

# SENATE BILL NO. 32

January 26, 2021, Introduced by Senators MACDONALD and WOJNO and referred to the Committee on Transportation and Infrastructure.

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, and by adding section 10i.

**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

investment of the fund. The state treasurer shall credit to the fund interest and earnings from fund investments. Except as otherwise provided in this section, the legislature shall appropriate money for the necessary expenses incurred in the administration and enforcement of the motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170, the motor carrier act, 1933 PA 254, MCL 475.1 to 479.42, and sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810. Money appropriated for necessary expenses must be based upon established cost allocation methodology that reflects actual costs. Appropriations for the necessary expenses incurred by the department of state in administration and enforcement of sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, must be made from the Michigan transportation fund and from money in the transportation administration collection fund created in section 810b of the Michigan vehicle code, 1949 PA 300, MCL 257.810b. Appropriations from the Michigan transportation fund for the necessary expenses incurred by the department of state in administration and enforcement of sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, must not exceed \$20,000,000.00 per state fiscal year. Except as provided in section 51d of the income tax act of 1967, 1967 PA 281, MCL 206.51d, **and section 10i**, 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

1 subsequent deposit in the grade crossing surface account.

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

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

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

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

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

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

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

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

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

23 (l) ~~The~~ **Subject to section 10i, the** balance of the Michigan  
24 transportation fund, as well as funds allocated to the Michigan  
25 transportation fund and collected under the Michigan Regulation and  
26 Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to 333.27967,  
27 as follows, after deduction of the amounts appropriated in  
28 subdivisions (a) to (k):

29 (i) 39.1% to the state trunk line fund for the purposes

1 described in section 11.

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

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

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

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

24 (4) A fund to be known as the local bridge fund is established  
25 in the state treasury as a separate fund. The money appropriated to  
26 the local bridge fund and the interest accruing to that fund must  
27 be expended for the local bridge program. The purpose of the fund  
28 is to provide financial assistance to highway authorities for the  
29 preservation, improvement, or reconstruction of existing bridges or

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

23 (5) No less than 5% and no more than 15% of the money received  
24 in the local bridge fund may be used for critical repair of large  
25 bridges and emergencies as determined by the local bridge advisory  
26 board. Money remaining after the money allocated for critical large  
27 bridge repair and emergencies is deducted must be distributed by  
28 the board to the regional bridge councils created under this  
29 section. One regional council must be formed for each department of

1 transportation region as those regions exist on October 1, 2004.

2 The regional councils must consist of 2 members of the County Road  
3 Association of Michigan from counties in the region, 2 members of  
4 the Michigan Municipal League from cities and villages in the  
5 region, and 1 member of the department in each region. The members  
6 of the department are nonvoting members and shall provide qualified  
7 administrative staff and qualified technical assistance to the  
8 regional councils.

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

16 (a) A ratio with a numerator that is the total number of local  
17 bridges in the region and a denominator that is the total number of  
18 local bridges in this state.

19 (b) A ratio with a numerator that is the total local bridge  
20 deck area in the region and a denominator that is the total local  
21 bridge deck area in this state.

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

26 (7) The regional bridge councils shall allocate the money  
27 received from the board for the preservation, improvement, and  
28 reconstruction of existing bridges or for the construction of  
29 bridges to replace existing bridges in whole or in part in each



1 region.

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

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

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

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

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

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

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

26 (10) The department shall promulgate rules under the  
27 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
28 24.328, governing the administration of the local bridge program.  
29 The rules must set forth the eligibility criteria for financial

1 assistance under the program and other matters related to the  
2 program that the department considers necessary and desirable. The  
3 department shall take into consideration the availability of  
4 federal aid and other financial resources of the highway authority  
5 responsible for the bridge, the importance of the bridge to the  
6 highway, road, or street network, and the condition of the existing  
7 bridge.

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

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

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

1 implemented with borrowed money is allocated funding in a  
2 subsequent fiscal year, the funding must only be used to repay the  
3 amount approved by the multiyear bridge plan when the money was  
4 borrowed. To be eligible for repayment of the amount borrowed, a  
5 bridge project that has been implemented with borrowed money must  
6 be administered through the department's local bridge program.

7       **Sec. 10i. (1) Except as provided in section 10(1)(d) to (f),**  
8 **the revenue from the tax levied under section 8 of the motor fuel**  
9 **tax act, 2000 PA 403, MCL 207.1008, that is deposited into the**  
10 **Michigan transportation fund under section 143 of the motor fuel**  
11 **tax act, 2000 PA 403, MCL 207.1143, shall be returned to the county**  
12 **in which the motor fuel upon which the tax was levied was sold.**

13       **(2) Money received by a county under subsection (1) shall be**  
14 **used for the preservation and maintenance of county roads within**  
15 **that county.**

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