

# SENATE BILL NO. 1103

September 10, 2020, Introduced by Senator HERTEL and referred to the Committee of the Whole.

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; to investigate and study the tolling of roads, streets, highways, or bridges; and to repeal acts and parts of acts,"

by amending section 10 (MCL 247.660), as amended by 2018 PA 471.

**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 in the state treasury as a separate fund. The  
 3 state treasurer may receive money or other assets from any source  
 4 for deposit into the fund. The state treasurer shall direct the  
 5 investment of the fund. The state treasurer shall credit to the

1 fund interest and earnings from fund investments. ~~Except as~~  
2 ~~provided in this act, no other money, whether appropriated from the~~  
3 ~~general fund of this state or any other source, shall be deposited~~  
4 ~~in the Michigan transportation fund.~~ Except as otherwise provided  
5 in this section, the legislature shall appropriate money for the  
6 necessary expenses incurred in the administration and enforcement  
7 of the motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170,  
8 the motor carrier act, 1933 PA 254, MCL 475.1 to 479.42, and  
9 sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL  
10 257.801 to 257.810. Money appropriated for necessary expenses ~~shall~~  
11 **must** be based upon established cost allocation methodology that  
12 reflects actual costs. Appropriations for the necessary expenses  
13 incurred by the department of state in administration and  
14 enforcement of sections 801 to 810 of the Michigan vehicle code,  
15 1949 PA 300, MCL 257.801 to 257.810, ~~shall~~**must** be made from the  
16 Michigan transportation fund and from money in the transportation  
17 administration collection fund created in section 810b of the  
18 Michigan vehicle code, 1949 PA 300, MCL 257.810b. Appropriations  
19 from the Michigan transportation fund for the necessary expenses  
20 incurred by the department of state in administration and  
21 enforcement of sections 801 to 810 of the Michigan vehicle code,  
22 1949 PA 300, MCL 257.801 to 257.810, ~~shall~~**must** not exceed  
23 \$20,000,000.00 per state fiscal year. Except as provided in section  
24 51d of the income tax act of 1967, 1967 PA 281, MCL 206.51d, all  
25 money in the Michigan transportation fund is apportioned and  
26 appropriated in the following manner:

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

1 (b) Not more than \$3,000,000.00 as may be annually  
2 appropriated each fiscal year to the state trunk line fund for  
3 subsequent deposit in the grade crossing surface account.

4 (c) Not more than \$3,000,000.00 each year to the local bridge  
5 fund established in subsection (4) for the purpose of payment of  
6 the principal, interest, and redemption premium on any notes or  
7 bonds issued by the state transportation commission under former  
8 section 11b or subsection (9).

9 (d) Except as otherwise provided in this subdivision and  
10 subject to section 11h, \$2,000,000.00 each year of the revenue from  
11 3 cents of the tax levied under section 8(1)(a) of the motor fuel  
12 tax act, 2000 PA 403, MCL 207.1008, to the local agency wetland  
13 mitigation board fund created in section 11h.

14 (e) Except as otherwise provided in this subdivision,  
15 \$5,000,000.00 each year of the revenue from 3 cents of the tax  
16 levied under section 8(1)(a) of the motor fuel tax act, 2000 PA  
17 403, MCL 207.1008, to the movable bridge fund created in section  
18 11g, with the remainder to the state trunk line fund, county road  
19 commissions, and cities and villages in the percentages provided in  
20 subdivision (l). The department shall annually adjust the amount  
21 allocated under this subdivision by an amount equal to the annual  
22 increase in the Detroit Consumer Price Index for the preceding  
23 year.

24 (f) One-half of the revenue from 1 cent of the tax levied  
25 under section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL  
26 207.1008, to the state trunk line fund for the repair of state  
27 bridges under section 11, and 1/2 of the revenue from 1 cent of the  
28 tax levied under section 8(1)(a) of the motor fuel tax act, 2000 PA  
29 403, MCL 207.1008, to the local bridge fund created in subsection

1 (4) for distribution only to cities, villages, and county road  
2 commissions.

3 (g) \$50,000,000.00 to the state trunk line fund for debt  
4 service costs on state of Michigan projects.

5 (h) Ten percent to the comprehensive transportation fund for  
6 the purposes described in section 10e.

