

**SUBSTITUTE FOR
SENATE BILL NO. 466**

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 2020 PA 222.

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
 6 fund interest and earnings from fund investments. Except as
 7 otherwise provided in this section, the legislature shall
 8 appropriate money for the necessary expenses incurred in the
 9 administration and enforcement of the motor fuel tax act, 2000 PA

1 403, MCL 207.1001 to 207.1170, the motor carrier act, 1933 PA 254,
2 MCL 475.1 to 479.42, and sections 801 to 810 of the Michigan
3 vehicle code, 1949 PA 300, MCL 257.801 to 257.810. Money
4 appropriated for necessary expenses must be based upon established
5 cost allocation methodology that reflects actual costs.

6 Appropriations for the necessary expenses incurred by the
7 department of state in administration and enforcement of sections
8 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL 257.801
9 to 257.810, must be made from the Michigan transportation fund and
10 from money in the transportation administration collection fund
11 created in section 810b of the Michigan vehicle code, 1949 PA 300,
12 MCL 257.810b. Appropriations from the Michigan transportation fund
13 for the necessary expenses incurred by the department of state in
14 administration and enforcement of sections 801 to 810 of the
15 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, must
16 not exceed \$20,000,000.00 per state fiscal year. Except as provided
17 in section 51d of the income tax act of 1967, 1967 PA 281, MCL
18 206.51d, all money in the Michigan transportation fund is
19 apportioned and appropriated in the following manner:

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

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

26 (c) Not more than \$3,000,000.00 each year to the local bridge
27 fund established in subsection (4) for the purpose of payment of
28 the principal, interest, and redemption premium on any notes or
29 bonds issued by the state transportation commission under former

1 section 11b or subsection (9).

2 (d) Except as otherwise provided in this subdivision and
3 subject to section 11h, \$2,000,000.00 each year of the revenue from
4 3 cents of the tax levied under section 8(1)(a) of the motor fuel
5 tax act, 2000 PA 403, MCL 207.1008, to the local agency wetland
6 mitigation board fund created in section 11h.

7 (e) Except as otherwise provided in this subdivision,
8 \$5,000,000.00 each year of the revenue from 3 cents of the tax
9 levied under section 8(1)(a) of the motor fuel tax act, 2000 PA
10 403, MCL 207.1008, to the movable bridge fund created in section
11 11g, with the remainder to the state trunk line fund, county road
12 commissions, and cities and villages in the percentages provided in
13 subdivision (l). The department shall annually adjust the amount
14 allocated under this subdivision by an amount equal to the annual
15 increase in the Detroit Consumer Price Index for the preceding
16 year.

17 (f) One-half of the revenue from 1 cent of the tax levied
18 under section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL
19 207.1008, to the state trunk line fund for the repair of state
20 bridges under section 11, and 1/2 of the revenue from 1 cent of the
21 tax levied under section 8(1)(a) of the motor fuel tax act, 2000 PA
22 403, MCL 207.1008, to the local bridge fund created in subsection
23 (4) for distribution only to cities, villages, and county road
24 commissions.

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

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

29 (i) \$5,000,000.00 to the local bridge fund established in

1 subsection (4) for distribution only to the local bridge advisory
2 board, the regional bridge councils, cities, villages, and county
3 road commissions.

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

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

18 (l) The balance of the Michigan transportation fund, as well as
19 funds allocated to the Michigan transportation fund and collected
20 under the Michigan Regulation and Taxation of Marihuana Act, 2018
21 IL 1, MCL 333.27951 to 333.27967, as follows, after deduction of
22 the amounts appropriated in subdivisions (a) to (k):

23 (i) 39.1% to the state trunk line fund for the purposes
24 described in section 11 **and section 10o(5)**.

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

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

27 (2) The money appropriated under this section must be used for
28 the purposes as provided in this act and any other applicable act.
29 Subject to section 9b, the department shall develop programs in

1 conjunction with the Michigan Chamber of Commerce and the Michigan
2 Minority Supplier Development Council to assist small businesses,
3 including those located in enterprise zones and those located in
4 empowerment zones as determined under federal law, as defined by
5 law in becoming qualified to bid.

