

Act No. 218
Public Acts of 1989
Approved by the Governor
December 1, 1989
Filed with the Secretary of State
December 1, 1989

**STATE OF MICHIGAN
85TH LEGISLATURE
REGULAR SESSION OF 1989**

Introduced by Senators Binsfeld and Arthurhultz

ENROLLED SENATE BILL No. 659

AN ACT to amend the title and sections 1, 2, 3, 6, 7, 8, 10, 11, and 12 of Act No. 231 of the Public Acts of 1987, 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 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," being sections 247.901, 247.902, 247.903, 247.906, 247.907, 247.908, 247.910, 247.911, and 247.912 of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. The title and sections 1, 2, 3, 6, 7, 8, 10, 11, and 12 of Act No. 231 of the Public Acts of 1987, being sections 247.901, 247.902, 247.903, 247.906, 247.907, 247.908, 247.910, 247.911, and 247.912 of the Michigan Compiled Laws, are amended to read as follows:

TITLE

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.

Sec. 1. As used in this act:

(a) "Administrator" means the person appointed by the department, in accordance with the policies of the commission and civil service rules, to serve as director of the office of economic development.

(b) "Commercial forest land" means land defined as commercial forest in Michigan's fourth forest inventory completed in May 1981 and reported by the United States department of agriculture in the resource bulletin NC-68 available from the United States forest service's north central experiment station.

(c) "Commission" means the state transportation commission.

(d) "County road agency" means the board of county road commissioners, or if a board does not exist in a county, the agency designated by county charter.

(e) "Department" means the state transportation department.

(f) "Fund" means the economic development fund created in section 2.

(g) "National lakeshore" means land conveyed by this state to the United States and which the United States has designated as national lakeshore.

(h) "National park" means land set aside and designated as a national park by the United States.

(i) "Project" means a transportation road construction or improvement.

(j) "Qualified county" means a county in which a national lakeshore or a national park is located, or a county in which 34% or more of all the land is commercial forest land.

(k) "Rural county" means any county in this state with a population of 400,000 or less.

(l) "Urban county" means a county in this state with a population greater than 400,000.

Sec. 2. (1) The transportation economic development fund is established and shall be set up and maintained in the state treasury as a separate fund for the purposes of enhancing this state's ability to compete in an international economy, serving as a catalyst for the economic growth of this state, and to improve the quality of life in the rural and urban areas of this state.

(2) The office of economic development is established within the department.

(3) The office of economic development shall administer the fund in accordance with the adopted policies of the commission.

(4) The fund shall consist of the following:

(a) Revenue from the Michigan transportation fund pursuant to section 10 of Act No. 51 of the Public Acts of 1951, being section 247.660 of the Michigan Compiled Laws.

(b) Revenue from the increases in fees as described in section 819 of the Michigan vehicle code, Act No. 300 of the Public Acts of 1949, being section 257.819 of the Michigan Compiled Laws.

Sec. 3. (1) Money from the fund shall be allocated for projects to be funded pursuant to section 11(3)(a) and (b) in accordance with the adopted policies of the commission. No funds shall be committed to any project, nor shall any project be authorized for any funds under this act, until the commission notifies the senate committee on state affairs, tourism, and transportation and the house committee on transportation and the subcommittees on transportation of the senate and house appropriations committees of the proposed projects in the manner provided in section 18k of Act No. 51 of the Public Acts of 1951, being section 247.668k of the Michigan Compiled Laws. Hearings may be conducted to afford interested parties the opportunity to address aspects of the selection process, the final project list, proposed funding, and related issues. If such hearings are not conducted by the senate committee on state affairs, tourism, and transportation and the house committee on transportation and the subcommittees on transportation of the senate and house appropriations committees within 30 days, if both the senate and house are in session, or 60 days, if either the senate or the house or both are not in session of project notification by the commission, the department may proceed with project authorization for funding.

(2) Projects in section 11(3)(a) and (b) shall be coordinated with projects in section 11(3)(c) through the designated representatives on the urban and rural task forces respectively.

(3) The department shall be the contracting agent for all projects to be funded by this act. The department shall award contracts in accordance with the policies of the commission.

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

(5) Of the money appropriated to the fund, not more than 1% as annually appropriated by the legislature shall be appropriated for administration of the fund. The office of economic development may employ, subject to civil service rules, not more than 5 positions to assist in the administration of the fund.

(6) The commission shall:

(a) Establish criteria for the awarding of projects.

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

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

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

Sec. 6. (1) After the criteria for the evaluation of projects are approved pursuant to section 5, the administrator shall announce that applications for those projects that may be funded under section 11(3)(a) and (b) will be accepted. The administrator may solicit project applications each calendar quarter.

(2) The requirements of the application form shall be prepared by the administrator in accordance with the adopted policies of the commission.

Sec. 7. (1) An applicant shall submit an application for funding on a form approved pursuant to section 6.

(2) The department or a city, village, or county road agency may submit an application. Two or more cities, villages, or county road agencies or a combination of 2 or more of these units may jointly submit an application.