7 (i) \$5,000,000.00 to the local bridge fund established in  
8 subsection (4) for distribution only to the local bridge advisory  
9 board, the regional bridge councils, cities, villages, and county  
10 road commissions.

11 (j) \$36,775,000.00 to the state trunk line fund for subsequent  
12 deposit in the transportation economic development fund **created in**  
13 **section 2 of 1987 PA 231, MCL 247.902**, with first priority for  
14 allocation to debt service on bonds issued to fund transportation  
15 economic development fund projects. In addition, \$3,500,000.00 is  
16 appropriated from the Michigan transportation fund to the state  
17 trunk line fund for subsequent deposit in the transportation  
18 economic development fund **created in section 2 of 1987 PA 231, MCL**  
19 **247.902** to be used for economic development road projects in any of  
20 the targeted industries described in section 9(1)(a) of 1987 PA  
21 231, MCL 247.909.

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

25 (l) The balance of the Michigan transportation fund, **as well as**  
26 **funds allocated to the Michigan transportation fund and collected**  
27 **under the Michigan Regulation and Taxation of Marihuana Act, 2018**  
28 **IL 1, MCL 333.27951 to 333.27967**, as follows, after deduction of  
29 the amounts appropriated in subdivisions (a) to (k):

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

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

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

5 (2) The money appropriated under this section ~~shall~~**must** be  
6 used for the purposes as provided in this act and any other  
7 applicable act. Subject to ~~the requirements of~~ section 9b, the  
8 department shall develop programs in conjunction with the Michigan  
9 Chamber of Commerce and the Michigan Minority Supplier Development  
10 Council to assist small businesses, including those located in  
11 enterprise zones and those located in empowerment zones as  
12 determined under federal law, as defined by law in becoming  
13 qualified to bid.

14 (3) ~~Thirty-one and one-half percent~~ **From federal funds, an**  
15 **amount equal to 31-1/2%** of the money **formerly** appropriated to this  
16 state from the federal government under **former** 23 USC 157, commonly  
17 known as minimum guarantee funds, ~~shall~~**must** be allocated to the  
18 transportation economic development fund, if the allocation is  
19 consistent with federal law. This money ~~shall~~**must** be distributed  
20 16-1/2% for development projects for rural counties as defined by  
21 law and 15% for capacity improvement or advanced traffic management  
22 systems in urban counties as defined by law. Federal money  
23 allocated for distribution under this section is eligible for  
24 obligation and use by all recipients as provided in the moving  
25 ahead for progress in the 21st century act, Public Law 112-141.

26 (4) A fund to be known as the local bridge fund is established  
27 in the state treasury as a separate fund. The money appropriated to  
28 the local bridge fund and the interest accruing to that fund ~~shall~~  
29 **must** be expended for the local bridge program. The purpose of the

1 fund is to provide financial assistance to highway authorities for  
2 the preservation, improvement, or reconstruction of existing  
3 bridges or for the construction of bridges to replace existing  
4 bridges in whole or part. The money in the local bridge fund is not  
5 subject to section 12(15) or 13(5). The local bridge advisory board  
6 is created and ~~shall~~**must** consist of 6 voting members appointed by  
7 the state transportation commission and 2 nonvoting members  
8 appointed by the department. The board ~~shall~~**must** include 3 members  
9 from the County Road Association of Michigan, 1 member who  
10 represents counties with populations 65,000 or greater, 1 member  
11 who represents counties with populations greater than 30,000 and  
12 less than 65,000, and 1 member who represents counties with  
13 populations of 30,000 or less. Three members ~~shall~~**must** be  
14 appointed from the Michigan Municipal League, 1 member who  
15 represents cities with a population 75,000 or greater, 1 member who  
16 represents cities with a population less than 75,000, and 1 member  
17 who represents villages. Each organization with voting rights shall  
18 submit a list of nominees in each population category to the state  
19 transportation commission. The state transportation commission  
20 shall make the appointments from the lists submitted under this  
21 subsection. Voting members ~~shall~~**must** be appointed for 2 years. The  
22 chairperson of the board ~~shall~~**must** be selected from among the  
23 voting members of the board. In addition to the 2 nonvoting  
24 members, the department shall provide qualified administrative  
25 staff and qualified technical assistance to the board.