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

18 (4) A fund to be known as the local bridge fund is established
19 in the state treasury as a separate fund. The money appropriated to
20 the local bridge fund and the interest accruing to that fund must
21 be expended for the local bridge program. The purpose of the fund
22 is to provide financial assistance to highway authorities for the
23 preservation, improvement, or reconstruction of existing bridges or
24 for the construction of bridges to replace existing bridges in
25 whole or part. The money in the local bridge fund is not subject to
26 section 12(15) or 13(5). The local bridge advisory board is created
27 and must consist of 6 voting members appointed by the state
28 transportation commission and 2 nonvoting members appointed by the
29 department. The board must include 3 members from the County Road

1 Association of Michigan, 1 member who represents counties with
2 populations 65,000 or greater, 1 member who represents counties
3 with populations greater than 30,000 and less than 65,000, and 1
4 member who represents counties with populations of 30,000 or less.
5 Three members must be appointed from the Michigan Municipal League,
6 1 member who represents cities with a population 75,000 or greater,
7 1 member who represents cities with a population less than 75,000,
8 and 1 member who represents villages. Each organization with voting
9 rights shall submit a list of nominees in each population category
10 to the state transportation commission. The state transportation
11 commission shall make the appointments from the lists submitted
12 under this subsection. Voting members must be appointed for 2
13 years. The chairperson of the board must be selected from among the
14 voting members of the board. In addition to the 2 nonvoting
15 members, the department shall provide qualified administrative
16 staff and qualified technical assistance to the board.

17 (5) No less than 5% and no more than 15% of the money received
18 in the local bridge fund may be used for critical repair of large
19 bridges and emergencies as determined by the local bridge advisory
20 board. Money remaining after the money allocated for critical large
21 bridge repair and emergencies is deducted must be distributed by
22 the board to the regional bridge councils created under this
23 section. One regional council must be formed for each department of
24 transportation region as those regions exist on October 1, 2004.
25 The regional councils must consist of 2 members of the County Road
26 Association of Michigan from counties in the region, 2 members of
27 the Michigan Municipal League from cities and villages in the
28 region, and 1 member of the department in each region. The members
29 of the department are nonvoting members and shall provide qualified

1 administrative staff and qualified technical assistance to the
2 regional councils.

3 (6) Money in the local bridge fund after deduction of the
4 amounts set aside for critical repair of large bridges and
5 emergency repairs must be distributed among the regional bridge
6 councils according to all of the following ratios, which must be
7 assigned a weight expressed as a percentage as determined by the
8 board, with each ratio receiving no greater than a 50% weight and
9 no less than a 25% weight:

10 (a) A ratio with a numerator that is the total number of local
11 bridges in the region and a denominator that is the total number of
12 local bridges in this state.

13 (b) A ratio with a numerator that is the total local bridge
14 deck area in the region and a denominator that is the total local
15 bridge deck area in this state.

16 (c) A ratio with a numerator that is the total amount of
17 structurally deficient local bridge deck area in the region and a
18 denominator that is the total amount of structurally deficient
19 local bridge deck area in this state.

20 (7) The regional bridge councils shall allocate the money
21 received from the board for the preservation, improvement, and
22 reconstruction of existing bridges or for the construction of
23 bridges to replace existing bridges in whole or in part in each
24 region.

25 (8) Each January, the department shall submit a report to the
26 chair and the minority vice-chair of the appropriations committees
27 of the senate and the house of representatives, and to the standing
28 committees on transportation of the senate and the house of
29 representatives, on all of the following activities for the

1 previous state fiscal year:

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

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

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

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

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

11 (9) The state transportation commission shall borrow money and
12 issue notes or bonds in an amount of not less than \$30,000,000.00
13 to supplement the funding provided for the local bridge program
14 under subsection (5). The bonds or notes issued under this
15 subsection may be issued by the commission for any purpose for
16 which other local bridge money may be used under this section. The
17 bonds or notes authorized by this subsection must be issued by
18 resolution of the state transportation commission consistent with
19 the requirements of section 18b.

20 (10) The department shall promulgate rules under the
21 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
22 24.328, governing the administration of the local bridge program.
23 The rules must set forth the eligibility criteria for financial
24 assistance under the program and other matters related to the
25 program that the department considers necessary and desirable. The
26 department shall take into consideration the availability of
27 federal aid and other financial resources of the highway authority
28 responsible for the bridge, the importance of the bridge to the
29 highway, road, or street network, and the condition of the existing

1 bridge.

2 (11) The revenue appropriated to the local bridge fund under
3 subsection (1)(i) must be distributed only to the local bridge
4 advisory board, the regional bridge councils, cities, villages, and
5 county road commissions.

6 (12) The regional bridge councils shall determine what bridge
7 projects are selected for funding from the local bridge fund
8 created in subsection (4) and shall make a list of selected
9 projects available to interested parties in the region. A
10 determination that a bridge project is selected for funding in a
11 given fiscal year is not approval to disburse the money.

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

1 Enacting section 1. This amendatory act takes effect October
2 1, 2022.

3 Enacting section 2. This amendatory act does not take effect
4 unless Senate Bill No. 465 of the 101st Legislature is enacted into
5 law.