(3) The following minimum requirements shall be met by each applicant in order for the application to be considered:

(a) A particular transportation need shall be shown for the project.

(b) For funding under section 11(3)(a), a proposed economic development project shall be related to an immediate, nonspeculative opportunity for permanent job creation or retention and an increase in the tax base of the local area if the project is applied for by a local unit of government.

(c) For funding under section 11(3)(a), negotiations between an appropriate public agency and a developer or business regarding a location or retention decision shall be in process at the time of application.

(d) For funding under section 11(3)(a), the applicant shall indicate that nontransportation infrastructure and support services to support the project are underway or committed.

(e) For funding under section 11(3)(a), the applicant shall attach a copy of a resolution of support from the appropriate local unit of government.

(f) The project shall relate to 1 or more of the categories described in section 9.

Sec. 8. (1) Each application shall be submitted for initial review to the administrator who may call upon other personnel of the department to assist in processing, reviewing, and evaluating project applications.

(2) The office of economic development shall review each application based on the criteria approved pursuant to section 5 and make its recommendation for projects to be funded. The commission and the office of economic development may consult with officers of local units of government, developers, or other experts in the subject matter area of the project in the area in which the project is to be located.

(3) The commission shall inform the chairpersons of the house and senate appropriations committees of each project selected for funding not less than 30 days before the awarding of funding pursuant to section 18k of Act No. 51 of the Public Acts of 1951, being section 247.668k of the Michigan Compiled Laws. Funds shall not be committed to any project until the hearings requirement set forth in section 3(1) has been satisfied.

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

(2) The costs of a project that are eligible to be funded for rural counties as provided by law shall be developed by the administrator in accordance with the adopted policies of the commission and shall exclude right-of-way acquisition, design, engineering, and routine maintenance.

(3) Matching funds of not less than 25% of the total eligible costs of a project shall be required for those projects described in section 9(1)(a) and (c). This requirement may be set aside in the case of extreme economic hardship for projects described in section 9(1)(a) and (c) in the local unit in which the project is located. Evaluation criteria for projects described in section 9(1)(a) shall include whether there is a contribution of more than the required 25% matching funds as part of the determination of which projects are to be funded.

Sec. 11. (1) Bonds may be issued as authorized by the commission for the purpose of funding projects under this act in the manner provided in sections 18b and 18k of Act No. 51 of the Public Acts of 1951, being sections 247.668b and 247.668k of the Michigan Compiled Laws, and in accordance with the adopted policies of the commission. Bonds shall not be committed for any project under this act until the requirements set forth under section 3(1) have been satisfied.

(2) Projects shall be funded in the following categories in the following amounts:

(a) The first \$5,000,000.00 of the fund shall be distributed each fiscal year to each qualified county in a percentage amount equal to the same percentage amount that the number of acres of commercial forest, national park, and national lakeshore land in each qualified county bears to the total number of acres of commercial forest, national park, and national lakeshore land in all qualified counties in this state.

(b) The next \$2,500,000.00 of the fund shall be distributed each fiscal year for county roads and city and village street improvement on the federal aid to urban system in rural counties.

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

(a) Not more than 50% for economic development road projects in any of the targeted industries

(b) Not more than 50% for projects that result in the addition of local roads to the state trunk line system.

(c) 25% for projects to reduce congestion on county primary and city major streets within urban counties. The funds shall be distributed for the widening of county primary roads or city major streets in counties with populations in excess of 400,000 in accordance with the following formula:

<u>Population</u>	<u>Percentage of Funds</u>
1,750,000 or more	16%
1,000,000 to 1,750,000	40%
600,000 to 1,000,000	20%
400,000 to 600,000	24%

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

Sec. 12. (1) The federal aid to urban system (FAUS) task force which represents the majority of the communities in the urban area of each county shall select and designate for eligibility projects for funding under section 11(3)(c) within their respective allocations. One nonvoting member of each task force shall be a designee of and represent the administrator. The task forces shall designate projects for eligibility as follows:

(a) Projects shall be on the federal aid urban, federal aid primary or federal aid secondary systems.

(b) Projects shall consist of adding travel lanes, left turn lanes, and intersectional improvements to roads with 2 travel lanes carrying more than 10,000 vehicles per day or roads with more than 2 travel lanes carrying more than 25,000 vehicles per day in accordance with traffic counts done on or before July 1, 1987.

(2) If any task force fails to submit sufficient qualified projects to obligate its allocation by July 1 of any fiscal year, those funds shall be made available to the remaining urban task forces in the same proportion as the original allocation.

(3) The individual urban task forces shall propose project result evaluation criteria for projects to the administrator and the commission for review and comment.

(4) The urban task forces shall report to the administrator on a quarterly basis the status of all projects selected for funding.

(5) The programs and projects authorized in section 11(3)(c) shall be administered in a similar manner as current local federal aid programs and in accordance with the adopted policies of the commission.

This act is ordered to take immediate effect.

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Secretary of the Senate.

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Clerk of the House of Representatives.

Approved.....

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Governor.