

SENATE BILL NO. 465

May 20, 2021, Introduced by Senators RUNESTAD and BARRETT and referred to the Committee on Appropriations.

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 10o (MCL 247.660o), as amended by 2000 PA 188.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 10o. (1) Twenty-three to twenty-seven percent of the DOT-
- 2 FHWA highway research, planning, and construction federal funds
- 3 appropriated to this state from the federal government for road and
- 4 bridge construction ~~shall~~**must** be allocated to programs
- 5 administered by local jurisdictions after deduction of the

1 following:

2 (a) Funds that are specifically allocated at the federal level
3 to the state or local jurisdictions.

4 (b) Funds allocated by the department to the state and to
5 local jurisdictions through a competitive process.

6 **(c) Funds used by this state to purchase local federal funds**
7 **that were available to be purchased by the department as part of**
8 **the local federal aid buyout program described in subsection (5).**

9 (2) Federal aid excluded from the calculation of funding
10 allocated to programs administered by local jurisdictions in
11 subsection (1) includes, but is not limited to, congestion
12 mitigation and air quality funds, federal bridge funds,
13 transportation enhancement funds, funds distributed at the
14 discretion of the United States ~~secretary~~ **Secretary** of
15 ~~transportation, Transportation~~, and congressionally designated
16 funds.

17 (3) The funds ~~shall~~ **must** be distributed to eligible local **road**
18 agencies for transportation purposes in a manner consistent with
19 state and federal law.

20 (4) It is the intent of the legislature that federal aid to
21 highways allocated to local jurisdictions in subsection (1) be
22 distributed in a manner that produces a 25% average allocation of
23 applicable funds to programs for local jurisdictions in each fiscal
24 year through the fiscal year ending September 30, 2000. Beginning
25 in the fiscal year ending September 30, 1999, the average
26 allocation of applicable federal aid to highway funds to programs
27 for local jurisdictions ~~shall~~ **must** be the average of the amount
28 distributed to local jurisdictions under subsection (1) and
29 similarly calculated distributions in each succeeding fiscal year.

1 The average allocation percentage described in this subsection
2 ~~shall~~**must** be adjusted to reflect any ~~voluntary~~ agreements made by
3 the department with local jurisdictions regarding the state buyout
4 of local federal aid.

5 (5) As part of the local federal aid buyout program operated
6 by the department, the department shall pay local road agencies the
7 amounts identified in the local road agency's 3- or 5-year local
8 transportation improvement plan for each year in which the local
9 road agency plans to participate in the local federal aid buyout
10 program with the department. The department's local federal aid
11 buyout program must also meet all of the following requirements:

12 (a) As part of the local federal aid buyout program operated
13 by the department, the department shall do all of the following:

14 (i) Make available to local road agencies up to 93% of the
15 eligible local federal funds allocated to local road agencies for
16 the Surface Transportation Block Grant program funding. The
17 department shall pay local road agencies the amount of federal
18 funds, identified in the approved state transportation improvement
19 plan, as determined by the local road agency, not to exceed 100% of
20 the total local road agency eligible funds.

21 (ii) Require road projects funded by the local federal aid
22 buyout program to be rural task force-approved or metropolitan
23 planning organization-approved projects.

24 (iii) Require that contracts between local road agencies and
25 contractors, for road projects funded by the local federal aid
26 buyout program, contain a federal wage and benefits schedule
27 consistent with, and incorporating the requirements of, section IV
28 of Form FHWA-1273, revised May 1, 2012, or any successor form, and
29 provide that covered workers are third-party beneficiaries of these

1 contract requirements.

2 (b) The local road agency shall notify the department, its
3 rural task force, and its metropolitan planning organization before
4 the fiscal year that projects the local road agency has determined
5 will be included in the local federal aid buyout program for the
6 next fiscal year. The local road agency shall complete the
7 identified projects with the federal buyout funds. The local road
8 agency shall spend any remaining federal buyout funds on federal
9 aid eligible roads for activities and improvements, not including
10 routine maintenance, or use the remaining federal buyout funds as
11 additional funds for any federal aid project undertaken on roads
12 under its jurisdiction. A local road agency shall complete an
13 eligible activity or improvement with the federal buyout funds
14 within 3 years after receiving the funds.

15 (c) The completed road projects accomplished with the federal
16 buyout funds must be documented with the transportation asset
17 management council investment reporting tool and reported in the
18 fiscal year that the project is completed.

19 (d) If the identified projects cannot be completed within the
20 required 3-year time frame, the local road agency shall notify the
21 department and its rural task force of the limitation and identify
22 an alternate federal aid eligible road project where a similar
23 improvement will be accomplished within the original 3-year time
24 frame.

25 (6) If the department is unable to fulfill its federal aid
26 matching obligation to obtain all available federal funds for a
27 fiscal year, the department may reduce the local federal aid buyout
28 program described in this section for that fiscal year. However,
29 the department may only reduce the amount of the local federal aid

1 buyout funds if that reduction is necessary to ensure that the
2 department can perform routine maintenance, operate safety
3 programs, and carry out other administrative functions. The
4 department shall make this determination before the beginning of
5 the fiscal year and shall notify all local road agencies that have
6 submitted applications for the local federal aid buyout program for
7 that fiscal year before the beginning of the fiscal year. If the
8 department reduces the local federal aid buyout program under this
9 subsection, the department shall also submit a detailed letter of
10 explanation to the chairs of the senate and house of
11 representatives transportation committees, chairs of the senate and
12 house transportation appropriations subcommittees, the senate
13 majority leader, and the speaker of the house of representatives
14 explaining why the department is unable to fully fund its federal
15 aid matching obligation.

16 Enacting section 1. This amendatory act does not take effect
17 unless Senate Bill No. 466 of the 101st Legislature is enacted into
18 law.