAL YEARS.**

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

	Population	Percentage of Funds
1		
2	1,750,000 or more	16%
3	1,000,000 to 1,749,999	40%
4	650,001 to 999,999	20%
5	400,000 to 650,000	24%

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

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

11 (c) 25% for projects within rural counties. These revenues
12 shall be distributed for the improvement of rural primary roads in
13 rural counties and major streets in cities and villages with a
14 population of 5,000 or less that are located outside the boundaries
15 of an urban area or an urbanized area as determined by the most
16 recent federal decennial census and as adjusted by the department.
17 Funds distributed under this subdivision shall be allocated by the
18 commission to the regional rural task force areas ~~defined~~ **DESCRIBED**
19 in section 12a in the same proportion that the rural primary
20 mileage of the regional rural task force area bears to the total
21 rural primary mileage of all counties. Each rural county shall be
22 credited with an allocation in the proportion that the county's
23 rural primary mileage is to the total rural primary mileage of
24 those rural counties within the same regional rural task force
25 area. Projects funded under this subdivision shall be limited to
26 upgrading rural primary roads and major streets to create an all-
27 season road network. ~~For the fiscal year ending September 30, 2016~~

1 ~~only, the allocation made under this subdivision shall be reduced~~
2 ~~by \$2,000,000.00, and \$2,000,000.00 shall be allocated to the~~
3 ~~appropriated project as described in section 901 of article XX of~~
4 ~~2016 PA 268.~~

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

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

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

16 ~~—— (5) Beginning October 1, 2016, for the fiscal year ending~~
17 ~~September 30, 2017 only, \$10,400,000.00 is appropriated from the~~
18 ~~fund for credit to the state trunk line fund established in section~~
19 ~~11 of 1951 PA 51, MCL 247.661, for the purpose of road and bridge~~
20 ~~construction, and the distribution to targeted industries under~~
21 ~~subsection (3) (a) shall be reduced accordingly.~~

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

26 (a) The projects funded during the previous fiscal year.

27 (b) The status of projects funded in the immediately preceding

1 fiscal year.

2 (c) The number of jobs created and retained and any other
3 economic benefits of the projects funded and listed under section
4 ~~11(3)(a)~~-9(1)(A).

5 (D) FOR EACH PROJECT DESCRIBED IN SECTION 9(1)(B) THAT
6 RECEIVED FUNDS UNDER THIS ACT, BOTH OF THE FOLLOWING:

7 (i) A GENERAL DESCRIPTION OF THE PROJECT.

8 (ii) THE ESTIMATED TOTAL COST OF THE PROJECT.

9 (E) ~~(d)~~—The degree to which the projects funded have achieved
10 the objectives of this act.

11 (F) ~~(e)~~—Any other information considered necessary by the
12 commission for the legislature to evaluate the effectiveness of
13 this act.

14 Enacting section 1. This amendatory act takes effect 90 days
15 after the date it is enacted into law.