26 (5) No less than 5% and no more than 15% of the money received  
27 in the local bridge fund may be used for critical repair of large  
28 bridges and emergencies as determined by the local bridge advisory  
29 board. Money remaining after the money allocated for critical large

1 bridge repair and emergencies is deducted ~~shall~~**must** be distributed  
2 by the board to the regional bridge councils created under this  
3 section. One regional council ~~shall~~**must** be formed for each  
4 department of transportation region as those regions exist on  
5 October 1, 2004. The regional councils ~~shall~~**must** consist of 2  
6 members of the County Road Association of Michigan from counties in  
7 the region, 2 members of the Michigan Municipal League from cities  
8 and villages in the region, and 1 member of the department in each  
9 region. The members of the department are nonvoting members and  
10 shall provide qualified administrative staff and qualified  
11 technical assistance to the regional councils.

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

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

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

25 (c) A ratio with a numerator that is the total amount of  
26 structurally deficient local bridge deck area in the region and a  
27 denominator that is the total amount of structurally deficient  
28 local bridge deck area in this state.

29 (7) The regional bridge councils shall allocate the money

1 received from the board for the preservation, improvement, and  
2 reconstruction of existing bridges or for the construction of  
3 bridges to replace existing bridges in whole or in part in each  
4 region.

5 (8) Each January, the department shall submit a report to the  
6 chair and the minority vice-chair of the appropriations committees  
7 of the senate and the house of representatives, and to the standing  
8 committees on transportation of the senate and the house of  
9 representatives, on all of the following activities for the  
10 previous state fiscal year:

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

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

15 (c) The actual weights used in the calculation required under  
16 subsection (6).

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

18 (e) A listing of the specific projects that were funded under  
19 subsection (7).

20 (9) The state transportation commission shall borrow money and  
21 issue notes or bonds in an amount of not less than \$30,000,000.00  
22 to supplement the funding provided for the local bridge program  
23 under subsection (5). The bonds or notes issued under this  
24 subsection may be issued by the commission for any purpose for  
25 which other local bridge money may be used under this section. The  
26 bonds or notes authorized by this subsection ~~shall~~**must** be issued  
27 by resolution of the state transportation commission consistent  
28 with the requirements of section 18b.

29 (10) The department shall promulgate rules under the

1 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
2 24.328, governing the administration of the local bridge program.  
3 The rules ~~shall~~**must** set forth the eligibility criteria for  
4 financial assistance under the program and other matters related to  
5 the program that the department considers necessary and desirable.  
6 The department shall take into consideration the availability of  
7 federal aid and other financial resources of the highway authority  
8 responsible for the bridge, the importance of the bridge to the  
9 highway, road, or street network, and the condition of the existing  
10 bridge.

11 (11) The revenue appropriated to the local bridge fund under  
12 subsection ~~(1)(e)~~**(1)(i) must** be distributed only to the  
13 local bridge advisory board, the regional bridge councils, cities,  
14 villages, and county road commissions.

15 (12) The regional bridge councils shall determine what bridge  
16 projects are selected for funding from the local bridge fund  
17 created in subsection (4) and shall make a list of selected  
18 projects available to interested parties in the region. A  
19 determination that a bridge project is selected for funding in a  
20 given fiscal year is not approval to disburse the money.

21 (13) A county road commission, city, or village may implement  
22 a bridge project if the bridge project has been selected for  
23 funding and is included in the appropriate regional bridge  
24 council's current multiyear bridge plan for the local bridge  
25 program but the regional bridge council has not allocated money to  
26 the bridge project for the fiscal year that the bridge project is  
27 on the current multiyear bridge plan. A county road commission,  
28 city, or village may borrow money to implement a project that has  
29 been selected for funding and is included in the appropriate

1 regional bridge council's current multiyear bridge plan but has not  
2 been allocated money by the regional bridge council. Based on  
3 available local bridge money, when a bridge project that was  
4 implemented with borrowed money is allocated funding in a  
5 subsequent fiscal year, the funding ~~shall~~**must** only be used to  
6 repay the amount approved by the multiyear bridge plan when the  
7 money was borrowed. To be eligible for repayment of the amount  
8 borrowed, a bridge project that has been implemented with borrowed  
9 money ~~shall~~**must** be administered through the department's local  
10 bridge program.